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PROGRAMME BUDGET FOR THE BIENNIUM 1980-1981

Conditions of service and compensation for officials other  
than Secretariat officials serving the General Assembly

Report of the Secretary-General

1. In section XIII of resolution 34/233 of 20 December 1979, the General Assembly approved "as an interim measure, pending a review at its thirty-fifth session, an annual compensation of \$59,000 to the two full-time members of the International Civil Service Commission and the Chairman of the Advisory Committee on Administrative and Budgetary Questions, with an additional allowance of \$5,000 for the Chairman of the Commission and the Chairman of the Advisory Committee effective 1 January 1980". In taking that action, the Assembly recalled section VIII, paragraph 6, of its resolution 33/116 B of 21 December 1978, which provided that the compensation of those full-time officials should continue to be reviewed every four years or when the consumer price index (CPI) in the United States had risen by 10 per cent since the last review, whichever came first. In that connexion, the representative of the Secretary-General, in response to questions raised by several delegations, had informed the Fifth Committee on 27 November 1979 <sup>1/</sup> that the October 1979 CPI for New York, which had just been announced, reflected an increase in the cost-of-living of 9.13 per cent over the December 1978 index, which had been taken to represent the level of the cost-of-living on 1 January 1979, the effective date of the last revision of the compensation. He further indicated that since the 10 per cent movement required to initiate a review by the General Assembly would not be reached before the end of the thirty-fourth session, there would be no increase in the compensation before the end of 1980, by which time it could be expected that the purchasing power of the compensation would have declined by at least 15 per cent since January 1979. On that basis the Fifth Committee decided to recommend, and the General Assembly approved, an interim increase of \$4,000 per year, or approximately 7 per cent.

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<sup>1/</sup> A/C.5/34/SR.60.

2. The Secretary-General has assumed that the review sought by the Assembly for the current session should relate only to the question of the level of compensation of these officials, including a procedure which might be introduced to effect adjustments of compensation between full reviews. This assumption is based on the fact that the other conditions of service of these officials were extensively reviewed by the General Assembly at its thirty-third session on the basis of the reports submitted by the Secretary-General 2/ and the Advisory Committee. 3/ In that regard, the Assembly approved the recommendations of the Advisory Committee on those other conditions of service, i.e., that the existing conditions of service of these officials need not be altered at that stage and, in particular, that the grants and allowances available to Secretariat officials to which reference was made in the Secretary-General's report (e.g., dependency allowances, education grant and related travel, installation grant, repatriation grant, "post retirement" benefits etc.) should not be extended to them. Since that review took place only two years ago, the Secretary-General does not consider that he has a mandate to reopen the question at this time.

#### Review of the level of annual compensation

3. On the basis of the review in 1978, the General Assembly had established the annual compensation (previously called honoraria) of the two full-time commissioners and the Chairman of the Advisory Committee at \$55,000, effective 1 January 1979, with the Chairman of the International Civil Service Commission (ICSC) and the Chairman of the Advisory Committee receiving an additional \$5,000. In his report, 4/ the Secretary-General reiterated the view that he had expressed at the time of the establishment of the Commission, namely, that the remuneration of the full-time members of the Commission should be set at a level not less than that of an Assistant Secretary-General, with the remuneration of the latter being defined as base salary and post adjustment at the dependency rate plus the representation allowance. In that connexion, the Secretary-General recalled the observations that had been made in 1974 by the then existing International Civil Service Advisory Board (ICSAB), which had endorsed the intention to "set apart the salary and allowances to be paid to the full-time members of the Commission from those of the staff of the organizations" but had also stated that "the remuneration and status of the Chairman should be such as to permit him to speak on equal terms with executive heads ... /although/ this should not be taken as a recommendation of parity".

4. On the recommendation of the Advisory Committee, the General Assembly, in December 1974, had initially established an honorarium of \$45,000 net a year, with the Chairman of ICSC also receiving an allowance of \$5,000 net a year in recognition of his added responsibilities. On 1 January 1975, the amounts of the honoraria for the two full-time commissioners were slightly less than the net remuneration for the Under-Secretaries-General and Assistant Secretaries-General in New York (\$50,000 and

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2/ A/C.5/33/41.

3/ A/33/7/Add.19.

4/ A/C.5/33/41.

\$45,000 versus \$50,756 and \$45,928, respectively). Those amounts remained unchanged until January 1979, when they were increased to \$60,000 and \$55,000, respectively. (The corresponding remuneration at the Under-Secretary-General and Assistant Secretary-General levels at that time amounted to \$60,542 and \$54,896.) On 1 January 1980, a further increase to \$64,000 and \$59,000, respectively, was approved by the Assembly as an interim measure.

5. In the meantime, with effect from 1 January 1978, the General Assembly, by section VI of resolution 32/212, increased the honorarium of the Chairman of the Advisory Committee to \$50,000, which, in effect, equated the levels of compensation of the Chairman of ICSC and the Chairman of the Advisory Committee. Thereafter, the compensation of the Chairman of the Advisory Committee was increased to \$60,000 on 1 January 1979 and to \$64,000 on 1 January 1980 (the amounts included an "additional allowance" of \$5,000 net per year).

6. The table below compares the evolution of the compensation of the three officials concerned with those of the senior Secretariat officials in New York, with the latter consisting of the net base salary (as of January 1977 at the dependency rate), post adjustment at the dependency rate, spouse allowance (which was discontinued as of January 1977) and representation allowance (\$4,000 for Under-Secretaries-General and \$3,000 for Assistant Secretaries-General). The total emoluments for senior Secretariat officials without dependants would be less than those reported in the table. In the case of the posts of the full-time members of ICSC and the Chairman of the Advisory Committee, no differentiation in compensation is made on the basis of dependency status.

	Chairman of Advisory Committee a/ Chairman of ICSC	Vice-Chairman of ICSC	ASG	USG
	(In United States dollars)			
January 1975	50,000	45,000	45,928	50,768
January 1976	50,000	45,000	48,586	53,666
January 1977	50,000	45,000	51,242	56,560
January 1978	50,000	45,000	53,235	58,732
January 1979	60,000	55,000	54,896	60,542
January 1980	64,000	59,000	59,215	65,248
November 1980	64,000	59,000	64,198	70,678
% increase b/	28.0	31.1	39.8	39.2

a/ During the period 1 January 1976 through 31 December 1977, the Chairman of the Advisory Committee received an honorarium of \$25,000 per year, which was increased to \$45,000, with an additional allowance of \$5,000, with effect from 1 January 1978.

b/ The larger percentage increases shown for the Vice-Chairman of ICSC over those for the two Chairmen, and for the Assistant Secretaries-General over the Under-Secretaries-General are due to the fact that the additional allowance for the two Chairmen (\$5,000) and the representation allowance of the Under-Secretaries-General and Assistant Secretaries-General (\$4,000 and \$3,000, respectively) have remained unchanged over the period covered.

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7. It is projected that the post adjustment classification for New York will raise the current class 10 to class 11 in February or March 1981, which would increase the total emoluments for the Under-Secretaries-General and Assistant Secretaries-General to \$73,574 and \$66,855, respectively.

8. On the basis of the indicators cited above, it would seem reasonable to increase the annual compensation of the Chairman and Vice-Chairman of ICSC and of the Chairman of the Advisory Committee, with effect from 1 January 1981, from the current \$59,000 to \$67,000, with the two Chairmen continuing to receive an additional allowance of \$5,000 net per year.

Procedure for interim adjustments between full reviews

9. As indicated earlier, the General Assembly in December 1978 had decided that the compensation of the three full-time officials should be reviewed every four years or when the consumer price index in the United States had risen by 10 per cent since the last review, whichever came first. As became evident last year, that procedure not only created difficulties regarding the timing of adjustments to compensate for rather large decreases in the real value of the compensation but would necessitate frequent reviews by the General Assembly in times of high inflation.

10. The Secretary-General believes that it would be more appropriate to introduce an automatic interim adjustment procedure patterned along the lines of that currently in effect for the members of the International Court of Justice. He would, therefore, suggest that the next full review of the compensation and other conditions of service of these officials take place at the fortieth session and normally every five years thereafter, and that in between these reviews the annual compensation (but not the additional allowance of the two Chairmen) might be adjusted on the basis of the movement of the CPI in New York in accordance with the procedure described below.

11. The Secretary-General would therefore suggest the following interim adjustment procedure:

(a) Commencing in January 1982, the Secretary-General would review in January of each year the movement of the New York CPI over the preceding one-year period, e.g., in January 1982 he would review the CPI movement over the period November 1980 to November 1981 (the December index not being available until the end of January).

(b) If the CPI thus measured has increased by 5 per cent or more, the annual compensation would be adjusted by 90 per cent of the CPI movement (rounded to the nearest whole number) and payable for the entire calendar year.

(c) If the CPI movement is less than 5 per cent (rounded to one decimal point), no change would be made in the annual compensation for that calendar year, and the next review would be made in January of the following year.

In short, increases in the annual compensation would be made in January of each calendar year, subject to the requirement that the CPI had increased by at least 5 per cent since the last adjustment.

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12. The suggestion that the annual compensation should be adjusted by 90 per cent of the CPI movement rather than 100 per cent takes into consideration the fact that the net remuneration of staff members is not adjusted by the full extent of the movement of the post adjustment index, which, in the case of New York, is linked to the movement of the New York CPI (except for periodic checks and possible corrections in the housing component of the index). Moreover, as a matter of social policy and to reflect the fact that on the outside cost-of-living increases are applied to gross salaries, which are subject to progressive income tax rates, there is an element of regression in the post adjustment rates based on the premise that the impact of higher costs is felt more severely by those with lower incomes than by those with higher incomes.

13. The following table compares what the annual compensation of the three officials would have been over the period 1 January 1975 to 1 January 1981 had such an adjustment system been in effect with the actual situation and with the evolution of the remuneration of the Under-Secretaries-General and Assistant Secretaries-General:

	Jan. 1975	Jan. 1976	Jan. 1977	Jan. 1978	Jan. 1979	Jan. 1980	Jan. 1981
	(In United States dollars)						
Chairman and Vice-Chairman of ICSC, Chairman of the Advisory Committee <u>a/</u>	45,000	45,000	45,000	45,000	55,000	59,000	<u>Proposed</u> 67,000
Index (Jan. 1975 = 100)	100	100	100	100	122.2	131.1	148.9
New York CPI movement <u>b/</u> (November 1974 = 100)	100	106.5	111.2	117.1	124.9	137.5	<u>Projected</u> 152.0
"Hypothetical" compensation under proposed adjustment procedure	45,000	47,700	47,700	51,750	54,900	60,300	66,150
Index (Jan. 1975 = 100)	100	106	106	115	122	134	147
<u>Remuneration of senior Secretariat officials <u>c/</u></u>							
ASG	42,928	45,586	48,242	50,235	51,896	56,215	63,855 <u>d/</u>
USG	46,768	49,666	52,560	54,732	56,542	61,248	69,574 <u>d/</u>
Index (Jan. 1975 = 100)	100	106.2	112.4	117.0	120.9	131.0	148.8

a/ During the period 1 January 1976 through 31 December 1977 the honorarium of the Chairman of the Advisory Committee was \$25,000 per year and was increased to \$45,000, plus an additional allowance of \$5,000 with effect from 1 January 1978; the amounts do not include the "additional allowance" of \$5,000 per year currently payable to the Chairman of the Advisory Committee and the Chairman of ICSC.

b/ Reflects the CPI in November of each year.

c/ Does not include representation allowance of \$4,000 for Under-Secretaries-General and \$3,000 for Assistant Secretaries-General.

d/ 1 February or 1 March 1981.

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Financial implications

14. Should the General Assembly approve the proposals contained in paragraph 8 of the present report additional appropriations, in 1981, would be required as follows:

	\$
Section 1	8,000
Section 28	16,000
	<u>24,000</u>

15. The estimates of income under income section 2 would also need to be increased by \$10,100 representing the reimbursement by the specialized agencies of their share of the costs of the International Civil Service Commission.

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