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UNITED NATIONS SALARY, ALLOWANCE AND BENEFIT  
 SYSTEM: REPORT OF THE SALARY REVIEW COMMITTEE

Statement made by the Rapporteur of the Salary Review Committee (Mr. J.K. Hunn, New Zealand) at the 570th meeting of the Fifth Committee

Mr. Chairman,

At its tenth session the General Assembly resolved to set up an expert Committee to review the United Nations system of salaries, allowances and benefits. It is now my duty and privilege, as Rapporteur, to present the Salary Review Committee's Report.

SEQUENCE OF REVIEWS

For the sake of perspective, may I recount very briefly the sequence of reviews of this kind.

In 1946, when United Nations established its Headquarters in New York, the Secretary-General was given authority to recruit the staff he required on conditions of employment that would attract qualified candidates from any part of the world. On the basis of work done by the Preparatory Commission, he announced a provisional salary and classification scheme of eighteen grades.

In 1949, a Committee of Experts reviewed the system and advocated an entirely new structure (the present one) instead of the eighteen grades.

In 1955, another Committee of Experts was set up to examine defects in the system of salary differentials, cost of living allowances and dependency allowances. These terms of reference proved to be too narrow to permit a broad view of the real problems.

A comprehensive review of the entire pay system was accordingly entrusted to a new Committee of Experts in 1956 - the Salary Review Committee whose Report I have the honour of introducing today.

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In effect, the review of 1955 became merged in the review of 1956; and both of them reaffirmed, in large measure, the validity of the system propounded in 1949.

#### CO-ORDINATION

It was gratifying to find at the outset that the specialized agencies had readily accepted the invitation to co-operate in the review and be represented, in a sense, by two non-members of the United Nations - Japan and Switzerland - in addition to the other nine Members. Thus all organizations in the United Nations family participated to the full, on equal terms. In the afterlight it is bare justice to acknowledge that this combined effort paved the way to a comprehensive solution of pay problems and obviated a sectional scheme fraught with dangers of shattering the "common system". The give-and-take attitude of mutual understanding evinced by the organizations reciprocated the all-embracing outlook of the Committee itself, so that the proposals now laid before you reflect a painstaking search for universally acceptable answers. The same aim and object will doubtless commend itself to each of the legislative bodies as they deliberate on the Committee's Report, and each will be conscious of their collective interest and the need for co-ordination that their mutual concern necessarily revives at every stage of the review process.

The various staff associations were likewise helpful in their submissions and their willingness to work for the maintenance of a "common system". The Committee paid due regard to all their representations.

In the event, it can be said that the Committee's Report is, in large measure, acceptable to both the official side and the staff side of all organizations within the "common system". That is not to say, of course, that there is unanimity on every point: on the contrary there are counter proposals for your consideration on some important aspects.

It may be important to say what steps were taken by the Committee to achieve the maximum area of agreement. It agreed early to take evidence in Geneva as well as in New York, with the great advantage that executive heads were able to make statements in person and all staff associations were able to meet with the Committee as well. The staff side was allowed access to the Committee whenever

necessary and the official side was represented at all but executive sessions. These discussions in person expanded not only the written submissions from both sides, but also the awareness of difficulties and of the need for joint effort to overcome them.

The Committee adjourned for two months after reaching provisional conclusions. During the recess, those conclusions and indeed the whole draft report were released to all organizations and confidentially to staff representatives for their consideration. The reactions were available to the Committee when it entered its second session and, in general, were inclined to be favourable. For a month the organizations worked together in New York under the Chairmanship of Mr. F.H. Wheeler, Assistant Director-General of I.L.O., and in daily contact with the Committee, for the purpose of resolving their differences. The review was greatly facilitated by this means and the Committee was able, provisionally, to reach common ground with the working group of senior officials on almost all of the matters in question. During this period, the staff were likewise heard again and account was taken of their final comments.

#### PROPOSALS MADE TO THE COMMITTEE

If the first session was one of fact-finding and drawing tentative conclusions, the second session was virtually one of reconciliation - aided, as just explained, by the organizations themselves. Consequently the constructive and valuable proposals originally made to the Committee by each of the bodies concerned have, as it were, receded into history and given way to the consensus of view - the "common line" - reached in the joint discussions. For that reason it does not seem necessary to traverse the original proposals here. They are set forth in Annex A of the Report itself, where they can be examined for the light they shed on the problems demanding attention and for the variety of the suggestions offered for dealing with them. It was largely because such a variety of alternative courses was favoured by the various organizations that neither one nor all of the several sets of proposals could be adopted in its entirety.

#### COMMON SYSTEM

As this was the first review committee nominated by Governments, the whole system was examined ab initio to make sure it could be defended in principle. As a

result it can be said that the 1949 system has stood the tests of time and critical scrutiny, and is not vitiated by any of the changes now proposed.

The first task was to re-examine the justification for a common system. Such a system is clearly not the easiest to co-ordinate and not necessarily the least expensive to apply because commonality is so often achieved by pooling the best conditions from all sources. Nevertheless, the Committee concluded, for reasons stated in the Report, that the concept of an International Civil Service with a common system should be preserved and indeed extended as opportunity offered. At the moment, the common system is observed by seven organizations employing nearly 80 per cent of the total number of international staff.

New York, the Headquarters location with the highest level of prices, is regarded by the Committee as an unsuitable base for the common system. It is almost like taking the peak of Everest as the base. A Geneva base would be more realistic and have certain advantages, as was generally conceded by all concerned.

As net pay scales, on which pensions are based, are not being increased, the question arises as to what the pensionable scales should be, having regard to the rise in costs and income levels. Unfortunately it has to be reported as an unresolved problem which calls for sympathetic further study in all its implications from the aspect of the common system.

#### MAIN ISSUES

The Report deals with a wide range of subjects, so it may facilitate the work of the Fifth Committee if I identify the main subjects of contention. About half a dozen of them emerge from all the joint discussions, namely:

1. Base Salaries - more particularly:
  - (a) General level
  - (b) Longevity steps
  - (c) Salaries of Directors (D.2)
  - (d) Salaries of Under-Secretaries.
2. New York Post Adjustment.
3. Dependency Allowances.
4. Reconciliation of Conditions.
5. Machinery.

With your approval, I would confine my remarks to these subjects at this stage, leaving marginal questions of less importance for comment as they arise.

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## 1. BASE SALARIES

### (a) General Level

Because the new base scale looks to be the same as before, it may give the impression that the Committee has not provided for any increase since the scale was first introduced on 1 January 1951. That is not the case. Certainly the actual figures are the same, but the transplanting of those figures from New York to Geneva gives them a different value. The present scale was appropriate for New York at 1 January 1951, but not for Geneva. If it had been based on Geneva instead of New York, it would have been fully 10 per cent lower at that date, when the Geneva index stood at 88 per cent of the New York index. Thus, if the base is now moved to Geneva, the scale becomes a good 10 per cent more than it would have been if based on Geneva in the first place. The Committee considers that is adequate recognition of the fact that Geneva prices have risen 9.3 per cent since the base date (May 1950). Though the base scale appears to be the same as it was, it is in effect a new one and a better one from the standpoint of Geneva prices at May 1950. From the standpoint of New York prices at May 1950, the addition of an appropriate Post Adjustment for New York staff makes it an equally suitable scale for that location.

### (b) Longevity Steps

Confronted with the problem of a promotion block at the top of P.3, the Committee devised the formula of adding two longevity steps to the P.3 scale for staff who would be suitable for advancement to P.4 if only there were enough vacancies. The Committee declined to countenance any suggestion that longevity steps should be added to each grade from P-1 to P-4, as that would be tantamount to an increase in the maximum of every grade. Up to P-3, competent staff have reasonable expectations of proceeding without longevity steps, and the whole idea of longevity steps would have been abandoned by the Committee rather than that it should be applied to every grade. It would hardly be possible to apply such a principle to all grades of the professional scale without applying it to the General Service as well.

### (c) Salaries of Directors (D.2)

At present there is a maximum of \$12,200 for D.2's. The Committee recommends an increase to \$12,500 - a simple adjustment of grading to provide a clear-cut margin of \$500 instead of \$200 over the D.1's. Although the Committee did not feel able to support the request for \$14,000, it did agree with the Secretary-General's original viewpoint that a fixed salary was preferable to a scale. /..

(d) salaries of Under-Secretaries

There are sixteen Under-Secretaries at Headquarters whose emoluments consist of salary \$12,500, basic allowance \$3,500 and cost of living allowance \$500 - total \$16,500, plus "hospitality" allowance of \$1,500 (more in a few cases). The Committee took the view that the salary margin of only \$300 over Directors was quite inadequate and the non-pensionable basic allowance of \$3,500 was unsound in principle. The solution finally favoured was to raise the salary to \$14,000 and abolish the basic allowance of \$3,500 but grant dependency and other allowances instead. In effect this would mean \$15,200 for a single man at New York or \$15,800 (plus dependency allowance) for a married man. This would approximate to the Secretary-General's proposal of \$15,500 in that it would be only \$300 less than that amount for a single man and \$300 more than \$15,500 for a married man. A net salary of \$14,000 is equivalent to a gross salary of \$21,000, which, in the Committee's judgement, was as much as could be reasonably recommended for base salary at Under-Secretary level.

2. NEW YORK POST ADJUSTMENT

The new system of Post Adjustments meets with the general approval of the organizations. Initially these adjustments are to be computed mainly but not solely on a price relationship to the Geneva base: thereafter they are to be governed by the time-to-time movement of prices at the post itself. This is a radical departure from the present system of plus or minus differentials which at all times are based on a place-to-place comparison with prices at the New York base.

Exercising a broad judgement, the Committee concluded that the Post Adjustment for New York as at 1 January 1956 should be in Class 4, i.e., approximately 15 per cent above the Geneva base. This was by no means a self-evident proposition. On the one hand it was known that certain relevant income levels in the United States had risen 25 per cent, U.S. Federal Civil Service salaries had risen 17 1/2 per cent (up to \$8,000); on the other hand, New York prices had risen only 11.8 per cent, real incomes in the United States had risen 11 per cent, and the New York price level was 8 per cent above Geneva. All things considered, the Committee did not feel justified in recommending either more or less than 15 per cent Post Adjustment for New York. The occasion for a reclassification to Class 5 (20 per cent) seems to be steadily approaching but has not yet arrived.

### 3. DEPENDENCY ALLOWANCES

For United Nations professional staff, the Committee endorses the existing dependency allowances of \$200 for spouse and \$300 for each child. At first sight it might seem logical to increase the \$200 for spouse to \$300, but that would upset the scale of Post Adjustments which provide 50 per cent more for an official with dependants than for one without dependants. Moreover, \$300 would be too liberal for the base location and "minus" areas.

This objection to the Post Adjustment system does not apply to the General Service, so the Committee in their case has recommended the same allowance for spouse as for children - the mid-way figure of \$250. This is related to the tax relief they would derive if employed in New York outside the United Nations, but is a little more generous. There is no point in striving for a formula that would apply uniformly to the Professional and the General Service categories. Indeed, absolute equation with Professional staff conditions would conflict with the principle of giving the General Service the "best prevailing conditions of employment in the locality". On this principle, dependency allowances for the General Service should continue to vary from place to place.

### 4. RECONCILIATION OF CONDITIONS

The organizations have 120 field offices in fifty countries. One of the Committee's most difficult problems was to reconcile conditions of service under different programmes and types of appointment to overcome vexatious anomalies. With the help of the organizations, the Committee came eventually to the set of conditions now recommended, as being the most equitable all-round solution.

It provides identical conditions for both permanent and fixed-term staff (one to five years) in respect of base pay, post adjustments, dependency allowance, installation allowance, education grant and home leave; and, if assigned to a particular duty station for one to five years, both types of appointees would have the same scale of assignment allowance.

In two other respects, their entitlements would be different, i.e. Pension Fund coverage would be less extensive for fixed-term staff but they alone would receive a "severance" benefit.

The precise amounts suggested for assignment allowance, pension coverage and severance benefit are perhaps debatable but the Committee has endeavoured to strike a proper balance in formulating these entitlements.

#### 5. MACHINERY

Pay and personnel problems are never-ending. The Committee's Report itself poses many residual problems for further study, apart from certain major problems which, even when settled for today, will call for continual re-assessment in the future. Standing machinery of some sort is undoubtedly necessary to deal with such matters on an inter-organizational basis, not only for the sake of good administration and staff morale but also for the actual preservation of the common system itself. Rather than devise entirely new machinery, the Committee would prefer that an organ already in being, viz. the International Civil Service Advisory Board (ICSAB), should be adapted for the purpose and work through the Administrative Committee on Co-ordination (ACC). The Report offers specific proposals to that end.

#### FINANCIAL AND OTHER EFFECTS

The effect of the Committee's recommendations on individual staff members may be gauged from the sample cases given in Annex D. For single men at New York, the increases range from \$80 at P.1 step 5 to \$865 at D.2 step 4. For married men with two children, the corresponding range of increases is \$330 to \$1,400. Under-Secretaries would suffer a reduction of \$1,300 if single, or \$300 if married with two children, but it would be a notional reduction in the sense that it would be compensated by a personal allowance.

The budgetary effects have necessarily been assessed with reservations. As nearly as can be estimated, the extra costs to United Nations will be \$926,000 for 1957, or \$995,000 if modifications proposed by the Secretary-General are agreed to. In round figures, the larger sum represents an average of \$250 each for about 4,000 staff members, over and above the extra cost of living allowance approved from 1 January 1956.

Including the specialized agencies, the Report directly affects 8,472 staff members within the "common system" and has a potential or persuasive influence

in respect of another 2,217 who are outside the "common system"; that is to say, a total of 10,689 officials. Involved in a salary review touching the lives of so many people, there is a morale problem of considerable dimensions. With that in mind, the Committee set out to reach a just conclusion as between member Governments and staff by exercising a balanced judgement on the evidence adduced. This was facilitated by the fact that harmonious relations in the Committee itself made for objective study of the problems and the likelihood of arriving more readily at equitable solutions.

The Committee was favourably impressed with the apparent quality of the staff members interviewed when a number of sample inspections were made; and concluded that the standard envisaged in the Charter would be maintained if the salary system were improved to the extent now recommended.

#### CONCLUSION

The pay system is a complex subject on which there are bound to be, in the Latin phrase, as many opinions as there are people to express them. From all the ideas submitted, the Committee had to discard and select in order to arrive at a coherent system which could be regarded as a unity. The proposals, of course, are not ideal or unalterable but the reasoned Report made by the Committee may serve to show whether any contemplated change in one place will cause a change in some other place or affect some other organization.

In his Foreword to the Report, the Chairman has expressed appreciation of the very great assistance received from various sources.

The other members of the Committee would undoubtedly wish me to acknowledge, with all respect, the work and qualities of the Chairman himself, Mr. F. Friis of Denmark, whose sincerity, tact and wisdom were a notable feature of the proceedings and whose long background of association with the United Nations and the League of Nations was an asset of great value.

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