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REPORT OF THE SALARY REVIEW COMMITTEE

Statement by the United Nations Headquarters Staff Council

The Secretary-General herewith transmits^{1/} to the General Assembly a statement by the United Nations Headquarters Staff Council on the Report of the Salary Review Committee.^{2/}

^{1/} The transmittal of this statement was envisaged in the Secretary-General's Report (A/C.5/691, paragraph 5 (b)).

^{2/} A/3209

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5 December 1956

REPORT OF THE SALARY REVIEW COMMITTEE STATEMENT BY THE
UNITED NATIONS HEADQUARTERS STAFF COUNCIL

Part I

We wish to preface our comments on the report of the Salary Review Committee by expressing our warm appreciation of the way in which the Committee consulted our representatives and kept them informed throughout its deliberations. We also wish to emphasize at the outset our recognition that salaries and allowances are only one of many factors affecting the efficiency and morale of the staff. We accordingly appreciate the fact that the Committee has drawn attention to a number of non-financial aspects of service in the United Nations where there is room for improvement. Such improvement is a gradual process in a still relatively young organization, and we recognize our responsibility as staff representatives to help in bringing it about. Nevertheless, the fact that shortcomings exist in many of the fields mentioned by the Committee has inevitably served to heighten the discouragement occasioned among staff at Headquarters through the gradual deterioration that has taken place in their relative position in the community in which they live.

The United Nations needs staff with the highest qualifications and morale. For this, a two-pronged attack on both the financial and non-financial aspects of the problem is essential. The Salary Review Committee, by its terms of reference, has been mainly concerned with the financial aspects. Judged in terms of the need to establish adequate remuneration for the staff at Headquarters, the Committee's principal conclusions and recommendations are profoundly disappointing. In face of the compelling evidence presented by the Secretary-General to justify a general increase in salaries of all staff, the Committee has confined itself to what we can only regard as stop-gap proposals designed as a partial remedy for the special hardships suffered by staff members with primary dependents in high-cost areas. We appreciate the proposed improvements for such staff, but we believe that this substitution of social benefits for a justified increase in salaries is misguided.

The Secretary-General's evidence to the Committee showed that, between 1951 and 1956, over a very wide range of positions in United States commerce and industry, there had been an average increase in pay of about 25-30 per cent gross, while in the United States Federal Government Service there had been an increase of 17 1/2 per cent gross. These increases compare with an addition of a non-pensionable cost of living allowance for United Nations Headquarters staff during the same period of only 10 per cent gross.

In this connexion, we would recall our own proposal for an increase of 15 per cent on the present net salaries of Headquarters Professional staff, within a revised grading system having a net salary range of \$5,000 (P-1, step 1) to \$15,000 (D-2, step 6). In making these proposals, we particularly took account of the present structure of the Secretariat, involving as it does a level of remuneration at the top which tends to hold down salaries in the middle of the scale. We also provided for a long scale, incorporating grades P-2, 3 and 4, with a ceiling of \$12,000 net, in order to make possible a genuine career service for the majority of the professional staff and in recognition of the fact that, in practice, there are generally no real differences in the levels of responsibility of officers in these grades. We believe that our proposals were both modest and realistic in the light of the evidence presented. The Committee, however, while recognizing the force of similar evidence in its recommendation that there should be some increase in General Service salaries, has disregarded the evidence justifying an increase in Professional salaries. This is the fundamental point which makes it difficult for us to regard the Committee's report as acceptable.

The post adjustment proposed by the Committee for Headquarters staff is neither a satisfactory nor an adequate substitute for an increase in salaries. Our detailed criticism of the proposal is contained in paragraph 5 of Part II of this statement, where we draw attention particularly to the confusion of social benefits with salary levels and to the non-pensionable character of the post adjustment. At this stage it is sufficient to point out that, for staff at Headquarters without primary dependents, the proposed post adjustment will barely do more (and in many cases do less) than compensate for the increase in the cost of living since May 1950, while staff without primary dependents will suffer a

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permanent loss in real income. The Committee has thus overridden the argument of the Secretary-General and of the Staff Council that United Nations staff should not be excluded from the general rise in real income that has taken place outside the United Nations over the past few years.

The Committee's proposals on the grading system are almost equally disappointing. Apart from a tentative suggestion for the coupling of grades P-2 and P-3, there is little in the Committee's report to facilitate reasonable advancement for the career official, either General Service or Professional. Indeed, with no change in the grading system, the career prospects of the Professional staff are likely to suffer from any substantial increase in non-career (i.e. fixed-term) professional staff, as proposed by the Committee.

Bearing in mind the above considerations, we believe that an acceptable system should essentially provide for:

- (i) A general increase in pensionable salaries at duty stations, such as New York, where United Nations salary levels have lagged seriously behind the movement of salaries in comparable outside occupations in the area, with a consequent deterioration in the relative position of United Nations staff.
- (ii) Pensions to be based on gross salaries instead of net as at present.
- (iii) The proposed post adjustment for single staff to be established at a level that would really ensure "substantial equivalence" with the Geneva base; any additional allowance by way of social benefit for staff with dependents to be separate from this basic adjustment.
- (iv) The Secretary-General to be given discretion to provide automatic movement between certain grades so as to ensure an adequate career service
- (v) Special dependency credits for children of Headquarters staff in recognition of the exceptionally high cost of bringing up children in the New York area.

It is perhaps natural that the first concern of the staff should relate to how the Committee's proposals will affect their economic position. In our detailed comments which follow, attention is drawn to what may be regarded as relatively minor economies proposed by the Committee in the way of reductions in existing entitlements. Our opposition to some of these proposals should be viewed in the

context of the Committee's report as a whole and in particular of its failure to recommend any general increase in salaries.

In addition, however, to the overall inadequacy of the Committee's proposals in dealing with the economic position of the staff, we are equally concerned about the broader implications of the proposals. It would seem that the Committee has in view a Secretariat that would fall short of "the highest standards of efficiency competence and integrity" required by the Charter. It appears to have overlooked the fact that the Secretariat is not only a body of professional officials; it is one of the principal organs of the United Nations. This viewpoint has led the Committee to imply that the Secretariat has been over-generously paid in the past and therefore to conclude that no general increase of salaries is necessary at the present time. We resent this implication, and particularly the premise on which it is based.

During the past eleven years the Secretariat has received the praise of many organs of the United Nations. Its performance has been possible in spite of often difficult conditions of work and a feeling of anxiety caused by certain past decisions and policies affecting the security of tenure of the staff. It is our considered view, however, that, if the present conditions are maintained, or the recommendations of the Committee accepted, there is a real danger that a new and inferior Secretariat will eventually replace that required by the Charter. The questions dealt with by the Committee are not merely financial. They affect the independence, efficiency, competence and integrity of the Secretariat.

Part II

Specific Comments

1. Base Place and Date

If Geneva is taken as the new base place for professional salaries, and January 1956 is taken as the new base date, the proposed base scales should in equity be increased by 2 1/2 per cent to compensate for the increase in the cost of living which has taken place in Geneva between August 1951 and January 1956.

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2. Organization and Classification of Staff

(a) We regret that the suggestions of the Salary Review Committee do not meet the main points stressed in our previous statements as to the necessary adjustments in the scale of the professional category. The Committee's suggestions do not take into account the necessity of giving the bulk of the staff in the professional category the possibility of looking forward to a reasonable and gradual improvement of their situation - short of promotions, the prospects of which admittedly are limited - in those grades where they can normally be expected to make their career. Nor do the Committee's proposals adequately take into account the need to ensure an appropriate correspondence between levels of salary and levels of responsibility.

We note the suggestion by the Committee that in some agencies grades P-2 and P-3 might be coupled "if that were deemed necessary to provide reasonable advancement for career officials" but we feel that greater flexibility should be given to each organization to meet its particular needs by coupling other grades if it deems it necessary.

If, however, the present classifications are maintained, additional steps should be provided for at the top of grades P-2, P-3 and P-4. To avoid telescoping in the higher grades the starting levels of grades D-1 and above should be adjusted accordingly. Moreover, we believe that provision should be made for the recognition of outstanding merit and ability by the granting of special increments as provided for in WHO Staff Rule 455 and in Regulation 38 of the ILO Staff Regulations.

(b) In view of the limited promotion opportunities for General Service staff, we regret that the Committee has made no recommendation for an increase in the number of steps at the top of each grade. We believe that this is essential in order to provide the possibility of a reasonable career. Moreover, if longevity steps are to be granted to Professional staff, we would urge that they should also be granted to General Service. As in the case of the Professional staff, we also believe that provision should be made for more than one increment to be granted at one time in recognition of outstanding merit and ability.

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We view with misgivings the Salary Review Committee's reference to the General Service category as a wider local service category and note particularly that some of the General Service posts are not of a strictly local nature. In view of the fact that internationally recruited and many technical staff having special qualifications are at present classified in the General Service category, we believe that a complete review of all General Service posts, including job descriptions, would be required before the new classification scheme is finalized.

Regarding the proposed extension of the General Service category to include certain posts in the present Professional category, we have doubts whether the interests of the United Nations will be served if the scope of geographical distribution is still further reduced. We note the hope of the Committee that the higher level posts in the extended General Service category will normally be filled by promotion of qualified existing General Service staff, but have some doubts whether in practice this will prove feasible, especially since the majority of the posts which we understand are envisaged for transfer require technical qualifications. On the other hand the already limited promotion prospects of professional staff will clearly be reduced. In any case, we welcome the Committee's recommendation that existing staff in the posts concerned should retain their existing scales and classifications.

(c) We appreciate the Committee's proposal that consideration be given to the question of staff participation in the Promotion Board and urge the introduction of such participation in accordance with the position which the Staff Council has consistently taken on this matter.

3. Non-Financial Factors

As stated in Part I, we appreciate the emphasis placed by the Committee on the part played by non-financial factors in problems of recruitment and retention of staff. Of those factors which they mention, we would single out especially: adequate consultation and contact between supervisors and subordinates; maximum delegation of authority and responsibility consistent with sound administration; the weeding out from work programmes of non-constructive work, so that the greatest possible number of staff may be engaged in work which will retain their enthusiasm; greater rotation of staff between different branches and offices and

between organizations; assistance in house purchase; and sabbatical leave with pay. To these we would add the need for the career staff to feel confident that meritorious service will result in steady advancement. We note the proposal that continuing consideration be given to such factors by small personnel committees to be established in each organization, and hope that provision will be made for staff representatives to participate in such committees.

4. Base Salary Scales for Professional Category and Above

(a) We are deeply concerned that, in the light of the evidence of general increases in the cost of living, salaries and real income in outside employment (see Part I), the Committee has not recommended any general increase in salaries. The Committee has argued in effect that the scales set in 1950 were over-generous. We regard this argument as completely invalid. We would point out that the 1949 Committee of Experts concluded that:

"existing United Nations salaries are not themselves unreasonable or extravagant ... By and large, it sees no reason to disagree with the broad conclusions expressed to it by operating officials and representatives of the administrative services that the present average level of remuneration tends to be generous for staff in the lower grades, adequate for intermediate staff but to leave some room for improvement in the case of certain senior and top level personnel." ^{1/}

We would also recall the following statement by the Secretary-General to the Fifth Committee (ST/ADM/Ser.A/341, 25 November 1955):

"I think that it is quite obvious that the salary system in operation over the years has led to a reduction in the real value of salaries - that is, a reduction in the standard of living - during a period, mind you, when there has been a general increase in the standard of living, as reflected in increases, in real wages over a very broad field of the national economies....I think that we should not delude ourselves by imagining that, in the long run, an organization like this one - even if we build our recruitment on the idealistic interest of people all over the world - can maintain a first-rate staff unless staff members are treated in such a way as to make them feel that they are properly compensated, in comparison with the development of costs of living and the development of salaries and standards of living in the country where they have to work as well as in their home countries."

^{1/} Official Records of the General Assembly, Fourth Session, Annexes to Summary Records of the Fifth Committee, Volume II.

In the light of these statements and of the evidence presented to the Committee by the Secretary-General, it is difficult to understand how United Nations salaries can still be considered reasonable in 1956.

We suggest that the justified increase in Headquarters professional salaries might be attained within the common system by the assimilation of the professional staff at Headquarters to the new scales at two steps higher within their present grades, provided that "personal allowances" were established for staff at or reaching the ceiling.

(b) We welcome the Committee's acceptance of our proposal that P.1 should normally be regarded as a probationary grade and that after two years (or after one year in exceptional cases), the recruit should, subject to entirely satisfactory completion of probation, be promoted to the next grade.

(c) As to the suggestion that "longevity steps" be granted to 25 per cent of the officials in grade P.3, we feel that the reasons justifying these steps would also apply to P.1 (for those staff who have no expectation of progressing beyond this grade), P.2 (unless this grade is coupled with P.3), and P.4. We can, however, see no valid reason for limiting the application of these steps to any specific proportion of officials in the grade. This might indeed give rise to inequities.

(d) We regard it as essential to the Organization and to the interests of the staff as a whole to provide adequate remuneration for Under-Secretaries, so as to attract persons of the highest calibre and avoid the present "telescoping" of the intermediate grades.

5. Salaries of Professional Staff at Offices away from Geneva

As regards the proposal to base salaries on Geneva, we have serious doubts about the actual provisions for its implementation. While we are not opposed to a system of differentials as a means of achieving substantial equivalence in standards of living between duty stations, we object to the Committee's confusion, in its concept of post adjustments, of the idea of salary differentials between duty stations with

- (i) the need to establish the salaries of Headquarters staff at levels which would at least compensate for the increase in the cost of living over the last six years, and
- (ii) the need to provide adequate family allowances.

When a rise in the cost of living has persisted for some time and has become permanently incorporated in the price structure, it is universal practice for employees to receive compensation through an appropriate upward revision of their salary scales. Nevertheless, the Committee proposes that United Nations professional staff at Headquarters continue to receive compensation through the medium of an allowance. This will give rise to an indefensible situation wherein a substantial proportion of the staff member's remuneration is not subject to contract but is open to variation by administrative decision. This restricts the legal rights of the staff member, is psychologically bad and introduces needless administrative complexities. Furthermore, it leads to the serious anomaly that the staff member's pension - an integral part of his remuneration - is not adjusted to take account of the rise in the cost of living.

Additional distortion of the concept of the post adjustment is introduced by the Committee's proposal to utilize it as a means of providing some increase in family allowances for staff at Headquarters. While family allowances at New York are certainly inadequate, the post adjustment is clearly not the appropriate instrument for rectification of this situation. So used, it ceases to be a means of securing substantial equivalence between duty stations and, indeed, it introduces a new element of disparity. Accordingly we believe that, whatever post adjustment is established for New York, this should be applied to every staff member without distinction and that any differential for staff with primary dependents should be treated as a separate social benefit. It is difficult to resist the conclusion that, by the Committee's proposals, the post adjustment is to become - in part - a vehicle for a kind of ex gratia payment to staff members with dependents, offered as some compensation for the inadequacy of their base salaries. If, on the other hand, the post adjustment is regarded as part of the salary, one regrettable result of this element is that the same posts will attract different levels of salary, according to the marital status of the incumbents. A further consequence will be that the post adjustment, being applicable only to professional staff will, for the first time, introduce some discrimination in regard to family allowances between Professional and General Service staff.

The need felt by the Committee, in formulating its post adjustment scheme, to include allowances both for cost of living and dependency status, unavoidably follows from - and is eloquent testimony of - its evasion of the central issue of inadequate base salaries.

Even if consideration of the proposed post adjustment is restricted to its immediate effect on take-home pay, the proposed figure of 15 per cent for the New York post adjustment can only be regarded as both inadequate and largely illusory. To measure its real value, one must remember that the existing cost of living allowance of 10 per cent on gross salaries will be abolished. Taking this into account, it is found that professional staff (P.1 - P.5) without primary dependents in New York will gain \$43 (P.2, step 9) - \$265 (P.5) in take-home pay, while those with primary dependents (irrespective of the number of such dependents) will secure a net increase of \$300 (P.1, step 8) to \$700 (P.5) over their present take-home pay (see Table I). For staff with primary dependents, this will barely do more (and in many cases do less) than compensate for the increase in the cost of living since May 1950. Staff without primary dependents will suffer a permanent loss in real income.

Regarding the statistical evidence used in the determination of salary differentials between duty stations, the Committee has pointed out a number of deficiencies in the existing place-to-place price-level comparisons. In this respect, we wish to stress that - as was noted by the Committee - there are a number of items of expenditure which are either inadequately reflected or not reflected at all in the present price-level comparisons. These are mainly such elements of expenditure as commutation, domestic service, education, medical and dental, recreation and entertainment and vacations, the cost of which are particularly high for staff members in the New York area. From the common experience of staff members who have lived in both Geneva and New York, we are convinced that, if these items of expenditure could be included in the price-level comparisons, the cost-of-living differential between New York and Geneva would certainly be appreciably higher than is recorded by present methods. Yet, despite the Committee's recognition that allowance should be made for the elements of expenditure excluded from the present price-level comparisons, the recommended post adjustment for New York is - for single staff members - effectively as low as 8 per cent over the Geneva base. We would refer to the point mentioned in the Committee's report, namely that non-local General Service in New York receive approximately 25 per cent more than non-local General Service staff in Geneva. We regard this as a realistic indication of the differential which would be required to establish "substantial equivalence" in standards of living between Geneva and New York.

Our conclusion that the proposed post adjustment for Headquarters is inadequate is not vitiated by the Committee's view that, even if the technical deficiencies in existing price-level comparisons could be rectified, such comparisons could still not be accepted as "the sole criterion for the initial adjustment of salaries between different places".^{1/} On the contrary, we would agree with the Committee that broad judgement must be exercised in the determination of post adjustments. We concur with the view of the 1949 Committee that, "... in addition to the question of costs, consideration must also be given ... to differences in salary and living standards and in living conditions."^{2/} To be more explicit, we consider that, in order to achieve substantial equivalence between duty stations, account should be taken of the relationship between United Nations salaries and the salaries attaching to comparable occupations in the local community. On this count also, the proposed post adjustment can only be deemed inadequate. The real test of the adequacy of the proposed post adjustment of 15 per cent will be found in whether it proves sufficient to permit recruitment of staff with equal ease in New York and Geneva. On this criterion, we believe that it will fail.

We also are disturbed by the proposal to apply a flat rate of post adjustment to each professional grade. This would have the effect of applying different percentages of adjustment to different steps within each grade. For example, the percentage value of the proposed post adjustment for a single staff member at P.1 would range, according to their steps, from 13.9 per cent to 10 per cent, and for a single P.5 staff member, from 9.9 per cent to 7.9 per cent. It would also result in different staff members, who receive the same base salaries, receiving substantially different post adjustments according to their grade. To mitigate the disadvantages of a flat rate of post adjustment, we proposed to the Committee that the adjustment be based on income groups (say, \$3,500 to \$4,499; \$4,500 to \$5,499, etc.) as this would produce more equitable and acceptable results. We are not convinced by the reasons given by the Committee for rejecting this proposal. In any case we welcome the acceptance of the principle that post adjustments should be based on net salaries, although, as seen above, the Committee's proposals for its application largely destroy its practical value.^{3/}

^{1/} A/3209, paragraph 126.

^{2/} Official Records of the General Assembly, Fourth Session, Annexes to Summary Records of the Fifth Committee, paragraph 53.

^{3/} The effect of the post adjustment on take-home pay for different steps in each grade is shown in Table I.

We are seriously concerned by the fact that the proposed post adjustment will not be pensionable. The staff has been led to expect that the existing cost of living allowance in New York would be consolidated in pensionable remuneration, in accordance with the recommendations of the 1955 Committee of Experts. The exclusion of the post adjustment from pensionable remuneration would make permanent the present weakness of the pension scheme and would be especially unfair, not only to United States and Canadian staff, but also to all staff with long service in a high-cost area which has prevented them from accumulating adequate savings before retirement. Nevertheless, we consider it as far more important that United Nations pensions should be based on gross salaries, rather than net as at present (see para. 9 below). We regard a solution to this problem as essential. The inadequacy of present pensions, based as they are on net salaries, is shown in Table II.

6. Adjustment of Salaries of Professional Staff after the base date

We welcome the proposal to establish machinery for a continuing review of salaries in the light not only of cost of living changes but also of movements in salaries in occupations comparable to those in the Secretariats of the various United Nations agencies. We assume that such review would apply to the pensionable basis of salaries and would also cover allowances.

7. Review of existing cost of living statistics

We welcome the proposal that the staff of the United Nations Statistical Office should be strengthened in order that better data can be obtained on price comparisons in general and on comparisons of standards of living. We also welcome the recommendation that representatives of the staff should be consulted on this matter.

8. Rates of pay of General Service Category

(a) We would emphasize the need for the United Nations, in accordance with the Charter, to be able to attract staff of the highest quality in both the Professional and General Service categories. In establishing General Service salary rates, special account should be taken of the lack of promotion possibilities, the irregular hours, and the higher qualifications often required in the United Nations, compared with similar employment outside. Unless at least the "best prevailing local conditions of employment" are offered, the United Nations will not be able to attract the best available talent.

(b) We concur in the Committee's recommendation that there should be a general increase in New York General Service salary rates in the near future and that this and the present cost-of-living allowance should be consolidated in any new scales and thus become pensionable.^{1/} At the time of its deliberations, the Committee was not, however, in possession of evidence concerning the trends in outside salary rates during 1956; it was not therefore in a position to make a concrete proposal regarding the actual amount by which the salary scales of the General Service in New York should be adjusted. Since this necessary evidence is now available, we wish to make the following submission:

The United Nations Staff Regulations - as approved by the General Assembly - provide that:

"The Secretary-General shall fix the salary scales for staff members in the General Service Category ... normally on the basis of the best prevailing conditions of employment in the locality of the United Nations office concerned ..."

In practice, this has been interpreted to mean that, not only rates of pay, but all other conditions of service, should be taken into account in making the local comparisons. This would be reasonable were it not commonly presumed - without evidence - that other conditions of service in the United Nations are superior to those offered by the "better" outside employers. Any such presumption, if it was ever valid, is being rendered less so with each passing year; and its effect today is to introduce an unwarranted downward bias into the salary structure of the General Service.

In comparing "other conditions of service" attaching to United Nations and to outside occupations, we would point out that the "better" outside employer frequently offers superior conditions as regards pensions, medical and insurance benefits and the frequency of salary increments. For example, large commercial organizations in the New York area recently advertising for clerks, typists and stenographers have offered, inter alia, and in whole or part, the following advantages: free medical and hospital plans, free life insurance, free pension plan, educational refund benefits and profit sharing schemes. In addition, it should be mentioned that the annual bonus - often substantial - is, of course, common practice in commercial and industrial concerns.

^{1/} This recommendation serves to emphasize the inconsistency and inequity of the Committee's proposal for a non-pensionable post allowance to replace the existing cost of living allowance for the Professional staff.

Annual leave and hours of work are other matters which should properly be taken into account in comparing conditions of service. Today, amongst companies offering best prevailing conditions of employment in the New York area, the annual leave for staff with some years of employment amounts to three weeks.^{1/} United Nations employees receive six weeks. Against this, however, has to be balanced the fact that the working week at the United Nations consists of 37 1/2 hours, while in the typical, best paying commercial firm in New York, the working week is 35 hours. The longer working week of the United Nations is, in fact, just compensated by the longer period of annual leave. In the absence of any reduction in working hours, it would therefore be unreasonable to regard the longer annual leave offered by the United Nations as a major advantage not offered by outside employers.

An advantage offered by the United Nations to staff at the lower salary levels of the General Service Category is the system of dependency credits for spouses. For more senior staff, however, this benefit compares unfavourably with the tax deductions which could be claimed under United States Federal taxation, although childrens allowances are more generous.

On balance, we are convinced that the allowances, benefits and other conditions of employment in the United Nations do not today offer any clear and readily discernible balance of advantage. Full weight should be given to this when consideration is given to the adjustment of salary scales themselves. It would be entirely erroneous to raise General Service salary scales by less than the increase in the salary scales of the "better" outside employers on the grounds that other conditions of employment in the United Nations are clearly superior to the best prevailing other conditions in the locality.

Salaries of the General Service staff at Headquarters were last reviewed in 1954 by the Local Salary Review Committee. This Committee concluded that, at the time, the existing schedule of salaries, including the cost-of-living adjustment, was "reasonably in line with the best prevailing rates...". We may recall that, at that time, the Headquarters Staff Council seriously questioned this conclusion.

^{1/} See A/AC.84/R.15, Annex B.

The comparisons actually made by the Committee between best local and United Nations rates in 1954 were as follows:

<u>Grade</u>	<u>Post</u>	<u>Best Locality Rates</u>	<u>United Nations Rates</u>
1	Messenger	\$2,349	\$2,558
2	Junior Typist) Junior Clerk) Junior Office Machine Operator)	2,819	2,856
3	Senior Typist) Junior Stenographer) Secretary)	3,341	3,255
4	Secretary II	3,967	3,855
5	Unit Supervisor	4,698	4,715

It will be seen that the rates applying to grades 3 and 4 were somewhat below the best local rates, although these are the grades in which some 72 per cent of the General Service staff is concentrated. The rates for these grades, in fact, achieved parity with the best local rates ruling in 1954 only after the additional 2 1/2 per cent cost-of-living adjustment became effective in 1956. Therefore, in calculating the adjustment to be applied in 1957 to United Nations rates in order to bring them into line with the rise in outside rates over the last two years, the 1956 cost-of-living adjustment should be disregarded.

The annual surveys conducted by the Commerce and Industry Association of New York show marked increases since 1954 in the local rates offered by the "better" employers. The salaries of senior stenographers and typists - comparable to G-3 posts - rose cumulatively over the two years from October 1954 to October 1956 by 10.2 per cent and 13.5 per cent gross respectively. Similar increases have occurred in the rates attaching to other occupations comparable to United Nations posts.

Further, it should be recalled that the present basic salary scale of General Service staff at Headquarters was established in 1951, following the recommendations of the 1949 Salary Review Committee. This salary structure has not since been altered, although salary rates in the New York area have risen by over 30 per cent gross in all types of occupations. The rates for senior stenographers and typists have, for example, increased by 32 per cent and 38 per cent gross over the period.

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As against these increases exceeding 30 per cent, the remuneration of General Service staff has been increased by only 10 per cent through the medium of the cost-of-living adjustment. Not only has the 10 per cent gross adjustment failed to keep General Service salaries in line with the increase in outside real salaries, but it has not even maintained their real value.^{1/}

In view of the above evidence and of the continuing need to recruit and retain staff of the highest level of competence, efficiency and integrity, as well as the probability that local rates will rise still further before the end of 1956, the salary scale should be raised by at least 12 per cent after incorporation of the present cost of living allowance.

General Service salaries - unlike commercial salaries in the local community - have, in practice, been adjusted only at infrequent intervals. In this era of rising prices and salaries, such infrequency means that General Service salaries always lag behind the best prevailing local rates. If the delay in adjustment is lengthy - as it tends to be - a substantial, irrecoverable loss in real income is suffered by the United Nations staff member. Further, for certain categories of General Service staff, the inequity is further heightened by the tendency towards rigidity in the classification of posts within the salary structure of the United Nations. In the local community, salaries of some occupations rise more rapidly than the general salary level, and an upward revision of the salary structure of the General Service category as a whole fails to overcome this problem.

These considerations lead us to believe that the present arrangement of infrequent and general reviews fails to fulfil the requirement of the Staff Regulation concerning the maintenance of parity between General Service and best prevailing local conditions of service. We would therefore urge that (i) an annual review of General Service salaries be instituted and (ii) a study of the classification of posts within the salary structure be undertaken immediately, and thereafter, every five years, with participation of staff representatives. In this connexion it may be recalled that the 1954 Local Salary Review Committee drew attention to the importance of "a modern method of internal evaluation" in the classification of posts.

^{1/} As at October 1956, the cost of living was 15.5 per cent above 1950.

9. The Pensionable Scales

As indicated above, we believe that the case for basing pensions on gross salaries is irrefutable. There is probably no other pension system in the world using a net basis, i.e. after deduction of taxes, in computing pensions, and we believe that the United Nations should fall into line with the general practice in this respect. The Committee appears to imply that rates and benefits might possibly vary for staff from different areas. This, in our view, would be both unworkable and grossly inequitable to staff who may have spent the greater part of their lives in a high-cost area. We agree with the 1955 Committee of Experts that international staff should have equal treatment in the matter of pensionable salary, irrespective of duty station. The Committee further suggests that, in any examination of the possibility of basing pensions on gross pay, consideration should be given to reducing some of the present terminal lump-sum benefits. We would see no objection to the proposed thorough review of the latter, but it seems premature to suggest that it would necessarily point only to reductions.

We regret that the Committee has made no recommendation regarding the position of the significant number of staff members who entered the Secretariat at a relatively advanced age and whose pension entitlements are seriously inadequate. We would refer to the Staff Council's resolutions on this subject and urge that consideration be given to meeting the financial needs involved from outside the Pension Fund. The serious inadequacy of present pensions, especially for such older-age entrants with ten or less years of service, is shown clearly in Table II.

✓ 10. Dependency Allowances

(a) We welcome the extension of the present New York dependency allowances to other offices. We urge that the dependency allowance be the same for both Professional and General Service staff and therefore oppose the recommendation of the Salary Review Committee to reduce future General Service allowances in respect of children. We also express serious concern over the failure to make provision for "secondary" dependents, who are recognized under the present dependency credit system. Moreover, we are convinced that additional allowances, or preferably dependency credits, are still necessary in New York to compensate for

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the extremely high cost of bringing up children. In this connexion we would recall that the General Assembly, in establishing higher dependency credits for New York, recognized the particularly high cost of bringing up children in this area; notably in regard to housing, commuting, education, medical and dental expenses and vacations. We believe that the arguments prompting the General Assembly action are still valid. We would accordingly recommend retention of the existing New York dependency credits of (a) \$200 for a secondary dependent or dependent child (where there is no dependent spouse) and (b) \$100 for each dependent child, in addition to the allowances proposed by the Committee.

(b) We hope that any new definition of dependency will eliminate the prevailing discrimination against female married staff members, which is incompatible with the provisions of the Charter and with the Staff Regulations. We believe that the present practice of differentiating between male and female staff members in respect of entitlement to dependency allowances can be replaced by a workable administrative rule which would define a dependent spouse, whether husband or wife, in financial terms only, and would take into account the amounts payable outside the Organization in respect of any dependent child for whom a dependency allowance is claimed under the United Nations system. Specific proposals on this point are being submitted to the Secretary-General.

We are convinced, in any case, that the proposed limit (i.e. the lowest level of General Service salary^{1/}) to the dependent spouse's earnings is not adequate in New York, especially in the case of staff in lower grades whose spouses are obliged to take salaried employment in order to ensure a decent standard of living for their families. If a limit is to be established, we would suggest that the executive heads of the organizations be given discretion to fix this at whatever level they deem appropriate for a particular area. In New York we would consider a limit of \$5,000 gross to be appropriate. In any case, we would suggest that, where the gross earnings of the spouse exceed the limit by less than the amount of the dependency allowances to which he or she would otherwise have been entitled, the staff member should receive the difference in the

^{1/} In New York, this would at present be \$2,630, including the cost-of-living adjustment.

form of an ad hoc dependency allowance (e.g. proposed limit \$5,000; spouse's gross earnings, \$5,100; dependency allowances to which staff member would have been entitled if spouse's gross earnings had been less than limit, \$800; suggested ad hoc allowance would be \$800 - (\$5,100-5,000) = \$700).

We are seriously concerned by the Committee's suggestion^{1/} that existing staff members may suffer a loss of present allowances or entitlements through the application of the new definition of dependency.

11. Education Grants

We have noted the proposal of WHO that the education grant be established as a flat sum payable to every expatriate staff member with respect to each child who is certified to be attending a school other than the public schools of the duty station. We support this idea, provided that the sum payable should be at least \$400 per annum per child. Failing this, we support the minority view in the Salary Review Committee that, for children at school outside the home country, the grant should consist of \$200 plus a half of any actual costs in excess of \$200 (up to a maximum total grant of \$400).

12. Installation Grants

We agree that some flexibility should be introduced in the application of installation grants, but feel that the present minimum should not be reproduced. We further agree with the proposal that any increase should be prescribed for a particular duty station and not for staff members individually.

13. Conditions of Service of Non-Career (Fixed-Term) Staff

(a) We recognize that the Organization may, in certain cases, increase its efficiency by tapping resources of experience and skill in the national services of Member Governments or in non-governmental areas. Nevertheless, we believe that the proposed policy of accelerated and enlarged secondment might jeopardize the independence of the Secretariat and would present serious dangers for the legitimate interests of the career staff, particularly in relation to advancement,

^{1/} A/3209, paragraph 290.

and we accordingly express the hope that every effort will be made to limit the scope of the policy and strictly control its application. With this in view, we would make the following suggestions:

- (i) The principle of staff consultation should be observed in connexion with the implementation of any secondment policy, in order to provide assurances to the career staff that their position and rights will be safeguarded and that alternative measures have been fully explored.
- (ii) Before the target, if any, is established for seconded staff, the specific tasks which could most appropriately be performed by seconded staff should be decided and made known to the career staff.
- (iii) Among the posts retained for seconded staff, the proportion of junior posts should be at least no smaller than exists at present amongst career staff.
- (iv) Positions filled by seconded staff should be so indicated each year in the proposed budget.
- (v) Contracts of seconded staff should not be extended beyond the original fixed term.
- (vi) Governments should not be given the impression that certain posts are reserved for their nationals, as has tended to happen in the past, but seconded officials should be appointed from nationals of different Member States in rotation.
- (vii) The possibility of applying the principle of secondment on a reciprocal basis, as between the Organization and Member Governments or other institutions should be carefully examined.

(b) We question the desirability of introducing the concept of partial membership of the United Nations Pension Fund. In any case we cannot understand the logic of the Organization paying the full cost of such partial membership when it pays only two-thirds of the cost of full membership for career staff.

14. Medical, Hospital and Dental Insurance

We welcome the recommendations of the Committee and hope that they will lead to an improved medical insurance programme, including a dental scheme and major medical coverage, with a substantial increase in subsidy by the Organization.

15. Compensation on Separation

(a) We regret that the Committee has not proposed any increase in the repatriation grant and would support the position of the 1949 Committee of Experts which proposed maximum grants of exactly double those actually established. Failing this, we feel strongly that the grant should be increased to take account at least of the increase in the cost of living since 1950. We note the Committee's proposal that the question of the grant be re-examined in conjunction with the question of pensionable scales, but see no valid reason for linking the two questions. The repatriation grant was introduced to replace the expatriation allowance and in effect constitutes deferred compensation for the element of expatriation, which is not adequately provided for in the salary scales; it therefore has no bearing on the pension question.

(b) With regard to termination indemnity, we recognize that some cases of misconduct may justify payment of less than the normal indemnity, subject to the established processes of determination and appeal.

(c) We view with serious concern the fact that the Committee's proposals involve a considerable reduction in separation payments for staff with dependents. Such payments are at present calculated on base pay less staff assessment, the latter being reduced by the amount of the dependency credits to which the staff member is entitled. If, as the Committee proposes, dependency credits are abolished, the separation payments will be substantially reduced, according to the number of dependents involved.

16. Home Leave

Particularly in view of the elimination in 1951 of the additional two weeks formerly granted for home leave, we object to the Committee's proposal now to reduce the travel time allowed for home leave.

17. Sick Leave

The Committee's proposals appear to be generally acceptable. We welcome the Committee's proposals for providing more adequate protection in the case of very long illness.

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18. Maternity Leave

We strongly oppose the proposed reduction in the maternity leave benefits. The ILO Maternity Protection Recommendation, 1952, advocates fourteen weeks' maternity leave, with cash benefits equal to 100 per cent of the woman's previous earnings.

We believe that practice in international organizations should be based on the norms advocated in the ILO recommendation. Failing this, we would favour retention of the existing system.

19. Travel Conditions

We object to the proposed reduction in standards of travel for the great majority of staff, since we believe that this would further reduce the status of international civil servants. Apart from the question of status, basic conditions of comfort in travel, especially with children, by air tourist class, are not satisfactory. We would recall that the present practice is based on a recommendation of the 1949 Committee of Experts who stated that "it would be more compatible with the dignity and position of the Organization for such (senior and intermediate) officials to travel first class when on official business, than to be restricted to cabin (or equivalent) class accommodation". (A/C.5/331, para. 100)

20. Other Allowances and Benefits

(a) Overtime

We note the Committee's statement of the principle that overtime conditions for General Service staff are based on "outside" local conditions. This supports our contention that the existing dual system of overtime compensation is not justified and that the principle of payment at the rate of time and a half or double time (instead of compensatory time off) for all overtime should be applied to General Service staff in accordance with the general local practice.

(b) Night Differential

We appreciate the suggestion to increase the night differential for the lowest-paid staff but see no reason why it should be reduced for staff at higher salary levels.

(c) Language Allowance

In view of the importance attached by the Secretary-General to knowledge of languages on the part of all staff, we regret that the Committee has not

recommended the granting of additional allowances in respect of qualification in more than one official language.

(d) Non-Resident's Allowance

To meet the increased cost of living, we believe that, in New York, the non-resident's allowance, payable to General Service staff recruited from outside the United States, should be increased to \$250. We also believe that in all duty stations it should be applied without a salary ceiling.

21. Reconciliation of Conditions of Service under different programmes

While we appreciate the difficulty of reconciling the conditions of service under the various programmes of the United Nations and the Specialized Agencies, we are concerned at the effect which the recommendations of the Salary Review Committee will have upon staff at Headquarters. The proposed Assignment Allowance fails, in our opinion, to provide adequate compensation for the additional expense involved in dislocation from the permanent duty station (housing, clothing, medical care, education, entertainment, recreation, insurance). By further reducing the amount of the allowance payable to some categories of staff assigned to mission service, the Committee furnishes little incentive in recruiting and retaining staff for service under adverse living conditions.

We accordingly urge that the proposed assignment allowance be modified so as to avoid further deterioration in the relative position of the United Nations staff.

22. Machinery for dealing with certain pay and personnel problems

We note the proposal to strengthen ICSAB and add to its terms of reference. We hope that provision will be made for the new ICSAB to consult with representatives of the staff.

TABLE I
EFFECT OF POST ADJUSTMENT ON NET SALARIES

Grade	Net Base Salary	Post Adjustment		Post adjustment minus		Percentage increase over Present net salary resulting from post adjustment	
		Single	With dependent	Present Net Single	COL Allowance With dependent	Single	With dependent
P1, Step 1	\$ 3,600	\$ 500	\$ 750	\$ 160	\$ 410	4	10
Step 5	4,400	500	750	80	330	2	7
Step 8	5,000	500	750	50	300	1	6
P2, Step 1	4,800	600	900	156	456	3	9
Step 5	5,600	600	900	90	390	1	6
Step 9	6,400	600	900	43	343	1	5
P3, Step 1	6,000	700	1,050	150	500	2	8
Step 5	6,850	700	1,050	105	455	1	6
Step 10	8,000	700	1,050	50	400	1	5
P4, Step 1	7,300	785	1,175	145	535	2	7
Step 5	8,250	785	1,175	135	525	2	6
Step 10	9,500	785	1,175	185	575	2	6
P5, Step 1	8,750	865	1,300	265	700	3	7
Step 5	9,800	865	1,300	265	700	3	7
Step 10	11,000	865	1,300	265	700	2	6
D1, Step 1	10,000	950	1,425	350	825	3	8
Step 6	12,000	950	1,425	450	925	4	7
D2, Step 1	11,000	1,065	1,600	565	1,100	5	10
Step 4,	12,200	1,065	1,600	565	1,100	4	9

TABLE II
UNITED NATIONS JOINT STAFF PENSION FUND

Level	Gross Salary and COL	Final ^{1/} Average Remuneration (net)	Annual Pension ^{2/} based on Contributory Service at age 60 of				
			10 yrs.	15 yrs.	20 yrs.	25 yrs.	30 yrs.
P.5	\$16,000	\$11,000	\$1,833	\$2,750	\$3,666	\$4,583	\$5,500
P.4	13,500	9,500	1,583	2,375	3,166	3,958	4,750
P.3	11,150	8,000	1,333	2,000	2,666	3,333	4,000
P.2	8,657	6,400	1,066	1,600	2,133	2,666	3,200
P.1	6,600	5,000	833	1,250	1,666	2,083	2,500
G.5	7,183	5,400	900	1,350	1,800	2,250	2,700
G.4	5,500	4,200	700	1,050	1,400	1,750	2,100
G.3	4,532	3,500	583	875	1,166	1,458	1,750
G.2	3,930	3,000	500	750	1,000	1,250	1,500
G.1	3,460	2,600	433	650	866	1,083	1,300

^{1/} Based on assumption that staff member will be at the top step in his grade for the last five years prior to retirement.

^{2/} Gross, i.e., before deduction of national taxes.
