



UNITED NATIONS  
GENERAL  
ASSEMBLY



Distr.  
LIMITED

A/C.5/L.441  
2 February 1957

ORIGINAL: ENGLISH

Eleventh session  
FIFTH COMMITTEE  
Agenda item 51

UNITED NATIONS SALARY ALLOWANCE AND BENEFIT SYSTEM

Statement of Budgetary Implications

Report by the Secretary-General

1. In response to a request made in the Fifth Committee at its 578th meeting, the Secretary-General submits herewith a comparative statement of the budgetary implications (gross and net) of the recommendations of the Salary Review Committee based on: (1) the Committee's original proposals, (2) the modifications proposed by the Secretary-General, and (3) the comments made by the Advisory Committee on Administrative and Budgetary Questions.
2. The items in the present statement follow the order in which they appear in the table annexed to the thirty-ninth report of the Advisory Committee on Administrative and Budgetary Questions (A/3505, and Corr.1).
3. The estimates given herewith reflect the costs for implementing the new system during the initial year 1957. The figures given are reasonable approximations, since there are variable factors, particularly at field offices, which need detailed analysis before precise costs can be known. In further clarification of the cost items, the Secretary-General has provided some explanatory notes which should be read in conjunction with the estimates.

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Item (Reference: Document A/3505 and Corr.1)	Approximate Financial Implications during 1957 of Proposals by					
	(a)		(b)		(c)	
	<u>Salary Review Committee</u>		<u>Secretary-General</u>		<u>Advisory Committee</u>	
	Net \$	Gross \$	Net \$	Gross \$	Net \$	Gross \$
6. Coupling of levels P-2 and P-3)						
11(i) Promotions from Level P-1 to P-2	8,000		10,000	12,500	5,000	6,000
11(iii) Longevity increments						
11(iv) Salary and Allowance for 11(v) Directors (D-2)	No change in cost	10,000	10,000	30,000	No change in cost	10,000
11(vi) Salary and Allowance for Under-Secretaries	(30,000) Reduction	1,500	No change in cost		(30,000) Reduction	1,500
11(vii) Post Adjustment for New York	390,000	390,000	725,000	725,000	390,000	390,000
		(Class 4 as of 1 Jan. 1956)		(Class 5 as of 1 Jan. 1957)		(Class 4 as of 1 Jan. 1956)
Substitution of net system of post adjust- ments for existing gross system of cost-of-living adjustments	No change	(280,000) Reduction	No change	(280,000) Reduction	No change	(280,000) Reduction
12 Salary Scale for General Service staff at New York	460,000	535,000	460,000	535,000	460,000	535,000
14(i) Children's Allowance and Dependency credit merged as Dependence Allowance	No change	652,000	No change	652,000	No change <sup>1/</sup>	652,000 <sup>1/</sup>
14(ii) Dependency Allowance for Professional staff (at offices away from Headquarters)	50,000	50,000	50,000	50,000	50,000 <sup>1/</sup>	50,000 <sup>1/</sup>

	Net \$	Gross \$	Net \$	Gross \$	Net \$	Gross \$
14(iii) Dependency Allowance for General Service staff at New York	(29,000)	(29,000) Reduction		No change in cost	(25,000)	(25,000) Reduction
18 Expanded Medical and Dental Insurance at Headquarters	75,000	75,000	75,000	75,000	75,000 <sup>1/</sup>	75,000 <sup>1/</sup>
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Total Estimate	\$924,000	\$1,414,500	\$1,330,000	\$1,799,500	\$925,000	\$1,414,500
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1/ The Advisory Committee has made no specific proposal in respect of these items.

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Items 6, 11 (i) and 11 (iii)

The 1957 costs for these three items will be nominal. The proposals could only be implemented after a review of the staff concerned, and become effective thereafter. The long-range cost of the proposals of the Salary Review Committee have been estimated at \$70,000 net (approximately \$90,000 gross) per annum. The proposals of the Secretary-General and the Advisory Committee differ from the Salary Review Committee only in respect of longevity steps. In the long run the proposals of the Secretary-General, which involve longevity steps for levels P-1, P-2 and P-4 in addition to level P-3, would be somewhat more expensive than the Salary Review Committee proposals. The proposals of the Advisory Committee also provide for longevity steps for levels P-1 through P-4, but with more restrictive eligibility requirements. The costs for some years to come under the proposals of the Advisory Committee for this group of items should be lower than \$70,000 net.

Items 11 (iv) and 11 (v)

These estimates cover the cost of the proposals relating to base salary and representation allowance for level D-2. The total cost of base salary increases under the proposals of the Salary Review Committee or the Advisory Committee would be offset by decreases in the level of representation allowance. Accordingly, no change is indicated in the "net" columns. However, the increase in net base salaries, if considered by itself, would involve some corresponding increase in the "gross" columns, such as is indicated.

It is considered that the cost of a system of actual reimbursement of hospitality on a voucher basis up to a maximum of \$600 per annum would be approximately equal to the cost of a system of fixed allowances ranging from no allowance to \$1,000 per annum.

Item 11 (vii)

The 1957 budget as approved by the General Assembly contains a gross provision for the existing cost-of-living adjustment which, by reason of the application of staff assessment, yields an estimated amount of \$280,000 for credit to the Tax Equalization Fund. While the introduction of a net post adjustment system would permit a reduction being made in the gross budget in respect of the existing cost-of-living adjustment, it would, at the same time, reduce the credit to the Tax Equalization Fund by a similar amount, viz, \$280,000. The net addition to the

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budget for the post adjustment for New York would thus be \$390,000, or \$725,000, depending upon the decision of the General Assembly as to which class is approved for this purpose.

Item 14 (i)

Under the existing staff assessment plan, staff members receive certain dependence credits which are applied as reductions in the staff assessment levied on their gross salary. The Salary Review Committee has proposed that these dependency credits be eliminated from the staff assessment plan and be paid as net allowances. The effect of this proposal is to increase the budgetary cost by approximately \$652,000, which amount would be offset by a corresponding rise in staff assessment income. The amount of \$652,000 for dependence allowances would, however, be reduced to the extent a more restrictive definition of dependency were adopted; the budgetary effect in 1957 of a more restrictive definition of dependency would in turn be governed by the transitional arrangements that are applied.

Item 14 (iii)

The estimated reduction of \$29,000 in dependence allowances for Headquarters General Service staff would arise under the Salary Review Committee proposals assuming that the reductions in this allowance are applied immediately and in full. However, the reductions in total costs would be less for the year 1957 if some more gradual transitional arrangement were adopted, in line with the Committee's suggestion. The same comments would apply to the \$25,000 reduction arising under the Advisory Committee's proposals.

Item 16

The estimate of \$75,000, which is shown, covers the cost of the revised medical and dental insurance plans for Headquarters staff for a period of seven months; i.e., for 1 June to 31 December 1957. The estimated cost for a full year would be \$135,000.

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