

UNITED NATIONS  
GENERAL  
ASSEMBLY



Distr.  
GENERAL

A/9008/Add.32  
16 December 1973

ORIGINAL: ENGLISH

Twenty-eighth session  
Agenda item 79

PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1974-1975  
AND MEDIUM-TERM PLAN FOR THE PERIOD 1974-1977

Office accommodation at Geneva

Thirty-third report of the Advisory Committee on Administrative  
and Budgetary Questions to the General Assembly at its twenty-  
eighth session on the proposed programme budget for the biennium  
1974-1975

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on office accommodation at Geneva (A/C.5/1573).
2. The report has been prepared as the result of recent developments which have allowed the Secretary-General to submit proposals for the purchase by the United Nations of the Petit Saconnex buildings at Geneva from the International Labour Organisation.
3. The possibility of such a purchase had first been alluded to by the Secretary-General in a report to the General Assembly at its twenty-seventh session (A/C.5/1458 and Corr.1 and 2), in which he stated that a possible source of office space at Geneva could be the Petit Saconnex buildings which would become vacant early in 1975 when the International Labour Organisation moved into its new premises.
4. The matter was considered by the Advisory Committee earlier in the current session of the General Assembly and, in its report on United Nations office accommodation, the Committee referred to recommendations of the Joint Inspection Unit for acquisition of the Petit Saconnex buildings (A/9008/Add.2, para. 26) and to the continuing negotiations of the Secretary-General in this regard and stated that:

"As yet there is not a clear picture 'of the initial and recurrent costs of the acquisition, maintenance and operation of the buildings' (A/C.5/1511, para. 28). Nor have the Geneva authorities determined if and for how long the United Nations might occupy the ground site. Both these factors need to

be clarified before the Secretary-General arrives at his decision. It would appear to the Advisory Committee that a ground lease of less than 10 years would be uneconomical in terms of the building purchase price." (A/9008/Add.2, para. 15).

5. The questions so raised by the Advisory Committee can now be answered. As indicated in the Secretary-General's report (A/C.5/1573, para. 12 (a)), the Geneva authorities have expressed willingness to enter into a ground lease for an initial period of 12 years at a rental of 39,000 Swiss francs per annum (paragraph 12 (a)). The price of the buildings would be the actual original construction costs to the ILO - 6.37 million Swiss francs (A/C.5/1573, para. 12 (b)). It will be recalled that the Committee, in its review of the administrative and management procedures concerning the programme and budget of the ILO (completed in 1970), indicated that the residual value of the Petit Saconnex buildings, when vacated by the ILO, would amount to between 75 per cent and 20 per cent of the construction cost, depending upon whether they were permitted to remain on the present site or would have to be dismantled and rebuilt elsewhere (A/8140, annex I, sect. J, 1, para. 265). However, the Committee notes the statement in the report of the Joint Inspection Unit on office accommodation for United Nations staff at Geneva, that "a responsible ILO official estimates that the cost of replacing the buildings today would be about Swiss francs 11,000,000" (A/9164, para. 80). In addition to the initial acquisition and annual land rental costs, the Secretary-General estimates the following operating and maintenance costs for 1975 and 1976:

	<u>1975</u> \$	<u>1976</u> \$
(a) Utilities . . . . .	44,500	48,500
(b) Cleaning. . . . .	69,000	78,500
(c) Servicing staff (guards, messengers, telephone operators, electricians, gardeners, etc.). . . . .	214,000	229,500
(d) Telephone rentals . . . . .	15,000 <u>a/</u>	16,000 <u>a/</u>
(e) Repair and maintenance of buildings and equipment . . . . .	12,000	15,000
(f) Miscellaneous, insurance, etc. . . . .	5,500	6,500
TOTAL . . . . .	<u>360,000</u>	<u>394,000</u>

a/ Does not include requirements of the Intergovernmental Committee for European Migration or other tenants.

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6. The Petit Saconnex complex, which was originally constructed in 1964, rebuilt in 1966 after a fire and extended in 1968 and 1969, now contains some 470 offices. The Committee understands from the Secretary-General's report that, should the United Nations decide to purchase the complex, the Intergovernmental Committee for European Migration would be interested in renting one third of the space, or some 170 offices, leaving 300 units available in the building for the United Nations (A/C.5/1573, para. 10). The Advisory Committee trusts that the length of the lease which will be negotiated with the Intergovernmental Committee will bear relation to the United Nations expectation of its own requirements. If such a rental were to take place, the Secretary-General estimates that annual and operating costs could be reduced proportionately (by one third) in an amount of \$125,000 to \$150,000 through rental charges; the Secretary-General expects that the rental charge would include an element to cover the amortization of the purchase cost of the building. The Committee suggests that, when the Secretary-General reports to the General Assembly on the rental agreement he will have entered into, he should indicate the amortization element included in the rental charge.

7. The Secretary-General forecasts that the 300 units which would be available to the United Nations in the Petit Saconnex buildings (assuming that the other 170 units were to be rented to the Intergovernmental Committee) would be fully utilized by the end of 1975. The space available at the Petit Saconnex, together with the 260 units which would be rented in the old ILO building when it becomes available in 1976, would be capable of housing an estimated 600 to 650 persons, depending upon their grades and functions, and would, according to the Secretary-General - who has assumed for this purpose a growth rate of 3 per cent per year at Geneva - be sufficient for the staff accommodation needs of the United Nations at Geneva until 1979 (A/C.5/1573, paras. 10 and 11).

8. The Advisory Committee is of the opinion that the Secretary-General's estimate of the additional space requirements at Geneva by the end of 1974, namely 250 office units (A/C.5/1573, para. 11), appears to have been overstated, for it includes 55 units for the International Civil Service Commission (which, following the decision taken by the Fifth Committee at its 1620th meeting, will not become operational in 1974) and 33 units for language training (which, the Advisory Committee understands, could also be accommodated in some of the conference space). Furthermore, the Advisory Committee questions the conclusion (A/C.5/1573, para. 4 (c)) with respect to the number of office units that must be kept vacant because of the temporary needs of the general assemblies of the ILO and WHO; while the Committee agrees that this space is unsuitable for established staff, who must be accommodated on a year-round basis, there is no reason why some of it should not be used to accommodate consultants and other short-term staff. Moreover, the number of offices in the conference reserve could be reduced if the ILO and WHO were to move fewer of their staff from their own headquarters to the Palais during their general assemblies. The Advisory Committee notes also that the Secretary-General's estimate includes the provision of additional space for extrabudgetary staff, such as those of the United Nations Institute for Social Development. Thus, the reserve of space that would be available for the expansion of units already located at Geneva or for the possible transfer to or establishment at Geneva of other United Nations services appears to be greater than estimated by the Secretary-General.

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This situation, however, is not an argument against the acquisition of the Petit Saconnex complex as the extra space will eventually be needed and can, in the meantime, be rented.

9. At the same time, consideration must be given to whether the acquisition of a prefabricated building, standing on land which may be required by the Cantonal authorities by 1988, might merely be a stop-gap solution which could lead to considerable disruption and expense some 12 years hence. This problem should not be minimized. On the other hand, use of the Petit Saconnex buildings would meet the space needs of the United Nations during the second half of the current decade. Thereafter consideration could be given to alternative longer-term solutions, such as the Donaupark complex in Vienna, which will be completed before the lease of the Petit Saconnex expires. Hence, even if the lease of the land at Petit Saconnex cannot be extended beyond the initial 12-year period, the building might provide a reasonably economical interim solution.

10. In light of the above and of the acute shortage of space which, according to the Secretary-General, currently exists at Geneva, and bearing in mind the recommendation of the Joint Inspection Unit that, "subject to obtaining satisfactory conditions of acquisition, the General Assembly should seriously consider authorizing the purchase of the ILO premises in Petit Saconnex ..." (A/9164, recommendation 11), the Advisory Committee recommends the acquisition of the Petit Saconnex buildings on the terms stipulated by the Secretary-General in his report (A/C.5/1573), subject to the observations below.

11. The Committee maintains the concern it had expressed in its third report to the current General Assembly over the rent-free allocation of United Nations space for accommodation of extrabudgetary staff, which it believes is, in part, responsible for the critical space shortage for regular budget staff that the organization is now experiencing. In its report (A/9008/Add.2, para. 5), the Advisory Committee stated that:

"A persistent factor in the study of staff accommodation has been the failure of projections for future accommodation needs to take into account the growth in numbers of staff financed by extra-budgetary funds and the resultant strain that growth has caused on the office space resources of the United Nations. ... Over 300 extra-budgetary staff are currently accommodated at the Palais des Nations in Geneva."

Though the Committee recognized the many legal, budgetary and financial factors which must be considered before a general policy decision could be reached, it posed the question whether the cost of providing office space for extrabudgetary staff should be borne by the regular budget or met from the extrabudgetary funds themselves. The Committee recommended that the Secretary-General study the question of accommodation for extrabudgetary staff and report his conclusion to the Advisory Committee at its session in the spring of 1974. The Fifth Committee, at its 1592nd meeting, concurred with that recommendation. The Advisory Committee trusts, therefore, that the requested study will shed light on the problem of responsibility for extrabudgetary staff accommodation and will lead to the formulation of a policy based upon the principles of sound management.

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12. Furthermore, the Committee hopes that the Secretary-General will ensure that the acquisition of the Petit Saconnex buildings does not lead to wasteful use of space, particularly bearing in mind the observations on space utilization in the Palais des Nations contained in the report by the Joint Inspection Unit (A/9164).

13. The Advisory Committee, on the basis of a broad comparison with corresponding expenses currently incurred by the ILO, is not convinced that the Secretary-General's estimates of requirements under section 28-K (\$557,000 in 1975) is fully justified. In the event that the purchase of the Petit Saconnex complex is approved by the General Assembly, the Committee will examine those estimates in detail during its visit to Geneva in the spring of 1974. In the circumstances, and bearing in mind that the Swiss franc-US dollar relationship in 1975, when expenditures for Petit Saconnex would be incurred, might differ from the rate 1/ used by the Secretary-General in his report (A/C.5/1573), the Advisory Committee is not recommending any reduction in the estimate at this stage.

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1/ One United States dollar = 3.40 Swiss francs.