



General Assembly

Distr.
GENERAL

A/C.5/43/19
25 October 1988

ORIGINAL: ENGLISH

Forty-third session
FIFTH COMMITTEE
Agenda items 114 and 122

PROGRAMME BUDGET FOR THE BIENNIUM 1988-1989

UNITED NATIONS COMMON SYSTEM

Administrative and financial implications of the recommendations
and decisions contained in the report of the International Civil
Service Commission (A/43/30)

Statement submitted by the Secretary-General in accordance with
rule 153 of the rules of procedure of the General Assembly

1. The fourteenth annual report of the International Civil Service Commission (ICSC) 1/ contains a number of decisions and recommendations that would result in additional expenditures for the biennium 1988-1989.
2. The decisions and recommendations that have financial implications relate to the following:
 - (a) Post adjustment questions;
 - (b) Conditions of service in the field;
 - (c) Education grant;
 - (d) Dependency allowances;
 - (e) Survey of the best prevailing conditions of service for language teachers in New York.

A. Post adjustment questions

Revision to the methodology for place-to-place surveys at field duty stations

3. In order to reduce the statistical bias existing in the current methodology against those field duty stations where, owing to the poor supply of goods, staff members are obliged to make a large proportion of purchases in hard currency outside the duty station, the Commission decided to introduce, with effect from 1 January 1989, a revised methodology for the calculation of post adjustment indices resulting from place-to-place cost-of-living surveys. This revised methodology will be applicable at those field duty stations where out-of-area expenditures account for 40 per cent or more of total expenditures. While the Commission has estimated the total cost at \$600,000 for the common system, it should be noted that none of the major United Nations field duty stations fall into that category. Consequently, the costs for the United Nations regular budget, which will be limited to a handful of duty stations where United Nations information centres are located, are estimated at \$9,000 per year.

Functioning of the post adjustment system within the margins range

4. In order to provide for a consistent approach in the monitoring of the post adjustment system in order to maintain, as requested by the General Assembly, the margin between the net remuneration of officials in the Professional and higher categories of the United Nations in New York and officials in comparable positions in the United States federal civil service around the desirable mid-point (115) of the range approved by the Assembly (110-120), the Commission decided to adopt guidelines for the implementation of post adjustment increases in New York which will ensure that the margin will be maintained between 114 and 116 at all times. In the long run, the measures envisaged will be cost neutral. It should be noted, however, that depending on the interrelationship of the four factors that have an impact on the margin (the size and timing of increases in United States federal civil service salaries, inflation in New York, the United States federal income taxes and the cost-of-living differential between New York and Washington) it would require either the implementation of post adjustment increases at a different pace than that of the inflation in New York or, as was done in the recent past, the non-implementation of increases due in view of their impact on the margin range.

B. Conditions of service in the field

Reimbursement of costs of medical examinations for eligible dependants at designated hardship duty stations

5. On the basis of the recommendations contained in the report of the working group of the Consultative Committee on Administrative Questions (CCAQ), staff representatives and the Commission's secretariat on conditions of service in the field, which were based on advice provided by the medical directors of the organizations, the Commission decided: (a) to set the maximum amount of reimbursement of medical examinations for each eligible dependant at 75 per cent of that for a staff member, which currently stands at \$250; and (b) that the amount

would be payable for each eligible dependant every two years or on the occasion of the reassignment of the staff member to a designated hardship duty station, whichever comes sooner. For the reasons indicated in paragraph 3 above, the costs for the United Nations regular budget will be limited to a handful of duty stations and are estimated at \$5,000 per year.

C. Education grant

6. It will be recalled that in its report to the General Assembly at its forty-second session, ^{2/} the Commission noted that there had been no increase in the level of the education grant since 1983 and it considered that, based on the statistics provided, there was justification for a revision of the level of the grant. The Commission, however, decided to defer consideration of the overall level of the grant and related provisions to its July 1988 session.

7. In the light of the increases in the level of expenditure related to education which were reported for 1987, and of the further increases which took place in the fees charged by schools commonly attended by children of staff at headquarters duty stations, the Commission decided at its July 1988 session to recommend that the maximum amount of admissible education expenses should be set at \$9,000, thus providing for a maximum grant of \$6,750, i.e., 75 per cent of the maximum expenses allowed. In order to provide for a meaningful increase of the grant at those duty stations where the remuneration correction factor (RCF) was applicable, the Commission decided to recommend the establishment of the maximum grant in local currency at those duty stations. It also decided to recommend that within the maximum grant of \$6,750, the ceiling for boarding costs should be increased from its current level of \$1,500 to \$2,000. At the same time, the Commission recommended that the current provisions regarding the reimbursement of 100 per cent of the admissible education expenses for each disabled child up to the maximum amount recognized for education grant purposes should be maintained.

8. As indicated in its report, ^{1/} the Commission estimated the financial implications for the common system at \$3 million per year for the increase in the maximum amount of the grant and \$1.6 million per year for the increase in the maximum amount of reimbursable boarding costs or a total of \$4.6 million. Bearing in mind the large number of United Nations staff at the headquarters duty stations where school costs are well above the current maximum, the increase in the maximum amount of the grant on the United Nations regular budget has been estimated at \$1,500,000 while the effect of the increase in the ceiling for boarding costs within the limits of the maximum grant has been estimated at \$100,000, for a total of \$1,600,000.

D. Dependency allowances for staff in the Professional and higher categories

9. The Commission noted that the amount of the children's and secondary dependent allowances for Professional and higher categories had not been revised since 1983 and 1977 respectively. It decided to recommend to the General Assembly that effective 1 January 1989 the children's allowance be increased from its current level of \$700 to \$1,050. It also recommended that the secondary dependent's allowance should be increased from its current level of \$300 to \$450. In both cases, it also recommended that, in those countries where the RCF was applicable, the amount payable in local currency as of 1 April 1988 should be increased by 50 per cent. For the common system the financial implications of the above decisions were estimated at \$8,170,000 per year and \$120,000 per year for the children's and secondary dependent allowance respectively. The related increases for the United Nations regular budget are estimated at \$1,500,000 and \$35,000 per year respectively, for a total annual cost of \$1,535,000.

E. Survey of the best prevailing conditions of service for language teachers in New York

10. The Commission reviewed the conditions of service of language teachers in New York on the basis of a survey of best prevailing local conditions of employment for such staff. The financial implications of the salary scale recommended by the Commission are estimated at \$60,000 per annum and relate in toto to the United Nations regular budget. A corresponding staff assessment provision of \$27,000 per annum would be required under the income and expenditure sections.

* * *

11. Following past practice, it would be the intention to deal with the increased costs set out above, as well as the consequent increases in staff assessment under the income and expenditure sections, in the context of the programme budget performance reports for the biennium 1988-1989.

Notes

1/ Official Records of the General Assembly, Forty-third Session, Supplement No. 30 (A/43/30 and Corr.1).

2/ Ibid., Forty-second Session, Supplement No. 30 (A/42/30 and Corr.1).
