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PROGRAMME BUDGET FOR THE BIENNIUM 1978-1979

Budget and programme performance of the United Nations
for the biennium 1978-1979

Report of the Secretary-General

Addendum

Income sections:

Income section 1. Income from staff assessment

Income section 2. General income

Income section 3. Revenue-producing activities

INCOME SECTIONS

INCOME SECTION 1. INCOME FROM STAFF ASSESSMENT

Table 1-1

(in thousands of United States dollars)

APPROVED ESTIMATES	DECREASE	REVISED ESTIMATES
172,684.1	(7,129.0)	165,555.1

1.1 The anticipated unexpended balance of \$5,254,000 under expenditure section 25 is reflected under this heading. Also included is a technical correction of an error of \$790,300 which was reported under section 25 in the first performance report, but not reflected under this heading at that time. A further decrease of \$1,084,700 is due to inaccurate projections of income from staff assessment derived from the emoluments of employees who are charged to revenue-producing activities under income section 3.

INCOME SECTION 2. GENERAL INCOME

Table 2-1
(in thousands of United States dollars)

Source	1978-1979 approved estimates	Increase (decrease)	Revised estimates 1978-1979
A. Income from rental of premises	1 962.0	(100.5)	1 861.5
B. Reimbursement for services provided to specialized agencies and others	4 361.5	(555.9)	3 805.6
C. Bank interest	377.0	314.0	691.0
D. Sale of used equipment	200.0	40.0	240.0
E. Refund of previous years' expenditure	1 224.0	-	1 224.0
F. Contributions of non-member States	1 892.0	-	1 892.0
G. Television and similar services	850.0	257.3	1 107.3
H. Refund of the Organization's contribution to UNJSPF in respect of participants' withdrawals	1 210.0	-	1 210.0
I. Reimbursement by the specialized agencies of their share of the costs of ICSC	2 024.9	(67.4)	1 957.5
J. Reimbursement by the specialized agencies of their share of the costs of JIU	2 156.4	165.6	2 322.0
K. Miscellaneous income	659.1	266.5	925.6
Total	16 916.9	319.6	17 236.5

INCOME SECTION 2. GENERAL INCOME

Income from rental of premises (Decrease: \$100,500)

1. The total decrease of \$100,500 stems from decreases in the estimates of rental income at the United Nations Office at Geneva and the Economic Commission for Africa (\$331,200), offset by increases in the estimates pertaining to Headquarters and the Economic Commission for Asia and the Pacific (\$230,700).

Reimbursement for services provided to specialized agencies and others (Decrease: \$555,900)

2. The decrease is due principally to a decline in the estimates relating to the Vienna International Centre referred to under section 22M, and to a reduction in the reimbursement for reproduction and distribution of documents and other services at the United Nations Office at Geneva following GATT's move to the Centre William Rappard in the latter half of 1977.

Bank interest; sale of used equipment; refund of previous years' expenditure; contributions of non-Member States
(Increase: \$354,000)

3. The approved estimates for these activities were based on past trends. The revised estimates represent the latest forecast, based on actual receipts up to the time of preparation of this report.

Television and similar services (Increase: \$257,300)

4. The increase reflects in the main the one-time effect of an adjustment in accounting methods from a cash to an accrual basis.

Reimbursement by the specialized agencies of their share of the costs of the International Civil Service Commission; reimbursement by the specialized agencies of their share of the costs of the Joint Inspection Unit (Increase: \$98,200)

5. The revised estimates of income under these two headings are in accordance with the revised estimates for ICSC and JIU as shown under section 22L.

Miscellaneous income (Increase: \$266,500)

6. Various receipts which cannot properly be classified under the previous headings are included under this subitem. The revised estimate derives from a projection based on actual receipts recorded up to the time at which this report was prepared.

INCOME SECTION 3. REVENUE-PRODUCING ACTIVITIES

Table 3-1

(in thousands of United States dollars)

Approved estimates	Increase	Revised estimates
6 119.5	1 945.8	8 065.3

Table 3-2

Summary of estimates of net revenue by programme and programme component: estimates of net revenue

(in thousands of United States dollars)

Programme and programme component	Approved estimates 1978-1979	Increase (decrease)	Revised estimates 1978-1979
A. Activities under the supervision of Commercial Management Service:			
1. Sale of postage stamps (Headquarters, Geneva and Vienna)			
Gross revenue	14 834.0 <u>a/</u>	1 521.0	16 355.0
Less expenses against revenue	10 129.0	(507.3)	9 621.7
Net revenue	4 705.0	2 028.3	6 733.3
2. Souvenir shop (Headquarters)			
Gross revenue	1 528.0	(36.7)	1 491.3
Less expenses against revenue	728.0	(125.3)	602.7
Net revenue	800.0	88.6	888.6
3. Gift centre			
Gross revenue	1 204.0	(323.0)	881.0
Less expenses against revenue	753.0	(180.1)	572.9
Net revenue	451.0	(142.9)	308.1

a/ Includes income of \$160,000 from royalties.

Table 3-2 (continued)

Programme and programme component	Approved estimates 1978-1979	Increase (decrease)	Revised estimates 1978-1979
4. Catering services			
Gross revenue	5 310.0	(115.1)	5 194.9
Less expenses against revenue	5 310.0	(23.1)	5 286.9
Net revenue	-	(92.0)	(92.0)
5. Royalties: Commemorative medals	905.0	(575.0)	330.0
6. Royalties: Flag ingot	153.0	(108.0)	45.0
7. Garage operation			
Gross revenue	889.0	(10.4)	878.6
Less expenses against revenue	193.0	(5.1)	187.9
Net revenue	696.0	(5.3)	690.7
8. Administrative costs <u>b/</u>	744.0	(57.2)	686.8
NET REVENUE A	6 966.0	1 250.9	8 216.9
B. Sale of publications			
Gross revenue	4 112.0	542.9	4 654.9
Less expenses against revenue	4 221.6	(206.8)	4 014.8
NET REVENUE B	(109.6)	749.7	640.1
C. Services to visitors (Headquarters, Geneva and Vienna)			
Gross revenue	2 101.5	173.8	2 275.3
Less expenses against revenue	2 838.4	228.6	3 067.0
NET REVENUE C (deficit)	(736.9)	(54.8)	(791.7)
SUMMARY (A, B and C)			
TOTAL GROSS REVENUE	31 036.5	1 069.5	32 106.0
Less total expenses against revenue <u>c/</u>	24 917.0	(876.3)	24 040.7
TOTAL NET REVENUE	6 119.5	1 945.8	8 065.3

b/ Chargeable to net revenues under A.1 through A.7.

c/ Details contained in tables 3-3 and 3-4.

Table 3-3

Expenses against revenue: distribution of revised estimates by programme
(in thousands of United States dollars)

Programmes	Revised appropriations 1978-1979	Estimated additional requirements					Total	Total 1978-1979 revised estimates
		Inflation	Rates of exchange	Decisions of policy-making organs	Redeployment	Other changes		
A. Activities under the supervision of Commercial Management Service:								
Sale of postage stamps	10 129.0	15.0	13.0	-	-	(535.3)	(507.3)	9 621.7
Souvenir shop	728.0	-	-	-	-	(125.3)	(125.3)	602.7
Gift centre	753.0	-	-	-	-	(180.1)	(180.1)	572.9
Catering services	5 310.0	-	-	-	-	(23.1)	(23.1)	5 286.9
Royalties-commemorative medals	-	-	-	-	-	-	-	-
Royalties-flag ingots	-	-	-	-	-	-	-	-
Garage operation	193.0	-	-	-	-	(5.1)	(5.1)	187.9
Administrative costs	744.0	-	-	-	-	(57.2)	(57.2)	686.8
	17 857.0	15.0	13.0	-	-	(926.1)	(898.1)	16 958.9
B. Sale of publications	4 221.6	6.1	17.2	-	-	(230.1)	(206.8)	4 014.8
C. Services to visitors	2 838.4	-	6.4	-	-	222.2	228.6	3 067.0
Grand total	24 917.0	21.1	36.6	-	-	(934.0)	(876.3)	24 040.7

Table 3-4

Expenses against revenue: distribution of estimated additional requirements
by programme and by main object of expenditure
(in thousands of United States dollars)

Programmes	Salaries and common staff costs	Travel	Printing	Other contractual services	General operating expenses	Supplies, materials, furniture and equipment	Other	Total
A. Activities under the supervision of the Commercial Management Service:								
Sale of postage stamps	(437.9)	(0.2)	-	(47.1)	(2.8)	(19.3)	-	(507.3)
Souvenir shop	-	-	-	-	(125.3)	-	-	(125.3)
Gift centre	-	-	-	-	(180.1)	-	-	(180.1)
Catering services	-	-	-	-	(23.1)	-	-	(23.1)
Royalties-commemorative medals	-	-	-	-	-	-	-	-
Royalties-flag ingot	-	-	-	-	-	-	-	-
Garage operation	(5.1)	-	-	-	-	-	-	(5.1)
Administrative costs	(15.9)	-	(42.3)	-	1.0	-	-	(57.2)
	(458.9)	(0.2)	(42.3)	(47.1)	(330.3)	(19.3)	-	(898.1)
B. Sale of publications	(179.4)	(5.0)	-	(56.4)	34.0	-	-	(206.8)
C. Service to visitors	221.6	-	-	7.4	-	(0.4)	-	228.6
Grand total	(416.7)	(5.2)	(42.3)	(96.1)	(296.3)	(19.7)	-	(876.3)

INCOME SECTION 3. REVENUE-PRODUCING ACTIVITIES

A. Activities under the supervision of the Commercial Management Service

Sale of postage stamps (Headquarters, Geneva and Vienna)

3.1 During 1979, as a further extension of its efforts to publicize the United Nations and earn income, the United Nations Postal Administration entered into an agreement with the Government of Austria to establish a United Nations Post Office at the Vienna International Centre and to issue, for use there, United Nations stamps in Austrian currency denominations. ^{1/} The estimates for the 1978-1979 biennium take into account the operation of this new venture for which there was only one stamp issue on 24 August 1979. While the estimate of gross revenue reflects the resulting increase in sales, the estimate of expenses against revenue reflects not only increased expenditures related to those sales, but also non-recurrent expenditures related to the start-up of operations.

3.2 As indicated in table 3-2 above, gross revenue is expected to amount to \$16,355,000, exceeding the approved estimate by \$1,521,000. The increase is attributed to the very favourable response to the new Austrian denomination stamp issue, as well as to the complete sellout of the "International Year of the Child" stamp issue.

3.3 The anticipated net decrease of \$507,300 in expenses against revenue, as indicated in tables 3-3 and 3-4 above, results from the following:

(a) Reduced requirements in the amount of \$512,300 under established posts (\$355,700) and common staff costs (\$156,600), due mainly to the difference between the standard rates initially applied and the actual costs incurred under these headings;

(b) Increased requirements in the amount of \$95,500 under temporary assistance as a result of the increase in the volume of transactions and, in particular, in connexion with the first Austrian shilling stamp issue;

(c) Reduced requirements in the amount of \$21,100 under overtime and night differential due to actual costs being lower than initially estimated for these purposes;

(d) Net reduced requirements in the amount of \$69,400 as a result of variations from original estimates under travel (\$200), contractual services (\$47,100), general operating expenses (\$2,800), supplies and materials (\$300) and acquisition of furniture and equipment (\$19,000).

Souvenir shop (Headquarters)

3.4 Whereas gross revenue from this activity is expected to fall short of the approved estimate by \$36,700, lower than estimated payroll costs are expected to

^{1/} A/C.5/33/39.

result in a reduction of \$123,300 in expenses against revenue thereby increasing net revenue by \$88,600 over the approved estimate.

Gift centre

3.5 During 1978, the contract between the United Nations and the United Nations Co-operative for the management of the Gift Centre was terminated for reasons of poor management. For the first four months of 1978 under the Co-operative management, there was a net loss in excess of \$43,000. In May of 1978, under an amendment to the catering contract, Lido Shares Corporation assumed responsibility for the management of the Gift Centre and, under that arrangement, the operation showed a net profit of \$107,200 for the last eight months of 1978.

3.6 It is presently estimated that net revenue for the 1978-1979 biennium should total \$308,100 which is \$142,900 less than the approved estimate.

Catering services (Headquarters)

3.7 The cost of food, labour and other expenses have increased to a greater degree than was anticipated earlier in the biennium, while prices in the staff catering facilities have not been increased since July of 1978. It is therefore estimated that a net loss of \$92,000 will be incurred for the 1978-1979 biennium.

Royalties: Commemorative medals and flag ingots

3.8 It is estimated that income from royalties for commemorative medals and flag ingots will total \$375,000 representing a shortfall of \$683,000 in the approved estimates. The significant reduction is attributed to a considerable decrease in the demand for Franklin Mint medals and ingots.

Garage operation

3.9 Gross revenue is expected to fall short of the approved estimated by \$10,400 due to a reduction in the number of stickers issued as a result of the construction which is in progress at Headquarters. Expenses against revenues are expected to be reduced by \$5,100 as a result of the difference between actual and standard salary rates, thereby resulting in a decrease of \$5,300 in the approved estimate of net revenue.

Administrative costs

3.10 Savings in the amount of \$57,200 are anticipated in expenses against revenue under this heading, resulting from a decrease under external printing and binding (\$42,300) due to required forms now being printed internally, and a net decrease under salaries and common staff costs (\$19,100) due to differences between standard and actual costs, slightly reduced by increased requirements under overtime and night differential (\$3,200) and general operating expenses (\$1,000).

B. Sale of Publications

3.11 The increase of \$542,900 under gross revenue is mainly due to a change made in the accounting of revenue as from 1 January 1978, that is, from a cash collection basis to an accrual basis. A one-time adjustment of \$665,270 was made in this regard, representing outstanding account receivables as at 31 December 1977.

Revised estimates under expenses

3.12 Revised requirements of \$4,014,800 are estimated for the biennium, involving an over-all decrease of \$206,800 as follows:

Salaries and common staff costs (Decrease: \$179,400)

3.13 The reduced requirements under this heading are attributable to savings anticipated under established posts and common staff costs (\$150,500), due to a higher than standard vacancy situation, under general temporary assistance (\$25,900) and under overtime (\$3,000).

Travel (Decrease: \$5,000)

3.14 A saving of \$5,000 is anticipated under this heading.

Other contractual services (Decrease: \$56,400)

3.15 The reduction in requirements under this heading arises from savings under advertising and promotion (\$30,000) and in respect of requirements for the bookshop operation at Headquarters (\$26,400).

General operating expenses (Increase: \$34,000)

3.16 The anticipated increase of \$34,000 is attributable to the fact that the initial estimate for rental of premises did not take into account the move of the Sales Section at Headquarters to the Alcoa Building.

Table 3-5

Summary of estimates of net revenue by programme and
programme component: estimates of net revenue

(in thousands of United States dollars)

Programme and programme component	Approved estimates 1978-1979	Increase	Revised estimates 1978-1979
C. Services to visitors			
Gross revenue	2 101.5	173.8	2 275.3
Less expenses against revenue	2 838.4	228.6	3 067.0
NET REVENUE C (deficit)	(736.9)	(54.8)	(791.7)

C. Services to visitors

3.17 The revised estimates of revenue and expenditure in respect of guided tours at Headquarters, the Visitors' Service, Geneva and the Visitors' Service, Vienna, which are administered separately at these three locations and are combined in table 3-5 above, are shown separately below:

	<u>Headquarters</u>	<u>Geneva</u>	<u>Vienna</u>	<u>Total</u>
	(in thousands of United States dollars)			
<u>Gross revenue</u>				
Guided tours	1,995.0	274.7	-	2,269.7
Sale of postcards	-	5.6	-	5.6
	<u>1,995.0</u>	<u>280.3</u>	<u>-</u>	<u>2,275.3</u>
<u>Expenses against revenue</u>				
Salaries and common staff costs, including guides	2,223.7	766.9	7.9	2,998.5
Other	54.6	13.9	-	68.5
	<u>2,278.3</u>	<u>780.8</u>	<u>7.9</u>	<u>3,067.0</u>
Net deficit	<u>283.3</u>	<u>500.5</u>	<u>7.9</u>	<u>791.7</u>

3.18 An increase of \$54,800 is expected in the over-all deficit for the activities at Headquarters, Geneva and Vienna as a result of the fact that at these locations estimated increase in expenses against revenue (\$228,600 or 8.1 per cent) exceeds the anticipated increase in gross revenue (\$173,800 or 8.3 per cent). Details of significant changes are provided below.

Guided tours, Headquarters

3.19 The number of visitors during the 1978-1979 biennium is expected to increase to approximately 1,250,000. Gross revenue is therefore estimated to increase over the previously approved estimates of \$1,650,000 by \$345,000 or 20.9 per cent, for a total of \$1,995,000. On the other hand, expenses against gross revenue would increase by only \$278,300 or 13.9 per cent from \$2,000,000 to \$2,278,300 and would provide for salaries and common staff costs, including guides (\$2,223,700) and other operating costs (\$54,600). Thus it is expected that the net deficit would decrease by \$66,700 or 19.1 per cent from \$350,000 to \$283,300.

3.20 The estimated increases in expenses against revenue of \$278,300 has resulted from a total increase in respect of guides of \$311,600 for salaries (\$252,700), overtime (\$17,900), contractual services (\$8,400), common staff costs (\$28,100) and uniforms (\$4,500) in order to service the increased number of visitors offset by total decreases of \$33,300 relating under savings from established posts (\$31,000) due to vacancies and under acquisition of furniture and equipment (\$2,300).

Visitors' Service, Geneva

3.21 The number of visitors expected to take guided tours at the Palais des Nations during the biennium is less than previously envisaged and is not expected to exceed 201,200. Gross revenue of \$280,300, reflecting a decrease of \$132,200 or 32 per cent in the approved estimates of \$412,500, is anticipated from fees derived from guided tours (\$274,700) and from the sale of postcards (\$5,600). Total expenses against revenue are estimated at \$780,800, reflecting an increase of \$11,400 or 1.5 per cent above the approved estimates of \$769,400. The expenditures relate to salaries and common staff costs, including guides (\$766,900) and other operating costs (\$13,900). Thus the net deficit is estimated to increase by \$143,600 or 40.2 per cent from \$356,900 to \$500,500.

3.22 The estimated increased requirements of \$11,400 has resulted from total increases of \$82,700 relating under overtime for guides (\$57,600), under common staff costs (\$25,100) offset by savings of \$71,300 under established posts (\$22,000) due to delays in recruitment, under salaries for guides (\$48,300) and under advertising (\$1,000).

Visitors' Service, Vienna

3.23 The planned operation of the Visitors' Service, Vienna, during 1979 was not inaugurated due to the fact that the area within the Vienna International Centre which has been designated for the service was not completed in time. It is extremely unlikely that an organized service can be started before the 1980-1981 biennium.

3.24 In preparation for the inauguration of the Service in early 1980 one General Service post for the cashier dispatcher was filled on 22 October. The Professional post is in an advanced stage of recruitment.

3.25 The expenditures relating to staff costs for the current biennium is estimated at \$7,900 for salaries (\$6,200) and common staff costs (\$1,700).