

RESTRICTED

GENERAL AGREEMENT ON
TARIFFS AND TRADE

L/2979
15 May 1968

Limited Distribution

ADMINISTRATIVE AND FINANCIAL QUESTIONS

General Service Category Salary Scales

Note by the Director-General

1. In document L/2803, Budget Estimates for the Financial Year 1968, the CONTRACTING PARTIES were informed that following a local salary survey, the results of which have subsequently been examined by the ICSAB, the Executive Heads of the Geneva-based organizations had arrived at the conclusion that the rates currently payable to the general service category staff in the United Nations common system were roughly 9 per cent above the best prevailing rates payable in Geneva for comparable work. In order to absorb this difference the Executive Heads had decided on the following procedure. The general service category rates paid since 1 January 1967 should be maintained throughout 1967 and should be the base from which future adjustments would be made. Adjustments would be effected on 1 January 1968 and on 1 January 1969 to reflect the amount of the annual rise in the OFIAMI index rates reduced by $4\frac{1}{2}$ per cent in each of these two years. As the extrapolated figure for 1967 showed a rise of about 7 per cent, general service net salaries would be increased by approximately $2\frac{1}{2}$ per cent as from 1 January 1968. The amount of increase to be applied on 1 January 1969 would be arrived at in a similar manner. The salary adjustments to be made on 1 January 1970 and again on 1 January 1971 would reflect the annual rise of the OFIAMI index during the preceding twelve-month periods adjusted for the tax factor as in the past (i.e. 92 per cent of the index movement).

2. After further representations by the Staff Associations of the Geneva-based agencies the Secretary-General of the United Nations submitted the matter in November 1967 to the Advisory Committee on Administrative and Budgetary Questions. Upon its recommendation the Executive Heads of the Geneva-based agencies decided, in December 1967, to increase the existing general service category salaries payable to staff in the United Nations common system by an additional 2 per cent with effect from 1 January 1967, resulting in a net 4.6 per cent increase over the March 1966 rates. The application of this decision brings these scales as of 1 January 1967 to roughly 11 per cent above the best prevailing rates payable in the Geneva area. The Executive Heads further decided to recover the excess of 11 per cent over a period of four years by deducting from any increase indicated by the application of the OFIAMI index 3 per cent in 1968, 3 per cent in 1969, 3 per cent in 1970 and 2 per cent in 1971.

3. As the 1967 budget provision for general service category salaries was established on the basis of extrapolation of the OFIAMI index and no deduction was at that time foreseen, it was possible to absorb the additional cost for 1967, due to the above decision, within the appropriate sections of the 1967 budget.

4. As regards 1968 a provision was included in the budget to cover an increase of $2\frac{1}{2}$ per cent in the salary scales as from 1 January 1968. The extrapolated figure of the OFIAMI index to be applied to the salary scales on 1 January 1968 was 1.6 per cent and, in accordance with the decision outlined above, a downward adjustment of 3 per cent was made as part of the gradual phasing-out of the 11 per cent by which general service salaries are deemed to exceed best prevailing rates accordingly a net increase of 3.6 per cent was applied to the scales on 1 January 1968. The additional cost, for which no provision has been made in the 1968 budget, is estimated at \$18,000.

5. The Director-General proposes that, to the extent possible, the additional expenditure of \$18,000 to the 1968 budget be financed from savings within the appropriate sections of the budget or by transfer from other sections. In case the full amount of additional expenditure cannot be so financed the Director-General requests authority to transfer the necessary funds from Part V - Unforeseen Expenditure.

Point for decision: Paragraph 5.