GENERAL AGREEMENT ON TARIFFS AND TRADE

COUNCIL
25 April-1 May 1963

ADMINISTRATIVE AND FINANCIAL QUESTIONS

General Service Salary Scales

Note by the Executive Secretary

1. At a joint meeting of the Administrations and Staff Representatives of the European Office of the United Nations, ILO, WHO, WMO, ITU and GATT, held on 12 December 1962, it was agreed that the OFIAMT wage index should be used as a basis of adjustment of General Service category salaries in Geneva as from 1 January 1962, as specified in the agreement annexed to this document.

2. According to information received from the Director of the Section of Social Statistics of the OFIAMT, the provisional calculation of the increase in the wages of salaried employees in Switzerland from October 1961 to October 1962 was 6.7 per cent.

3. The application of this increase to the October 1961 figure of 142.6 yields a provisional index for October 1962 of 152.2.

4. The inter-agency agreement provides that "if the figure as calculated by extrapolation when the provisional October 1962 figure is received shows that the index has already reached or passed the change point of 150.7, the first salary increase will be granted from the first day of the month in which the provisional October 1962 figure is received, regardless of the actual month when the figure of 150.7 was reached or passed".

5. Consequently the Executive Secretary decided that a net salary increase of 4.6 per cent of the net salary scales should be granted as from 1 March 1963.

6. The Executive Secretary expects that the total cost to the 1963 budget, amounting to approximately US$8,000, can be absorbed by savings.

Submitted for information.

1. The O.F.I.A.M.T. index should be used as specified below as the basis of adjustment of General Service salaries at Geneva as from 1 January 1962 until such time as it is decided that a new survey of outside salaries should be made. It was hoped by all parties that the system would endure for some years.

2. The O.F.I.A.M.T. figure for 1 January 1962 should be taken as 143.5. This figure was reached by extrapolating for two months from the known figure of 142.6 for October 1961, the method of extrapolation being that proposed by the Parker Committee. In effect, therefore, the "October" figure was deemed to relate to 31 October.

3. Increases in salary scales should be given in respect of each 5 per cent increase in the O.F.I.A.M.T. index, measured from the base of 1 January 1962; such an increase corresponds to a rise of 7.2 points. On the occasion of each increase the base scales will be revised. A question arises, therefore, whether subsequent increases after the first should be 5 per cent of the scales of January 1962 or 5 per cent of the most recent base scales. In the former event, an increase will be due each time the O.F.I.A.M.T. index rises by 7.2 points; in the latter event, the necessary increases in the O.F.I.A.M.T. index will be successively larger. It was agreed to follow the recommendation of the Parker Committee that each increase should be measured against the base of January 1962.

4. It was recognised that the O.F.I.A.M.T. index related to outside gross salaries, and that the effect of income tax is such that the percentage increase in outside net incomes will not exactly correspond to the increase in gross. The staff representatives felt that the actual circumstances in Geneva were such that it would have been reasonable to grant a 5 per cent increase in the organisations' net scales for each 5 per cent increase in the O.F.I.A.M.T. index. Nevertheless, in the interest of reaching agreement, and having regard to the fact that organisations' net scales should be compared to net earnings outside, they agreed with the proposal of the administrations that a 5 per cent increase in the O.F.I.A.M.T. index should be compensated by an increase of 4.6 per cent in the organisations' net scales.

5. Monthly figures for the O.F.I.A.M.T. index, in between the annual dates for which exact figures are known, will be calculated by extrapolation on the basis proposed by the Parker Committee - that is, by adding to the last known figure each month an amount corresponding to the average monthly rise of the O.F.I.A.M.T. index over the last three years for which exact figures are known.

6. The last known figure at present is that for October 1961. However, in March 1963, or possibly a little before, a provisional figure for October 1962 should become available. As soon as it becomes available it will be accepted as the appropriate figure for October 1962; the monthly increment will be revised to the average of the 1959/62 period; an extrapolation after October 1962 will be made by adding to the "provisional" October figure the revised monthly increment.
7. If the figures as calculated by extrapolation when the provisional October 1962 figure is received show that the index has already reached or passed the change-point of 150.7, the first salary increase will be granted from the first day of the month in which the provisional October 1962 figure is received, regardless of the actual month when the figure of 150.7 was reached or passed. For example, if the provisional October 1962 figure is received on 12 March 1963, and calculations then show that the index reached 150.7 in February, or had reached 150.7 before February, the salary increase will date from 1 March 1963. If, on the other hand, the extrapolation shows that 150.7 will not be reached until 31 March (or later), the increase will date from 1 April (or the first of the month next following the month when the figure of 150.7 is reached). If that point has not been reached by the date when the provisional October figure is received, the extrapolation will be continued, and the salary increase will be given from the first of the month following the month when the change-point is reached. Extrapolation will be continued at the same rate until the subsequent February or March, when the provisional October 1963 figure will be received. The same procedure will be followed in subsequent years.

8. The "provisional" figure for October is almost invariably "confirmed" without change by June. If, exceptionally, the "final" figure issued in June should prove to be slightly different from the provisional figure then the 1959/62 average would again be revised. If there had been no administrative action (i.e. no salary increase) based on the provisional figure, then all monthly figures back to October 1962 would be revised on the basis of the "correct" calculations. If, however, there had been a salary increase based on the provisional figure, it would not be disturbed, and revised figures would be calculated only for months subsequent to the date of the salary increase.

9. If subsequent "actual" figures for any October show that the method of extrapolation has in fact led to a salary increase being granted "too soon" or "too late", the "error" will be ignored for purposes of any subsequent salary adjustments. For example, an initial figure for January 1964 will have been reached by extrapolation from October 1962 on the basis of the 1959/62 average, and it may just have reached a change-point, in which case a salary increase will be given from 1 February 1964. If, in February 1964, it is found that on the basis of the "provisional" figure for October 1963 (plus the revised increment for extrapolation, based on 1960/63) the change-point had really been reached in December 1963 (or might not have been reached before May 1964) the 1 February adjustment will not be disturbed.