FINANCE COMMITTEE
Forty-sixth Meeting
Geneva - 11 September, 1962

CERN PAY AND ALLOWANCES
(by the Directorate Member for Administration)
CERN PAY AND ALLOWANCES

1. The last increase in CERN pay and allowances, effective 1 January, 1962, was approved by the Finance Committee, acting on behalf of the Council, at its Forty-third Meeting on 8 March, 1962 (CERN/FC/528 and CERN/FC/528/Add.). The "CERN salary index" then showed an increase of 4.91% during the period from end 1960 to end 1961. Since that time, this index has continued to advance and the indications are that at least a further 6% increase will be marked by the end of 1962.

The situation is particularly acute for CERN by reason of the far larger salary increases recently approved for other Geneva organizations: these facts have been outlined by the Directorate Member for Administration in a confidential paper (CERN/FC/548), dated 23 July, 1962.

The staffing and recruitment position of CERN is certainly no better than that described last year (CERN/FC/496/Add., para. 1, dated 3.11.61); in fact the Head of Personnel reports that the rejection rate of CERN offers of employment has risen from 15 to 25% in recent months.

In these circumstances, the Director-General considers that he will be obliged to seek the authority of Council for further pay and allowances increases in 1963 and to include an amount for this purpose in the budget estimates for 1963. This paper outlines the available supporting evidence in justification of this request.

2. The "CERN Salary Index"

Factor "A" - Swiss Federal Services

Since the last review, a further 1% cost of living increase has been granted as from 1 January, 1962, and proposals for a further increase of 4.5% (also based on the cost of living) will be submitted by the Federal Council to the Federal Assembly. It is proposed that this further increase shall also be back-dated to 1 January, 1962. If the upward trend of the consumer price index persists, this allowance may be increased. An increase of at least 5.5% for Factor "A" is therefore to be expected.

It should be noted that the official consumer price ("cost of living") index for Switzerland has shown a very marked upward trend over the last year. The increase for the 12 months ending July, 1962 was 9.3 points (5%).

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Factor "B" - Geneva Salaries

Reference has been made to the position in the Geneva international organizations: the average increase is of the order of 13.5%.

The cantonal and municipal administrations and allied services have increased the cost of living allowance from 3.5 to 6.5%. This represents an effective salary increase of 2.9% granted to all categories of staff as from 1.1.62. Minimum salaries of hourly paid staff of the local metal industry were officially increased by 3.5% in February 1962, and by a further 2% in May 1962. It has been estimated that in fact there has been an increase in real wages of about 9.5%. Salaries of administrative and clerical staff have been increased as follows:

Banking general increase of 10%
Transport and travel agencies " " " 5%
Local metal industry " " " 8%.

Further increases are expected to be granted at the end of the current year, especially for administrative and clerical staff of the local industries.

Taking an average over these various fields of employment, we reach an increase of slightly above 7%. A figure of 7% can therefore be assigned to Factor "B".

Factor "C" - European Position

The latest I.L.O. indices now available indicate a steeper rate of increase as compared to the situation recorded during the previous review period. The figures recorded since the last review are given below. The I.L.O. is now presenting its figures in a different form, and for easy comparison we have therefore reduced the 1961 indices to a base 100.

<table>
<thead>
<tr>
<th>Country</th>
<th>1961 Review</th>
<th>1962 Review</th>
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</thead>
<tbody>
<tr>
<td>France</td>
<td>(2.21) 100 (March 61)</td>
<td>(2.35) 106.3 (Dec. 61)</td>
</tr>
<tr>
<td>Germany</td>
<td>(128.82) 100 (May 61)</td>
<td>(137.64) 106.8 (Nov. 61)</td>
</tr>
<tr>
<td>Italy</td>
<td>(8886) 100 (July 61)</td>
<td>(9600) 108.0 (April 62)</td>
</tr>
<tr>
<td>Netherlands</td>
<td>(148) 100 (March 61)</td>
<td>(158) 106.8 (April 62)</td>
</tr>
<tr>
<td>U.K.</td>
<td>(125.2) 100 (Aug. 61)</td>
<td>(129) 103.0 (May 62)</td>
</tr>
<tr>
<td>Average Index</td>
<td>100</td>
<td>106.2</td>
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</tbody>
</table>
While these indices reflect the position in sub-professional employment, we have no reason to believe that salary advances have been less in the professional fields. In particular, academic conditions in many countries have shown marked improvements over the past year (examples are Netherlands and the German Federal Republic).

Provisional CERN Index Computation

The available data including the requested increase for Swiss Federal employees give the following result:

- Factor "A" $\frac{2.5 \times 65}{100} = 3.57$
- Factor "B" $\frac{7.0 \times 20}{100} = 1.40$
- Factor "C" $\frac{6.2 \times 15}{100} = 0.93$

Total CERN index increase $= 5.90\%$

3. Cost

In terms of the expected 1963 budget estimates for sub-head 1, and using the same basis of calculation as in previous reviews, this increase represents 2.12 Million Swiss francs. It should also be kept in mind that:

1) the 1961 index increase of 4.91% represented 1.38 Million Swiss francs of which only an estimated 1.26 Million Swiss francs was allocated;
2) by September the 1962 index will almost certainly have risen slightly beyond 5.9%.

This estimate covers all staff, fellows, research associates and so on who will be paid out of sub-heading 1 and is based upon a, at present, very tentative estimate of possible staff increases during 1963. There will also be an increase in CERN costs under sub-headings 2 and 3 for auxiliary staff, if the pay increase is accepted. It is not possible to estimate this figure so closely since the number of auxiliary staff may vary according to need. Since the auxiliary staff in any case take the place of régie and contract labour which would also cost CERN more in approximately the same proportion, it is proposed to include a labour cost element in sub-headings 2 and 3 of the budget, and to show it together with the estimated increase in purchases and building in the calculation of the inflation percentage which will be presented in a separate paper to the Finance Committee.
4. In accordance with the decision of the Finance Committee (CERN/FC/496/Add.), future salary reviews should be settled before the effective date of any changes (usually 1 January) and it will be necessary to keep to the following time-table:

1) September Finance Committee - approval in principle for the inclusion of an approximate sum in the 1963 estimates.

2) October Finance Committee - first consideration of detailed proposals for the utilization of any sum granted, and fixing, subject to budget, of the amount necessary.

3) If necessary, meeting(s) of a working party for the further study of these proposals.

4) December Finance Committee - final consideration of proposals; recommendation to Council.

5) December Council - approval of recommendations (if agreed).

The above time-table assumes that the CERN estimate, at least, will be frozen at the time of the final preparation of the draft budget, i.e. in late September. It will then take account of the proposed staff figures which will accompany the budget, and which cannot be known with certainty until the very last stage in its drafting, and also of the latest possible information on the various components of the CERN index.

The present paper therefore serves as an advance warning to the Finance Committee, which it may wish to take into account in its planning of its procedure for the scrutiny and recommendation of the budget and of the Banner Report. But it would be most useful to the Administration if the Committee at its September meeting could indicate whether they saw any objection of principle to the inclusion in the draft budget of an item corresponding to the approximate index increase and possible cost indicated in the present paper.