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ORGANISATION EUROPÉENNE POUR LA RECHERCHE NUCLÉAIRE  
**CERN** EUROPEAN ORGANIZATION FOR NUCLEAR RESEARCH

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FINANCE COMMITTEE

Sixty-third Meeting

Geneva - 20 November, 1964

DRAFT MINUTES

DRAFT MINUTES

The Finance Committee consisted of the following:

<u>Chairman:</u>	Dr. G.W. FUNKE	Sweden
<u>Members:</u>	Dr. O. Drischel	Austria
	Prof. P. Baudoux	Belgium
	Mr. P. Levaux	
	Prof. J.K. Bøggild	Denmark
	Dr. W. Schulte-Meermann	Federal Republic of Germany
	Mr. J. Courtillet	France
	Mr. E. Grondard	
	Mr. D. Contenay	
	Dr. C.C. Bertoni	Italy
	Mr. C.E.I.M. Hoogeweegen	Netherlands
	Mr. T. Ibsen	Norway
	Mr. M. Villegas y Ursáiz	Spain
	Prof. I. Waller	Sweden
	Mr. R. Bieri	Switzerland
	Mr. E. Egger	
	Mr. R.St.J. Walker	United Kingdom
	Mr. A. Dunning	
<u>CERN Officials:</u>	Prof. V.F. Weisskopf	Director-General
	Dr. P. Germain	Directorate Member for Technical Management
	Mr. G.H. Hampton	Directorate Member for Administration
	Dr. M.G.N. Hine	Directorate Member for Applied Physics

<u>CERN Officials:</u>	Mr. C. Tièche	Leader, Finance Division
(cont.)	Mr. G. Ullmann	Leader, Personnel Division
	Mr. F. Schou Olsen	Purchasing Officer, Finance Division

1. APPROVAL OF THE DRAFT MINUTES OF THE SIXTY-SECOND MEETING (Item 1 of the Agenda) (CERN/FC/730/Draft)

The CHAIRMAN welcomed members of the Committee and proposed that consideration of the Draft Minutes of the Sixty-second Meeting be deferred until the next meeting.

It was so agreed.

2. ADOPTION OF THE AGENDA (Item 2 of the Agenda) (CERN/FC/731/Rev.)

The Agenda (CERN/FC/731/Rev.) was adopted.

3. 1965 DRAFT BUDGET (Item 3 of the Agenda) (CERN/FC/728)

Mr. HAMPTON said that the main points of interest in the 1965 draft budget (CERN/FC/728) were explained in the introduction. He drew the attention of the Committee to three specific points:

- (i) the fact that the final cost variation index could not be calculated until decisions had been taken about the salary review;
- (ii) that there would probably be a substantial increase in electricity costs next year above what had been provided for in the budget;
- (iii) that the basic budget contained extra costs arising out of the supplementary programme, and that these would be met by a contribution of 890 000 francs from the supplementary programme budget to the basic budget in the form of an overhead charge.

Dr. SCHULTE-MEERMANN pointed out that the latest proposed salary increase was less than the one on which the draft budget was based, and he wondered whether the budget would be adjusted accordingly.

Mr. HAMPTON said that any small surplus that might arise could be used to offset the increase in the cost of electricity. It would have been preferable if the two matters affecting the cost variation index, i.e. the salary increase and the electricity charges, could have been settled before the draft budget was drawn up, but this had been impossible. The final decision on the electricity charges would not be known before the end of 1964 and could not be included in the cost variation index. The Administration

had proposed to the SIG that the increase should be 20% instead of 80% and that the new tariff should not be applied until the new sub-station came into operation. If these proposals were accepted, there would be little increase in the cost of electricity in 1965 above what had already been included in the budget.

Mr. WALKER said that he thought the proposed cost variation figure for 1965 was fair. If the increase in electricity charges were general in Geneva, this would affect costs in general and would be reflected in the cost variation index for subsequent years.

With regard to the 890 000 francs contributed from the supplementary programme to the basic programme for overhead charges, it appeared that this sum was four times larger than the corresponding sum in 1964, while the size of the programme had only doubled. He would like to know what proportion of the 890 000 francs was attributable to overheads which would be incurred even without the supplementary programme.

Mr. HAMPTON recalled that the Finance Committee had agreed in principle at its Sixty-first Meeting, on 23 September, (CERN/538, CERN/FC/709) that the general running expenses should be shared between the two programmes. This had not been done in 1964, as the amount involved was so small, but the 1965 split-up was an equitable figure corresponding very closely to the estimated actual cost. He thought that about 50% of this expenditure would still be incurred in 1965 even without the supplementary programme, because it would be impossible to eliminate staff already engaged and buildings already constructed specially for the supplementary programme.

Mr. WALKER remarked that the supplementary programme seemed to be subsidizing the basic programme and that half of the 890 000 francs was being accounted for twice.

Mr. HAMPTON said that the Administration could, if the Finance Committee wished, produce a paper showing how much of the 890 000 francs was actual expenditure related to staff, buildings, services, etc. There was, of course, no question of double payment: the charges were merely being shared between the two programmes.

It was agreed that the Administration would prepare a document for the next meeting, showing the items covered by the contribution of 890 000 Swiss francs from the supplementary programme to the ordinary budget (CERN/FC/728, page (iii)).

Mr. IBSEN said that he had instructions from his Government to examine the draft budget very carefully to see whether it followed the principles of the Bannier Report. He would find it difficult to explain the 890 000 francs to his Government, because they had approved in 1963 a budget of 116 million Swiss francs (subsequently increased to 127.87 million by the cost variation index), which did not include the 890 000 francs from the supplementary programme. This extra sum distorted the 1965 budget by making more money available for research than had been intended by his and other Governments.

Dr. SCHULTE-MEERMANN said that he would like to know exactly what was included in the "Director-General's Reserve". The budget seemed to contain a number of hidden reserves which Finance Ministries might question.

Mr. HAMPTON explained that in previous years there had been a very small D.G.'s reserve with larger reserves in the divisional budgets, especially the NP divisional budget. In the 1965 budget the reserves in the divisions had been reduced and a larger D.G.'s reserve provided, 1 million of which was earmarked for the magnet power supply.

Dr. HINE said that such a reserve was necessary to facilitate the handling of a research programme, where various projects were being discussed which could not be clearly allocated to one particular division, e.g. where a small computer was required for a nuclear physics experiment and it was not clear whether the NP or DD Division (which normally was in charge of computers) should pay for it, the simplest solution was to charge it to the D.G.'s reserve.

Mr. COURTILLET suggested that the term "unattributed funds" (in French "dotations non affectées") could be used to designate the total of the reserves which could be incorporated in the budget.

Mr. WALKER said that, like Dr. Schulte-Meermann, he did not disagree with the concept of the Director-General having control over the reserves, but he would like to know whether there were other hidden reserves, e.g. what was the nature of the 1 million held in the NP Division under "Direction and General Services" (page 19 of CERN/FC/728).

Dr. HINE explained that in the NP Division there were a number of research groups and the research programme changed rapidly. The funds were therefore kept in the division leader's hands and allocated when experiments began. The amount of these unattributed funds had remained fairly constant over the last four years. A similar reserve was kept in the SB Division because the actual cost of buildings was liable to change during the period of construction.

The meeting was adjourned at 11.15 a.m. and resumed at 11.30 a.m.

Mr. WALKER remarked that miscellaneous income seemed to have been underestimated, particularly tax refunds, national teams and royalties. He did not understand why some of the tax refunds were regarded as real income and some were not. He asked how the figure of 370 000 francs was arrived at, when it seemed to be about half the likely receipt from tax refunds.

Mr. HAMPTON replied that the Swiss Sales Tax (ICHA) was levied only on purchases made in Switzerland. No account was taken of ICHA in the budget provisions for items whose suppliers were not known. If the equipment was eventually supplied by a Swiss contractor, ICHA was included in the bill and later recovered from the Swiss authorities by CERN. The tax was thus paid out of money which had not been included in the budget, and the refund was credited to CERN. However, when it was possible to forecast the amount of ICHA payable - mainly by extrapolation of past expenditure on routine supplies - the amount was included in the budget and the tax refund then belonged to the Member States.

Mr. WALKER observed that the agreement with the ETH, Zürich, provided for the payment in 1965 of the difference between the actual expenditure in 1963-1965 and 1 million francs. He felt that an estimate of the actual expenditure in those years should be taken into account when framing the budget.

Mr. TIECHE explained that the agreement with the ETH, Zürich; concerning the period from July 1963 to July 1965 provided for the payment of 500 000 francs per year, and specified that the payment made during the third year should be the balance due on the total actual expenditure incurred. The agreement further provided that, if the contract came to an end in July 1965, CERN should pay the ETH 360 000 francs. It was impossible at the present stage to foresee future developments. In any event, as stated in the budget, any balance payable by the ETH at the end of the contract would be placed at the disposal of the Council.

Mr. WALKER said that he wished to comment on the rate of increase of staff expenditure, which had increased by about 17% according to the budget figures, whereas the staff numbers had only increased by about 10%. A difference of 7% appeared to be rather high, and could not be accounted for by the ageing factor.

Mr. ULLMANN explained that the staff figures given in the budget for 1965 (CERN/FC/728) were authorized staff ceilings, whereas the figures shown for previous years were actual totals. A number of posts often remained unfilled at the end of the year, owing to recruitment difficulties, and during the current year new staff were on the pay-roll for an average of 60% of the time. Ageing (promotions and step increases) required from 4 to 5% annually. In addition, part of the increase was due to the conversion during the year of auxiliary posts into staff posts, as authorized by the Council when it adopted the budget.

Mr. HOOGEWEEGEN stated that he felt that the question of the increase in staff expenditure should be looked into very thoroughly. He was rather concerned about the statement on page 5 of document CERN/FC/728 that "the Director-General reserves the right to exceed the above-mentioned figures and to modify the distribution of the staff as shown...". He asked if he was correct in supposing that the staff total of 1811 for 1965 given in document CERN/FC/732 consisted of the staff estimate of 1711 mentioned on page 5 of the budget, plus the 100 supernumerary posts mentioned in the note.

Mr. ULLMANN replied that this was the case, but the 100 conversions to staff posts were clearly shown as deductions under the auxiliary programme and were merely a transfer from one category to another. He wished to point out that table 1 of document CERN/FC/732 showed that the authorized budget strength was never even reached, due to difficulty in recruiting.

Mr. WALKER stated that he agreed with Mr. Hoogeweegen that there should be a formal discussion of staff problems early in 1965. His Delegation was concerned about the rate of increase of the number of physicists with regard to the total amount of money available, and considered that this might hamper the equipment programme.

With reference to the note on page 5 of document CERN/FC/728, according to the Internal Financial Regulations he did not consider that the Director-General could reserve the right to change the budget, and he therefore felt that this note should be deleted from future budget presentations.



Mr. HAMPTON agreed that a discussion of the staffing problem should be held at the first Finance Committee meeting in 1965.

Subject to the approval of the document showing the items covered by the contribution of 890 000 Swiss francs from the supplementary programme to the ordinary budget and to certain minor drafting changes, the Committee agreed to recommend the Council to adopt the Draft Budget for the Eleventh Financial Period 1965 (CERN/FC/728).

4. SUPPLEMENTARY PROGRAMME 1965 (Item 4 of the Agenda) (CERN/FC/722 and CERN/FC/729)

Mr. HAMPTON said that the situation was explained in documents CERN/FC/722 and CERN/FC/729. He would only like to remind delegates that, at the Twenty-sixth Session of the Council (CERN/533, pages 15 and 16), in December 1963, the lower figure had been accepted for the firm estimate relating to 1965, provided a suitable amount was devoted to the development of the West (French) site.

Mr. WALKER said that the United Kingdom Delegation could agree to the proposal of 6.8 million francs for the supplementary programme, but the 3 million for entry work on the new site was in another category and should not be committed until a decision had been taken about the use of the site.

He would therefore like to repeat the suggestion he had made at the Finance Committee meeting on 21 October 1964, that the special contributions reserve fund should be used for developing the new site.

Mr. HAMPTON stated that Mr. Walker's suggestion would be technically possible, but only the Council could take such a decision.

Mr. IBSEN said that the Norwegian Delegation could agree to the 6.8 million for the supplementary programme, but he had no instructions concerning the 3 million for the development of the new site. He felt that that depended on the decision which would be taken on the storage rings project. He would also have to ask for instructions with regard to the use of the special contributions reserve fund.

Mr. HAMPTON observed that some delegations seemed to have difficulty in approving both the 6.8 million and the 3 million. He therefore proposed that the request for 3 million Swiss francs (CERN/FC/722 and CERN/FC/729) for the necessary engineering work for entry on to the West (French) site be deferred until the Council considered how the West site was to be used.

It was so agreed.

Mr. IBSEN remarked that the entry work on the new site would have to be started in spring 1965 and that would influence the time when a decision on the 3 million would have to be taken.

Mr. HAMPTON said that if the decision to build the storage rings were taken early in 1965, work on the rings could begin at the end of 1965 or the beginning of 1966, which meant that the entry work should begin in spring 1965 and the money would have to be made available for it. If, however, the decisions on the storage rings and the 3 million were only taken in June 1965, the entry work on the site could not begin much before the bad weather and the whole storage rings project would be delayed accordingly.

On the Chairman's proposal, the Committee agreed to report to the Council that, subject to the justification of the 890 000 Swiss francs referred to in item 3 above (page 4), it considered the draft budget for 1965 for the supplementary programme to be appropriate for the work contemplated.

Mr. HAMPTON said that the Administration should be grateful if Member States would confirm in writing before the December meetings whether they had decided to contribute, as that would facilitate the calculation of contributions.

The meeting was adjourned at 1.00 p.m. and resumed at 2.20 p.m.

5. BUDGET FORECASTS 1966-1968 (Item 5 of the Agenda) (CERN/SPC/189, CERN/FC/710, CERN/558, CERN/FC/732)

The DIRECTOR-GENERAL stated that the budget figures for 1966-1968 were extremely important, because CERN was at a crucial point of its development. It would soon be the fifth anniversary of the first beam at the PS and there was every reason to be proud of the physics results achieved since then. The intensity of the

machine had increased each year by a factor two, but the space charge limit now seemed to have been reached and any further improvements would take about five years to carry out. He felt that ten years was the maximum period during which a machine of this kind should remain unchanged, if CERN wished to remain to the fore in high-energy physics. There would soon be a large electron accelerator in California and a 70 GeV proton synchrotron in the Soviet Union, and it would be most regrettable for European science as a whole if the CERN installations fell completely behind the times. European physicists were of the opinion that CERN should remain in a position to perform the decisive experiments which would lead to the solution of fundamental problems. They had therefore proposed a programme for the future, and part of this - the improvement of the present facilities for 25-28 GeV physics - was directly connected with the figures now under consideration. Whether the machine would be the modern tool which the physicists needed in five years' time depended on these figures. The programme was also enthusiastically supported by the Scientific Policy Committee, which considered it to be most urgent. It would have to be covered by the regular CERN budget, and Council approval of the budget figures proposed in document CERN/FC/710 would therefore be equivalent to approval of the programme. Thus the question before the Committee was not one of figures so much as a policy decision as to whether this improvement programme was to be undertaken in earnest or not.

The most important figure was that for 1966 which, according to the Banner system, was to be finally fixed in December 1964, while those for 1967 and 1968 were preliminary and might be changed later. The budgets proposed for the two latter years were based on the assumption that storage rings would be constructed. The 1966 figure included money for the first improvement project - the new magnet power supply - which was independent of any decision concerning storage rings. It represented the corner-stone of the improvement programme. It was his sincere hope that short-range budget considerations would not overshadow the decision of principle which would come before the Council in December.

The CHAIRMAN suggested that the question of principle raised by the Director-General should be discussed before the budget figures.

Professor BØGGILD stated that Danish physicists felt that CERN's basic programme should be supported as fully as possible, in view of CERN's great contribution to high-energy physics in recent years. The figures proposed in document CERN/FC/710 appeared to be necessary if the basic programme was going to be carried on in a suitable way.

Professor WALLER agreed with the Director-General that the Committee was faced with an exceptionally important policy decision. CERN's performance in recent years had been on a par with that of American laboratories, in spite of their much longer experience. It would therefore be regrettable if CERN did not plan to develop so as to take full advantage of the experience which it had accumulated, and fell behind because it could not follow the technical developments in other countries, especially the USA. The Scandinavian countries could not afford to develop both CERN and accelerators of their own. This was surely the case for other countries as well, and made it important for the machine to have high intensity and enough beams and bubble chamber equipment to enable such countries to take full advantage of CERN. He felt that, provided there was sufficient support from other countries, the Swedish Government would be prepared to support the higher figures proposed.

Mr. HOOGEWEEGEN stated that the Netherlands Government attached great importance to the development of CERN in accordance with the scientists' views. As already stated, his Delegation was willing to support a figure of 136 million for 1966.

Mr. CONTENAY said that the French Delegation agreed with the Director-General that, in order to keep high-energy physics in Europe on a comparable level with that in the United States and the USSR, the best possible use would have to be made of the existing machine. A high-energy physics programme was always the result of a compromise between the requirements, which were almost unlimited, and the financial possibilities which, in view of the considerable efforts made in high-energy research on a national scale, were strictly limited in most Member States. The French Delegation was therefore in favour of the improvement programme outlined by the Director-General.

Mr. COURTILLET confirmed that, as already stated, the French Delegation supported figures of 136 million for 1966 and 150 million for 1967. He was not in a position to give a definite figure for 1968.

Mr. WALKER said that he agreed with the Director-General that it was a question of policy rather than figures. The United Kingdom Delegation considered that the decisions concerning the improvement programme were linked with those on storage rings and the 300 GeV machine, and could not be made alone.

In document CERN/FC/710 it was stated that with a budget of 132 million CERN could do no more than continue its present programme, and that an extra 4 million would be needed for any improvements. However, the 1964 and 1965 programme had in fact included several quite important improvements, such as the expansion of the East experimental area and the completion of the present large bubble chamber. In the 1965 budget, capital expenditure increased from 44 to 52 million, despite the fact that relatively little new building work was planned, and there should therefore be a substantially larger amount available. In view of this, it was not yet clear to him that 132 million for 1966 would preclude a start being made on the improvement programme. Since his Delegation was unwilling to change its position, he proposed that the issue should be settled by taking a majority vote on the firm estimate for 1966.

The DIRECTOR-GENERAL stated that, if CERN was forced to keep within a budget of 132 million for 1966, he would not be prepared to take the responsibility of instructing the PS Machine Group to go ahead with the improvement programme. It would be his duty to cancel it in order to keep the physics programme going.

Dr. HINE, in reply to Mr. Walker, pointed out that the figure of 52 million francs which he had mentioned covered a considerable amount of short-term apparatus for current experiments, which were becoming increasingly complex. Any improvements which had been made in the recent past were not on the scale which would be called for in the future. Long-term capital expenditure would have to increase considerably above the present levels.

He also pointed out that in 1966 the consequences of the modest capital expenditure made over the past 3-5 years would begin to be felt. CERN would then have to bear the full operating costs of the whole bubble chamber programme, which had so far been generously borne by the French and the British. Such expenditure would absorb a great deal of the money which Mr. Walker considered to be available for an improvement programme.

The figures given in document CERN/FC/710 for the running part of the budget were based on the assumption that physicists would be willing to accept a rather restricted experimental programme for a few years, in order to reap the benefit of capital improvements at a later date. However, if no such improvements were planned, they would be loth to agree to this. Thus, the situation for 1966 was far more complicated than perhaps it appeared at first sight.

Mr. IBSEN said he agreed with the Director-General that there was a question of principle involved in the decision. He would not be able to state the position of Norway until the next meeting, as the Norwegian authorities were now in the process of considering the possibility of increasing their support for basic science.

Mr. BIERI said that the Swiss Delegation fully agreed with the Director-General's proposals and accepted the figures which he had put forward.

The CHAIRMAN asked those delegations which had not so far expressed their views to give an indication of the figures which they were prepared to support.

Dr. BERTONI announced that the Italian Delegation was in favour of a budget of 132 million for 1966 and 143 million for 1967. His Delegation was fully conscious of the financial needs of CERN, but was unfortunately not in a position to support a larger increase in the budget.

Dr. SCHULTE-MEERMANN said that discussions were taking place in the Federal Republic, but no figures had yet been decided upon. The German Government was in favour of the improvement programme, but was rather alarmed by the general tendency towards economic inflation in Europe, which was also reflected in the figures proposed by the Administration.

Mr. WALKER proposed that a vote should be taken on the budget figure for 1966 in order to clarify the situation.

The DIRECTOR-GENERAL replied that, in his opinion, the situation was already clear. Certain countries had expressed their views, and the remainder had presumably not yet come to a decision. He felt that this was a question of principle which ought to be decided by the Council on the basis of the recommendations of the Scientific Policy Committee. With the present distribution of figures it would not be right for the Finance Committee to make any recommendations to Council.

It was agreed that the Finance Committee would consider at its next meeting the recommendations to be made to the Council on the question of budget forecasts 1966-1968.

Mr. WALKER proposed that the meeting of the Finance Committee on 14 December should begin earlier in the day in order to give more time to discuss this question and decide upon a recommendation. He felt that the Committee should not opt out of the responsibility for recommending budgets acceptable to the Member States. If it did so, the conduct of business in Council, a much larger and a public forum, would be adversely affected.

It was agreed that the next meeting of the Finance Committee on 14 December should begin at 10 a.m. instead of 2.30 p.m.

Mr. COURTILLET pointed out that the figures proposed by France, which were below those proposed by the Director-General, were of a very reasonable nature. The "Banner Report" (CERN/442), which had been accepted by the Member States, put forward maximum and minimum proposals. The minimum figure for the period from 1 January 1963 to 31 December 1966 at the prices then prevailing was 446 600 000 francs. The present French proposal brought the amount for the same period to 444 800 000 francs, or 1 800 000 francs less. He therefore did not consider that it reflected any inflationary tendency.

Mr. HOOGEWEEGEN proposed that consideration of the paper on staff and cost statistics 1960-1968 (CERN/FC/732) should be deferred until a later meeting.

It was so agreed.

6. SALARY REVIEW (Item 6 of the Agenda) (CERN/FC/734)

Mr. HAMPTON said that the working party which had been set up by the Finance Committee, at its Sixty-second Meeting, on 21 October, had met in Paris and had made the recommendations which were set out in document CERN/FC/734. It had accepted the proposals made in document CERN/FC/715, with two exceptions: (i) the revised salary scale and (ii) the method by which the staff might be compensated for the extent to which salaries had fallen behind current levels. The working party's proposals on the first point were for

a graduated increase for grades 9 - 14 up to a maximum of 7% for grade 14. This was a disappointing result because the Administration had been concerned about the salary situation in the middle grades where recruitment was difficult and where there were signs of grade inflation. The Administration's proposals had been an attempt to overcome those problems. With regard to the back-dating of the salary increase in order to make up for the fact that the previous increase had not fully taken into account the movement of Swiss Federal salaries, the working party was in agreement in principle, but the French and United Kingdom Delegates were against any increase in the 1964 salaries. They had proposed a cash payment equivalent to the extra amount which would have been paid if the 1965 rates had been applied as from 1 October 1964. The French Delegate had further suggested that the total amount of this cash payment should not exceed 1.5 million francs.

Negotiations with the Staff Association had been on a confidential level and the staff had not been informed of the exact extent of the proposals made. The Staff Association would probably be willing to agree to the working party's proposals, except that they felt very strongly on the question of the back-payment. Once it was settled, all claims for the past would be liquidated. The Administration considered that a more equitable solution could be reached if the cash payment were back-dated to 1 September 1964. That would not be as much as the Staff Association had in mind, but it would be about the same as the 1.5 million proposed by the French Delegation.

He would like to remind the Committee that there had been a long series of salary adjustments and, as a result, the CERN salaries had always lagged behind. There was evidence that they had lagged behind by 1.8 million. If 1.5 could be found, he thought the Staff Association would be able to make that acceptable to the staff. If, however, only 1.19 was offered, corresponding to back-dating to 1 October 1964, he was not so sure of the outcome. He felt that the sum of 1.5 million would be well spent on maintaining good staff relations, especially as the salary scales proposed by the working party were lower than those originally proposed, which would also have an effect on the budgets for the following years.

He would finally like to point out that when the Administration had made its original proposals for new salary scales, it had expected to be able to maintain the salary structure for a period of 5 years. With the lower scales proposed by the working party, he could give no guarantee that the structure could be maintained for as long a period as 5 years.

At the request of Mr. Courtillet, the words "rather than by increasing the salary maximum", on page 1, paragraph (i), grades 1-8, were deleted (CERN/FC/734).



Mr. WALKER said that the United Kingdom Delegation would not be able to support the 1.5 million franc total for the cash payment suggested by the French Delegation, but only the 1.19 million which would be sufficient to cover the cash payment if it were back-dated to 1 October 1964.

Mr. HAMPTON pointed out that the sum which was due to the staff to compensate for the lagging behind of CERN salaries amounted to 1.8 million. The figure of 1.19 previously proposed was all that could then have been afforded without asking the Member States for extra contributions. The reduction in the 1965 salary increase which had been agreed would make it possible to increase this from 1.19 million to 1.5 million without asking for more money from the Member States.

Mr. WALKER said he would like to know what sum would be required if the cash payment were to be back-dated to 1 September.

Mr. ULLMANN explained that back-dating the cash payment at the new 1965 rates to 1 October 1964 would require 1.193 million francs, whereas back-dating it to 1 September would require 1.590 million francs.

Mr. COURTILLET remarked that the French Delegation could not approve any sum in excess of 1.5 million.

Mr. BIERI stated that the Swiss Delegation would approve the Administration's figure of 1.590 million Swiss francs.

Mr. WALKER said that the United Kingdom Delegation could only approve the back-dating to 1 October 1964.

Mr. HOOGEWEEGEN said that the Netherlands Delegation would approve the working party's proposal for back-dating the cash payment to 1 October, but his instructions might be modified.

After a general discussion, the CHAIRMAN asked Delegations to agree to a compromise figure of 1.3 million Swiss francs for the special cash payment to be made in compensation for the fact that the old CERN salary index did not take properly into account the retrospective adjustments in Swiss Federal salaries.

The proposals put forward in document CERN/FC/734 were approved, on the understanding that a total amount of 1.3 million Swiss francs would be allocated to the special cash payment made in compensation for the fact that the old CERN salary index did not take properly into account the retrospective adjustments in Swiss Federal salaries.

The salary scales, effective from 1 January, 1965 (CERN/FC/734/Annex II), were approved.

Mr. HAMPTON said that this decision was a disappointing one to the Administration and might not satisfy the staff. The only really equitable figure was 1.8 million, the amount by which the normal salary policy had fallen short of its proper application. He was disappointed that it had not been possible to use the money which was available to set aside more than 1.3 million to cover the backlog. He accepted, of course, the decision of the Finance Committee, and would do everything possible to implement it amicably, but he felt that it was a decision of compromise and expediency, and not one of equity.

Mr. IBSEN asked whether the Member States were under any legal obligation to make any additional payment at all to the staff.

Mr. HAMPTON said that the Council was clearly under no legal obligation to make any payment to the staff, in addition to the salary scales in the Staff Regulations. However, in the field of staff management moral obligations were often more important than legal ones. In the past the Administration had enjoyed a great deal of confidence from the staff because the Council had upheld its moral obligations and had been guided very largely by the movements of the CERN index.

7. EXPENDITURE IN EXCESS OF PROVISIONS (Item 7 of the Agenda)  
(CERN/FC/726)

Mr. TIECHE stated that one of the main points in document CERN/FC/726 was the saving of 744 000 francs on staff expenditure in 1964, because recruiting difficulties had slowed down the rate of recruitment in 1964 and provisions for the rotation of staff had been slightly over-estimated. Although some of these savings could have been used to cover work which had to be put out to contract due to lack of staff, in fact the sum of 744 000 was being placed at the disposal of the Council, either to offset the cost of the retro-active application of the new salary scales or to reduce the contributions of the Member States. Miscellaneous receipts, which

were not of a compensatory nature, had increased by 450 000 francs, which made a total of 1 200 000 francs at the disposal of the Council. The remainder of the expenditure in excess of provisions, amounting to about 1 500 000 francs, resulted from the application of the principle of gross accounting. The net excess expenditure was covered by additional income.

Mr. WALKER asked for an explanation of the last paragraph on page 3 of CERN/FC/726.

Mr. TIECHE replied that this paragraph appeared regularly every year in the document concerning expenditure in excess of provisions. The estimate of expenditure and income for the current year presented in the budget for the following year was seldom likely to match exactly the final out-turn. Accordingly, there might well be a surplus of 50-100 000 francs at the end of the year, which would be carried forward to the following year.

He wished to make a correction to page 10 of document CERN/FC/726. The supplementary programme budget (CERN/FC/729) showed expenditure of 3.7 million at the end of 1964, whereas the figure given on page 10 of CERN/FC/726 was 3.8 million. This difference was due to the fact that document CERN/FC/726 had been drawn up three weeks earlier than the document CERN/FC/729, and that it had subsequently proved possible to make a saving of 100 000 francs on the supplementary programme.

The Committee approved the document on expenditure in excess of provisions (CERN/FC/726) as amended.

8. DRAFT TIME-TABLE OF COUNCIL SESSIONS AND COMMITTEE MEETINGS FOR 1965  
(Item 8 of the Agenda)

The Committee took note of the draft time-table of Finance Committee meetings for 1965.

9. FORD FOUNDATION ACCOUNTS (Item 9 of the Agenda)

The Committee took note of the document on Ford Foundation Accounts for the financial period 1.9.1963 - 31.8.1964 under the grants for 1960-1964 and 1963-1965, and on the proposed budget for the financial period 1964-1965 under the grant for 1963-1965.

10. OTHER BUSINESS (Item 10 of the Agenda)

- (a) The Committee took note of the Quarterly Report of the Purchasing Office for the third quarter 1964 (CERN/FC/733).
- (b) The Committee took note of the document on contributions of Member States for the financial year 1964 (CERN/FC/735).
- (c) The Committee took note of the document on contributions of Member States for the financial year 1964 - Supplementary Programme (CERN/FC/735/Add.).

The meeting rose at 4.45 p.m.

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