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REPORT OF THE UNITED NATIONS JOINT STAFF PENSION BOARD

Report of the Fifth Committee (Part II)

Rapporteur: Mr. Ernesto C. GARRIDO (Philippines)

1. In the course of the discussion of the report of the United Nations Joint Staff Pension Board, 1/ the representative of Saudi Arabia drew special attention to the difficulties faced by retired staff as a result of the erosion in the purchasing power of their pensions due to inflation; and to the strain imposed on the resources of the Joint Staff Pension Fund in attempting to make adequate compensation therefor. In his view, it was the duty of the United Nations and the other member organizations of the Fund to ensure the necessary protection for former staff in these circumstances. To this end he proposed that the reserves of the Fund against inflation should be supplemented (a) through repayment to the United Nations, for the benefit of the Fund, of the various taxes paid to the host country authorities in direct or indirect form by members of the United Nations diplomatic community in New York and its environs; and (b) by a small voluntary increase in their regular contributions to the Fund by Member States.
2. In support of the above proposals the representative of Saudi Arabia submitted the following two draft resolutions (A/C.5/L.1128 and 1129):

A

"(Proposal for a contribution by the host country to replenish the reserves of the United Nations Pension Fund by the refund of assessed real estate and sales taxes in New York State.)

1/ Official Records of the General Assembly, Twenty-eighth Session, Supplement No. 9 (A/9009 and Corr.1 and 2).

"The General Assembly,

"Considering that the diplomatic community of the United Nations living in and outside of New York City, with the exception of heads of missions residing in tax exempt premises, are in effect indirectly paying real estate taxes on offices of their missions as well as on their personal residences,

"Taking into account that the exemption from the current sales tax is usually relinquished by members of the United Nations community when purchases made amount only to a few dollars at a time,

"1. Requests the creation of a Committee of Four, to include the Chairman of the Advisory Committee on Administrative and Budgetary Questions, to take up the question of assessing the amount of taxes that are directly or indirectly levied on members of the United Nations diplomatic community, with a view to having these taxes refunded to the United Nations;

"2. Appeals to the host country, only for tax purposes, to consider the alien staff members of the United Nations Secretariat as enjoying tax exemption, only in so far as the assessment mentioned in the preceding paragraph is concerned;

3. Further appeals to the host country, and especially to the Mayor of the City of New York, to give the necessary consideration to this Committee which will negotiate on behalf of the United Nations;

"4. Decides that none of the funds that may be so received from United States sources, shall be used to reduce the percentage of contributions of the United Nations or of its employees to the United Nations Joint Staff Pension Fund." 2/

B

"The General Assembly,

"Taking into account the fact that the actuarial reserves of the United Nations Joint Pension Fund are inadequate and show a negative balance at the present time and may continue to be meagre in the future,

"Considering that, despite measures that are being taken to reduce inflation and stabilize the rising cost of living which affect the purchasing power of the pensions of former employees, positive results may not be assured in the future from such measures,

"Appeals to Member States to make voluntary contributions on an annual basis to replenish the reserves of the United Nations Joint Staff Pension Fund." 3/

3. During a brief discussion which followed, the representative of Saudi Arabia stressed the humanitarian aspects of his proposals, in the light of the rapid rate of inflation both in the United States and elsewhere, and appealed for sympathetic consideration in particular by the authorities of the host country. It was stated by one delegation in reply, however, that the assumption that the reserves of the Fund were inadequate for the purpose was invalid; the deficit was the result merely of conservative methods used in the actuarial valuation of the Fund. Other delegations, while broadly in sympathy with the objectives of the proposals, referred inter alia to the considerable legal and practical difficulties associated with the draft resolution contained in document A/C.5/L.1128, and suggested that it be referred to the Committee on Relations with the Host Country - and possibly also to the Sixth Committee - for further study. The representative of the United States pointed out that his Government had complied scrupulously with the Convention on the Privileges and Immunities of the United Nations, the Vienna Convention on Diplomatic Relations and the Headquarters Agreement, and granted exemption from real estate property taxes and sales taxes to all eligible persons entitled to diplomatic privileges.

4. After further discussion, it was agreed, without objection, that the two draft resolutions should be included in part II of the report of the Fifth Committee on the item, for the information of the General Assembly, and that draft resolution A/C.5/L.1128 should be referred for consideration to the Committee on Relations with the Host Country, which should be provided by the Secretary-General with the necessary expert assistance to enable it to deal with the matter.

RECOMMENDATION OF THE FIFTH COMMITTEE

5. The Fifth Committee recommends to the General Assembly that it should refer to the Committee on Relations with the Host Country, for consideration, the draft resolution contained in document A/C.5/L.1128.
