

SUMMARY RECORD OF THE 61st MEETING

Chairman: Mr. PIRSON (Belgium)

Chairman of the Advisory Committee on Administrative and
Budgetary Questions: Mr. MSELLE

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The meeting was called to order at 10.40 a.m.

AGENDA ITEM 98: PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1980-1981 (continued)

Revised estimates resulting from decisions of the Economic and Social Council at its first and second regular sessions, 1979: Part II (A/C.5/34/18 and Add.1, A/34/7/Add.9)

1. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the Advisory Committee's report (A/34/7/Add.9), pointed out that, in his report (A/C.5/34/18), the Secretary-General had requested additional resources amounting to a net total of \$872,300, excluding conference servicing costs which were estimated at \$3.6 million. The breakdown of those costs was given in paragraph 2 of the Advisory Committee's report.
2. In section 4 (Policy-making organs (economic and social activities)), the Secretary-General had requested additional resources of \$95,700 as a result of resolution 1979/30, concerning the enlargement of the Committee on Crime Prevention and Control, and of decision 1979/25 concerning the provisional rules of procedure for United Nations congresses on the prevention of crime and the treatment of offenders. The Advisory Committee recommended approval of those additional resources.
3. With regard to section 10 (Economic Commission for Europe), the Secretary-General had pointed out that \$83,000 would be necessary to cover the cost of publishing the recommendations of the Committee of Experts on the Transport of Dangerous Goods. In paragraph 9 of its report, the Advisory Committee stated that, considering the totality of the resources already requested under section 29, it recommended that the costs of publishing the recommendations in question should be entirely absorbed within those resources.
4. Under section 23 (Human rights), the Secretary-General had requested additional resources of \$573,600. The Advisory Committee recommended that that figure should be reduced by \$213,900, i.e. to an amount of \$359,700, on the understanding that the latter figure would be increased by \$104,000 should the General Assembly decide that the seminar to be organized in pursuance of decision 1979/30 of the Economic and Social Council would be included in section 23 of the programme budget.
5. In pursuance of resolution 1979/35, the Secretary-General had requested an additional \$21,600 to cover the subsistence expenses of members of the Commission on Human Rights who would be attending in 1980 the meeting of an open-ended working group. Having been informed by the representatives of the Secretary-General that members of the Commission on Human Rights were not entitled to subsistence and that consequently the amount in question had been included in the estimates in error, the Advisory Committee recommended that the amount of \$21,600 should be deleted.

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6. In pursuance of resolution 1979/37 on the Yearbook on Human Rights, the Secretary-General had requested \$151,300 in order to eliminate the existing backlog in the production of the Yearbook and to ensure the timely publication of the first annual issue. The Advisory Committee recognized that the request was justified and therefore recommended acceptance of the appropriation.

7. Certain difficulties had arisen following the Secretary-General's request in pursuance of decision 1979/30 (Seminar on the effects of the existing unjust international economic order on the economies of the developing countries). The Advisory Committee had noted that in the decision the Council had requested the Secretary-General to organize the seminar "within the framework of the advisory services programme", a term which was not very clear. The Advisory Committee had studied the question with the representatives of the Secretary-General and had referred to resolution 1978/14, in which the Economic and Social Council had requested that, commencing with the 1980-1981 biennium, the financing of the advisory services programme in the field of human rights should be arranged as a part of the budget of the human rights programme (sect. 23). However, the General Assembly did not take a decision at its thirty-third session and the Advisory Committee wished it to do so now. If the General Assembly decided that the seminar referred to in decision 1979/30 was to be included under section 23, the amount recommended by the Advisory Committee under that heading should be increased by \$104,000.

8. Under section 27 (Department of Public Information) the Secretary-General had requested additional resources of \$203,000 to cover the organization of seven symposia on the activities of transnational corporations in southern Africa. The Advisory Committee had been informed that the estimates per symposium were of a preliminary nature and that the Organization had no previous experience of holding symposia of that kind. On that basis, the Committee recommended that the estimate should be reduced from \$203,000 to \$175,000, i.e. by \$28,000.

9. The CHAIRMAN noted that in his report (A/C.5/34/18/Add.1) the Secretary-General had pointed out that, by its resolution 1979/69, the Economic and Social Council had decided to discontinue, for an experimental period of two years, the provision of summary records for 15 of its subsidiary bodies. The savings thus achieved would amount to \$350,000 and would be taken into account in the consolidated statement of conference servicing requirements. It might be useful to request the Advisory Committee to verify if the savings in question did in fact amount to that figure. The same procedure could be followed for the savings which would result from a similar decision of the General Assembly to discontinue, for a trial period of one year, the summary records of certain of its subsidiary bodies. It appeared that the savings were relatively small, whereas the appropriations requested under the same heading were relatively high.

10. Mr. GARRIDO (Philippines) said he was surprised that Mr. Mselle had not commented on decisions 1979/32 and 34 or on resolution 1979/75.

11. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said he was not accustomed to recapitulate in detail the contents of the Advisory Committee's reports, he merely drew the Committee's attention to the points he considered essential, as in the case of section 23 of the programme budget.

12. Mr. KUYAMA (Japan) proposed that the consideration of the appropriations requested for section 23 should be postponed until the Third Committee has concluded its discussion on the question of human rights.

13. Mr. BLACKMAN (Barbados), supported by Mr. RAMZY (Egypt) and Mr. AYADHI (Tunisia), proposed that the Committee should also postpone consideration of section 27 (Department of Public Information) so that the Fifth Committee could take a decision with a full knowledge of the facts.

14. Mr. STUART (United Kingdom), supported by Mr. DENIS (France) and Mr. PALAMARCHUK (Union of Soviet Socialist Republics), felt on the contrary that the Committee should go ahead and consider the existing documents and be prepared to revert later to certain questions.

15. The proposal to postpone consideration of the revised estimates for section 23 (Human rights) was adopted by 27 votes to 26 with 32 abstentions.

16. Mr. MARTORELL (Peru) said he had been surprised by the operation of the voting machine and had intended to vote for the Japanese proposal.

17. Mr. PICO DE COAÑA (Spain), explaining his vote, said he had voted against the proposal in order not to delay the Committee's work.

18. Mr. STUART (United Kingdom) said he had voted against the proposal for the same reasons. In spite of all the efforts made, the problem of the Fifth Committee's adherence to its time-table was getting worse every year and it was to be hoped that the Secretary-General would bring it to the attention of all delegations after the closure of the present session.

19. Mr. METELITS (United States of America) said he had also voted against the proposal.

20. Mr. LASARTE (Uruguay) said he shared the Japanese representative's opinion and had voted for the proposal.

21. The CHAIRMAN asked the members of the Committee whether they also wished to postpone consideration of the revised estimates for section 27 (Department of Public Information).

22. Mr. STUART (United Kingdom) said that his delegation's position on that question was exactly the same as on the question of section 23, for such postponements were completely contrary to established practice and were not conducive to the efficiency of the Committee's work. However, in view of the

(Mr. Stuart, United Kingdom)

Committee's decision on section 23, his delegation was prepared, out of considerations of logic, to accept the proposal for the postponement of the question of the revised estimates for section 27, without the need for putting it to a vote.

23. The proposal to postpone consideration of the revised estimates for section 27 (Department of Public Information) was adopted without a vote.

24. The CHAIRMAN drew attention to paragraphs 5 to 8 of the Advisory Committee's report (A/34/7/Add.9) concerning section 4 (Policy-making organs) (economic and social activities) and on the recommendation contained therein.

25. An additional appropriation of \$95,700 under section 4 for the biennium 1980-1981 was approved in first reading without a vote.

26. Mr. METELITS (United States of America) said that his delegation had joined in the consensus on the supplementary appropriation requested under section 4; however, if there had been a vote, it would have abstained for the supplementary appropriations should have been absorbed within the resources already appropriated under section 4. He also wished to make clear, with regard to the decisions taken the previous day on the supplementary appropriations for section 28 J.3 (A/C.5/34/33) that, if there had been a vote, his delegation would have abstained.

27. Mr. RAMZY (Egypt) pointed out that the Secretary-General in his report (A/C.5/34/18) also requested supplementary appropriations under section 10 (Economic Commission for Europe).

28. The CHAIRMAN said that the expenses under section 10 were only for conference servicing and that the necessary resources would be included in the consolidated statement which the Secretary-General would submit to the General Assembly at the end of its session.

Administrative and financial implications of the draft resolution submitted by the Second Committee in document A/C.2/34/L.37 concerning agenda item 64

29. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that, if the General Assembly endorsed draft resolution A/C.2/34/L.37, adopted by the Second Committee on the Office of the United Nations Disaster Relief Co-ordinator, it would be necessary to make a supplementary appropriation of \$320,000 under section 22 of the programme budget for the 1980-1981 biennium to enable the Co-ordinator to respond annually to at least 12 requests for emergency disaster relief, the ceiling being fixed at \$30,000 per country in each case.

30. Mr. AYADHI (Tunisia) said that his delegation whole-heartedly supported the draft resolution adopted by the Second Committee. The activities of the Office of the Disaster Relief Co-ordinator fully justified the granting of the appropriations requested, particularly as the trust fund which had been set up

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(Mr. Ayadhi, Tunisia)

to strengthen the Office's capability had not progressed to the desired extent. It was therefore essential to provide the Office with the means of meeting 12 requests for assistance per year instead of 10 and to raise to \$30,000 the ceiling fixed in each case. In view of inflation, the new ceiling remained within the initially fixed limits and indeed the only innovation consisted in raising the number of requests that could be met to 12.

31. Mr. KEMAL (Pakistan) said he associated himself with the remarks made by the representative of Tunisia. In real terms, the increase proposed regarding the ceiling was inadequate and only partly made up for the depreciation of the initial amount which had resulted from inflation, monetary fluctuations and other factors. Admittedly, some delegations had reservations on the draft resolution. Pakistan, which had unfortunately been the victim of several disasters, appreciated the help it had received from the Office, whose aid was often the first to arrive. That made it particularly valuable in spite of a contribution which was modest when compared with the enormous scope of the damage. He hoped, therefore, that the members of the Committee could approve the supplementary appropriations requested.

32. Moreover, he would like to receive a further clarification from the Secretariat concerning the Secretary-General's intentions with regard to the application of regulation 9.5 of the Staff Regulations as they concerned the Office of the Disaster Relief Co-ordinator.

33. Mr. MARTORELL (Peru) said that his delegation was among those which supported the request for supplementary appropriations for the Office of the Disaster Relief Co-ordinator. Peru also had been a victim of very serious disasters and, if the aid provided was minimal, the speed with which it arrived made it highly useful.

34. Mr. DOWSE (United Kingdom) said that his country had always supported the activities of the Disaster Relief Co-ordinator by making voluntary contributions to the trust fund but it considered that the Office should merely co-ordinate assistance, without itself providing financial aid. For that reason, the appropriations in question should be obtained from extrabudgetary sources and his delegation could not approve the appropriation.

35. Mr. GARRIDO (Philippines) considered that the ceiling of \$30,000 per country for each disaster was insufficient and should be increased in the future. The provision of humanitarian assistance was perfectly within the objectives of the United Nations and accordingly his delegation could not admit of any distinction between budgetary and extrabudgetary resources. He would like to know what provisions had been made to increase the trust fund in the future.

36. Mr. VAN NOUHUYS (Netherlands) said that his delegation, like that of the United Kingdom, had always considered that the essential role of the Office of the Disaster Relief Co-ordinator was to ensure the co-ordination of relief and it had always resisted attempts to transform the Office into a relief organization. However, in cases of disaster it was useful that direct aid should arrive

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(Mr. Van Nouhuys, Netherlands)

quickly without awaiting the start of operations by the international assistance machinery. Since the amounts in question were small, his delegation had therefore accepted the assignment of a small sum to the Office so that it could intervene rapidly. In its opinion, the sum in question should be included in the regular budget of the United Nations since the activities in question were undertaken within the framework of the regular programme of the Office. With regard to the amendments proposed, he recognized the validity of the arguments put forward by the representatives of Pakistan and Tunisia and considered that there had been no real increase in the ceiling. The increase to \$30,000 was therefore justified. The Office should be authorized to meet 12 requests per year instead of 10, since the amendment was not such that it could affect the basic role of the Office, which was to co-ordinate international assistance.

37. Mr. HAMZAH (Syrian Arab Republic) said that his delegation whole-heartedly supported the activities of the Office of the Disaster Relief Co-ordinator. His delegation felt that the amount of \$30,000, the ceiling normally fixed per country for each disaster, was only very modest, and it would have liked that ceiling to have been fixed at a higher level. Nevertheless, it supported very warmly the proposals submitted by the Secretary-General in document A/C.5/34/51.

38. Mr. PALAMARCHUK (Union of Soviet Socialist Republics) said that his delegation was convinced that the role of the Disaster Relief Co-ordinator must be confined to the co-ordination of international assistance. It should not provide direct aid. In that respect, his delegation wished to recall its basic position that the regular budget of the United Nations should finance only administrative expenses, whereas technical aid must be financed with voluntary contributions. The USSR provided large-scale assistance to the victims of disaster and, for example, had sent valuable aid for reconstruction to Romania and Yugoslavia after the earthquakes that had struck those countries. It intended to continue to provide such aid and no one could accuse his delegation of opposing the supplementary appropriations requested by the Secretary-General through lack of compassion. The USSR had consistently provided bilateral aid and would continue to do so. Moreover, the fact that the trust fund for disaster relief had received in four years only \$6,500 proved that the majority of States Members maintained the same position as that adopted by the Soviet Union. For all those reasons, his delegation opposed the financial implications of draft resolution A/C.2/34/L.37 and requested that it should be put to the vote.

39. Mr. LÖSCHNER (Federal Republic of Germany) said that his delegation was convinced of the usefulness of the activities of the Disaster Relief Co-ordinator. The Federal Republic of Germany contributed substantially, both in cash and in kind, to the activities of the Office but felt that its activities should be concerned mainly with the co-ordination of assistance in case of disasters and on measures of prevention. As for operational activities, they should be financed solely from voluntary contributions. For all those reasons and in the light of General Assembly resolution 2816 (XXVI), which explicitly defined the role of the Office of the Disaster Relief Co-ordinator, his delegation was unable to approve the financial implications of draft resolution A/C.2/34/L.37.

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40. Mr. DENIS (France) said that his delegation would not have wished to break a consensus on the matter, but, since a vote had been requested, his delegation would vote against the financial implications of draft resolution A/C.2/34/L.37. That vote could be explained by two reasons of principle: firstly, international aid to countries stricken by disasters must be financed from voluntary contributions and not from the regular budget of the United Nations; also, the role of the Disaster Relief Co-ordinator should be confined to the co-ordination of international assistance provided to countries stricken by disasters. Moreover, there was a disquieting increase in the ceiling fixed for assistance to each country and in the number of countries which might be assisted in one year. The increase was disquieting because, if it was to continue, it might involve a modification in the role initially given to the Co-ordinator. His delegation felt that the Secretary-General's proposals were half-measures, for the appropriations requested were either inadequate or too high. France would therefore vote against the proposal.

41. Mr. AKSOY (Turkey) said that draft resolution A/C.2/34/L.37, which explicitly requested supplementary appropriations, had been adopted by a very large majority and he felt that the Fifth Committee should take a decision along the lines indicated by the Second Committee. The proposals to increase from \$20,000 to \$30,000 the ceiling fixed for each country for each disaster and to allow the Office to respond at least to 12 requests for assistance per year had relatively small financial implications. His delegation admitted that the essential part of disaster relief assistance should be financed by voluntary contributions and from extrabudgetary funds. But, as was stated in document A/C.5/34/51, the contributions to the trust fund to strengthen the capacity of the Office had advanced very slowly and represented such a tiny amount that direct financial aid was necessary.

42. Mr. GARRIDO (Philippines) regretted that a vote had been requested on such a simple question and on such small appropriations.

43. Mr. BEGIN (Director, Budget Division) said he needed some time before replying to the question put by the representative of Pakistan. As for the future of the trust fund, a question raised by the representative of the Philippines, there would be a meeting of donor countries at the beginning of 1980 and the situation would probably become clearer at that time. In any case, the Secretariat intended to maintain the fund.

44. An additional appropriation of \$320,000 under section 22 for the biennium 1980-1981 was approved in first reading by 86 votes to 12 with six abstentions.

45. Mr. METELITS (United States of America), explaining his vote, said that in the Second Committee his delegation had welcomed the achievements of the Disaster Relief Co-ordinator, particularly in co-operating with other United Nations programmes such as UNDP and UNCTAD and in training the resident representatives of UNDP in co-ordination activities in cases of disaster. The role of the Office should be to co-ordinate and facilitate disaster relief and not so much to provide direct assistance. For those reasons, his delegation had voted against the financial implications of draft resolution A/C.2/34/L.37.

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AGENDA ITEM 106: UNITED NATIONS PENSION SYSTEM

REPORT OF THE UNITED NATIONS JOINT STAFF PENSION BOARD

REPORT OF THE INTERNATIONAL CIVIL SERVICE COMMISSION (A/34/30, chap. III)

REPORT OF THE ADVISORY COMMITTEE ON ADMINISTRATIVE AND BUDGETARY QUESTIONS
(A/34/721)

46. Mr. GARRIDO (Chairman of the United Nations Joint Staff Pension Board) said that the main points in the recent work of the Joint Staff Pension Board had been duly studied by the Advisory Committee on Administrative and Budgetary Questions and by the International Civil Service Commission (ICSC) in their respective reports and that he would deal with those points in the light of the time and effort which the Board had devoted to their study.

47. The first point was undoubtedly the problem of the determination of pensionable remuneration, which the General Assembly thought would be solved with the help of the ICSC and the Board. The reports of those two bodies explained why it had not been possible to take the necessary steps in 1979. The reasons, which were complex, were partly due to a certain ambiguity in the pertinent resolution of the General Assembly. The question was to find a definition of pensionable remuneration which would provide pensions considered by both beneficiaries and Governments of Member States to be adequate, appropriate, just, equitable and affordable. The difficulties encountered concerned the yardsticks for determining whether a pension met the above standards or not. The definition of those yardsticks required agreement on the meaning of the terms utilized to define the objective in question in a world of economic instability characterized by inflation and fluctuating exchange rates.

48. The ICSC had decided to confine itself during an initial stage to the definition of pensionable remuneration for Professional and higher categories, leaving for subsequent discussion the pensionable remuneration of the General Service category. The general feeling was that something should be done but there was disagreement on the measures to be taken.

49. Those who envisaged the question from the viewpoint of the substantial reduction in the value of the United States dollar in comparison with the currency of the country of retirement felt it was necessary to review completely the pension system in the case of Professional and higher categories. They requested that the total remuneration paid at a given duty station, i.e. the base salary plus post adjustment, should be used for the calculation of pensions. Only in that way could the pension provided by the United Nations represent an adequate proportion of take-home pay. The level of that proportion should be derived from the application of the Noblemaire principle, i.e. it should be the same as that in the United States Civil Service. Furthermore, expressed in local currency, the pension should represent an identical amount in all countries. For that purpose, the classes of post adjustment should form part of the pensionable remuneration both for the purposes of contributions - classes of adjustment at the duty station - and for the purposes of calculating the pension - classes of adjustment in the country of retirement.

(Mr. Garrido)

50. Others had felt that such a procedure was misconceived and unnecessary. If the question was merely to eliminate the anomalies which were attributable to the current monetary fluctuations and inflation, the existing system, which had proved its worth for more than a quarter of a century, should be maintained. Changes should not be made to it except to the extent needed to eliminate the anomalies. Classes of post adjustment could be incorporated into pensionable remuneration in certain cases but there was no question of making such an arrangement an integral part of the system.

51. Before submitting a long-term solution at a later stage, the Board had proposed interim measures which consisted basically in paying supplements during 1980 to certain officials in the Professional category and above who retired during that year. They would be officials whose pension would be lower than a floor established as a minimal proportion of the net take-home pay of comparable staff in the country of retirement. The Joint Board noted with satisfaction that the International Civil Service Commission endorsed the substance of its proposals. It also noted that the ICSC established a link between the adoption of the interim measures and the freeze of the WAPA adjustment system and the adoption, under certain conditions, of a variable rate of calculation of contributions to the Pension Fund for Professionals and above. That link did not appear to be justified. In order to evaluate the modifications proposed by the ICSC, it was necessary to wait until the General Assembly took a decision on the long-term proposals which would be presented to it in 1980. There was a serious risk that such modifications would have negative effects on the actuarial situation of the Fund. Moreover, the Board noted with satisfaction that the Advisory Committee shared its views on the question and that, in paragraph 27 of its report, it recommended that the WAPA system should continue to be applied in 1980.

52. The Pension Board stressed that the interim proposals were not intended to imply the acceptance of principles on which a long-term solution might be based; on the contrary, those measures had been proposed because no agreement had been reached to date on such principles. The Advisory Committee had not accepted the interim measures for fear that that might be misinterpreted as the acceptance of changes which, in its opinion, should be considered and decided upon in the context of an over-all solution. Some had also expressed the fear that the interim measures might become permanent and give rise to some sort of acquired rights. The Advisory Committee, therefore, had submitted alternative proposals which, in its view, were not subject to the same type of objection. The Pension Board wished to reiterate that its proposal to increase the proportion of pension to salary, when the latter fell below the minimum which was acceptable under the previous conditions, did not imply that a fixed proportion between pensions and salary throughout the United Nations system should be established. Nor did an interim scheme introduced for one year create rights for anyone after that period, including those who had benefited from it during that year. The Board, therefore, expressed the hope that the Fifth Committee would first pronounce itself on the interim proposals which the Board had carefully worked out, that ICSC would endorse it in substance and that the Committee would only consider the alternative scheme proposed by the Advisory Committee if it could not accept those interim proposals.

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53. With regard to paragraphs 34-46 of its report, the Board proposed making a certain number of changes in the Regulations of the Fund, which were relatively minor and were only designed to rationalize certain provisions. The first change related to the extension from 32 to 35 years of service for the calculation of benefits, in view of the increasing number of participants who remained in service beyond that period. The Board noted with satisfaction that the Advisory Committee recommended that the proposal should be approved.

54. The other proposed changes referred to provisions for early and deferred retirement and were contained in paragraphs 38 and 39 of the report of the Board. In the first case, instead of the current reduction of 2 per cent for every year below age 60, a reduction of 1 per cent per year should be applied when such service amounted to 30 years or more. In the second case, the Board proposed that instead of the reduction currently applied whenever payment of a deferred retirement benefit commenced before age 60, the reductions should be the same as in cases of early retirement. The current text and the text which contained those proposed changes were found in annex VI.

55. It was regrettable that the Advisory Committee had not found it possible to approve the two proposed changes since, as the Board stated in paragraph 40 of its report, those changes were designed to facilitate the coherent and logical application of the provisions for deferred and early retirement. With regard to employees who had 25 or more years of service, the same reduction, which was currently applied to those who were 55 of age or older at that time, should be applied to those who were at least 55 years of age on separation from service, in order not to penalize those who had started their employment when they were younger. The Advisory Committee felt that that change was necessary and it, therefore, recommended that the General Assembly should adopt the amendment to article 31 (b) of the Regulations of the Fund.

56. The change proposed in the early retirement provisions of Article 30 (b), i.e., that after 30 years of service there should be a reduction of 1 per cent, instead of 2 per cent, was justified by the fact that the rate of accrual of a benefit after 30 years dropped from 2 per cent to 1 per cent per annum of the preceding period. There also it was necessary to establish a correlation between the accrual of benefits and the reductions which were applied to them.

57. In a different area the Board proposed the removal of age 60 as a bar to entry into the Fund, which seemed to constitute age discrimination. In paragraphs 42-46 the Board explained why it considered it necessary to remove those provisions and why that had not been done earlier. The Advisory Committee had recognized the cogency of that argument.

58. The Board recommended that the General Assembly should admit the International Centre for the Study of the Preservation and the Restoration of Cultural Property (ICCROM), in accordance with article 3 of the Regulations of the Fund. Although the Advisory Committee recommended that the consideration of that question should be postponed until the next session, the Board felt that the General Assembly could take a decision on that matter at its current session, and then consider the criteria for admission to the Fund at a later date.

(Mr. Garrido)

59. The Board also recommended the approval of the agreements on the transfer of pension rights with the European Space Agency (ESA) and the European Free Trade Association (EFTA). Those agreements were patterned after the agreement which had already been concluded with the Commission of the European Communities. The Board also recommended that the agreements concluded with IBRD and IMF in 1960 should be brought up to date. The Advisory Committee had no objection to the recommendations of the Board concerning the agreements, which had been issued as an addendum to the Board's report.

60. The Board commented on the actuarial valuation of the Fund in paragraphs 82-96 of the report. The valuation, which was prepared in accordance with the recommendations of the Committee of Actuaries, showed an actuarial imbalance of \$121.7 million equivalent to 0.37 per cent of future pensionable remuneration. In the light of the nature and causes of that imbalance and of its relationship to the imbalance shown in the previous actuarial valuation of \$211 million, equivalent to 0.98 per cent of future pensionable remuneration, the Board had felt that it was not necessary for the time being to invoke the provisions of article 27 (a) of the Regulations, which necessitated additional payments into the Fund by the member organizations.

61. The Board submitted its observations on administrative expenses in paragraphs 52-65 of part I, and paragraphs 22 and 23 of part II of the report. In that regard, it should be pointed out that the introduction of the new system of pension adjustments from 1 January 1979, and the greater delegation of responsibility to the services of the Fund had considerably increased the volume and complexity of its work. The correspondence of the Fund, in particular, had markedly increased as a result of the introduction of the new system, currency fluctuations and problems associated with the residence requirements. It was also possible that the introduction of the interim measures in 1980 ran the risk of further increasing its workload. The Board, therefore, felt that, in order not to compromise the quality and speed of the services rendered by the Fund, it was necessary to adopt its recommendations on administrative expenses; despite a slight increase, those expenses would remain well below the previously established limit, i.e. 0.14 per cent of the total pensionable remuneration.

62. Mr. AKWEI (Acting Chairman, International Civil Service Commission), although recognizing the field of competence of the Board, recalled that the Commission had statutory responsibilities with respect to remuneration as a whole, and, therefore, pensionable remuneration. That remuneration determined both the amount which the staff member contributed to the Fund and the amount he would receive at the end of his service. Therefore, it seemed that the purpose of the pension should be to restore to the staff member a certain proportion of the income which he had received during his active service. Moreover, since the pension was related to the salary system, it seemed inevitable that, for the Professional and higher categories, its general level must be fixed by reference to the same service which was taken as the comparator for fixing the level of the other elements of remuneration. Otherwise, the comparison of total compensation between the United Nations and the comparator service, in pursuance of the Noblemaire principle, would be impossible.

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(Mr. Akwei)

63. Guided by those considerations and taking account of the suggestions made by the members of the Board, certain participating organizations and some of the members of the Commission itself, ICSC had proposed various solutions, which fell into two categories: those which would maintain a universal level of pensionable remuneration with the establishment of minimum and maximum levels of pension, and those which would differentiate the level of pensionable remuneration according to cost of living in the duty station country (for contribution purposes) and the country of retirement (for benefit purposes). The majority of the members of the Commission had expressed a preference for the second approach, while others had felt that it was too early to make a decision.

64. ICSC was not in a position to recommend any long-term solution that year for several reasons. Since it had begun to examine the problem, the Commission had noticed that there was a sharp difference of opinion between the organizations, among staff members and within the Commission itself. Secondly, the Commission could not submit a draft decision to the General Assembly until it had more information about the financial implications. Those implications were of two kinds: (a) budgetary implications, which concerned the effect on the cost to Member States of their share of the contributions to the Pension Fund - at that stage it could be said that none of the proposals under consideration by the Commission would result in increases in Member States' contributions significantly greater than those which would result from the continuation of the current system; (b) implications concerning the resources of the Fund in future years, an aspect which involved actuarial cost calculations. In paragraph 82 of its report (A/34/721), the Advisory Committee stated that the Consulting Actuary of the Pension Fund had made preliminary calculations of the actuarial cost of the measures proposed by the ICSC. Since it had not received those calculations, the Commission had not been able to evaluate the validity of the assumptions on which they were based. It, therefore, had no choice but to continue its work with the firm intention of submitting complete proposals at the next session of the General Assembly. To that end, it would continue to co-operate with the Pension Board.

65. With regard to what should be done in the meantime, he recalled that the previous year the Commission had stated that the mechanism for adjustment of pensionable remuneration in keeping with the movement of the weighted average of post adjustments (WAPA) was no longer working satisfactorily and should be replaced as soon as possible. The further development of that situation had confirmed the Commission's judgement. As had been noted in foot-note 14 to paragraph 85 of the report of the Commission, the weighted average of post adjustments, influenced mainly by the declining value of the United States dollar in relation to other currencies, had risen to such an extent that, if the mechanism of resolution 1561 (XV) was allowed to continue to function, pensionable remuneration should be increased on 1 January 1980 by a further 10 per cent, and would then correspond to 135 per cent of gross salary. That 10 per cent increase of pensionable remuneration would represent an increase of some \$15 million in contributions to the Pension Fund, of which \$5 million would be borne by staff members without any compensating increase in their net remuneration, and \$10 million by the Member States in the form of increased contributions to the budgets of the organizations. Likewise, the level of future benefits to be provided by the Fund would be increased by 10 per cent. But the Commission felt

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(Mr. Akwei)

that that additional 10 per cent would not suffice to make up the erosion of pensionable remuneration in countries where the cost of living was high in dollar terms; on the other hand, in countries where the cost of living was relatively low, the United Nations pensionable remuneration and pensions would reach a level that was still higher than the level of the comparator country. There was also the risk that any new system proposed to enter into effect from 1 January 1981 would have to take that newly inflated level as its base. For all those reasons, the Commission recommended that the General Assembly should freeze the operation of the WAPA adjustment mechanism pending the introduction of a new system.

66. The Commission felt that other interim measures were necessary. The Board had proposed a certain number of measures, which the Commission had approved, although it recognized that they were insufficient. It, therefore, had proposed certain improvements which were not approved by the Pension Board. The Board did not endorse either the freezing of the WAPA adjustment mechanism or the increase of the minimum level concerning the pension/net salary relationship. If it was accompanied by corrective measures, the freezing of the WAPA adjustment mechanism would not substantially harm the pension scheme or the interests of staff members, provided, of course, that it did not last for more than one year. Therefore, in recommending the freezing of the WAPA mechanism, the Commission had resolved to submit the following year long-term proposals to correct the existing anomalies of pensionable remuneration and establish it on a firm footing for years to come. Those proposals would also deal with the pensionable remuneration of the General Service category. The Commission had not overlooked that problem, but rather had considered it proper to deal with the most severe anomalies first.

67. Mr. DEBATIN (Under-Secretary-General for Administration, Finance and Management), speaking on behalf of the Administrative Committee on Co-ordination, which had very carefully considered the question of pensionable remuneration during its two sessions in July and October, 1979, drew the attention of the Committee to the views expressed by ACC on the basis of its consideration of the recommendations contained in the report of the International Civil Service Commission (A/34/30) and the report of the Joint Staff Pension Board (A/34/9). He pointed out, however, that since the report of ACC (A/34/721), which contained a proposal on interim measures different from the proposal made in that regard by the Pension Board, had only been issued the previous day, he would not make any immediate comments on that report on behalf of ACC: he would perhaps return to it at a later date after he had the opportunity to carefully analyse the proposal of ACABQ and to consult with his colleagues in the specialized agencies.

68. The Commission was aware that the discussions on the questions of pensionable remuneration and pension arrangements in general, which were reflected in the various approaches described in the reports of ICSC and the Pension Board, had given rise to very sharp differences of opinion, which was not at all surprising in view of the unique nature of an international civil service, whose staff came from more than 140 countries, and which was posted in more than 140 duty stations. Those differences of opinion existed not only among organizations and staff members, but also among governmental representatives. The different approaches

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advanced in the various proposals submitted were perceived as equitable by some and inequitable by others, according to the conception each had of the general management of the Organization. The world-wide scope of the problem and the fact that it involved all categories of staff made any solution even more difficult. In addition, there were constraints built into the pension system of the United Nations, since it was a fully-funded system and the Member States had expressed the wish that whatever solution was agreed upon should not entail any additional financial burden for them.

69. In spite of those differences and difficulties, ACC remained convinced that a pension system serving the best long-range interests of all concerned should be adopted as soon as possible and it welcomed the intention of the Commission and the Pension Board to pursue the matter in 1980 with a view to elaborating a long-term solution which would enter into force no later than 1 January 1981. In the meantime, ACC had expressed its unanimous support for the interim measures proposed by the Pension Board which, in the opinion of ICSC, generally corresponded to the objectives which it considered essential. ACC could not, however, support the position of ICSC that, together with the introduction of the interim measures, there should be a freeze in the operation of the WAPA adjustment system, which was the current mechanism for adjusting pensionable remuneration. On the contrary, he felt that it was necessary to continue to apply that system until a suitable alternative was found. In that respect, ACC noted the view of the Pension Board that any freezing of the operation of the WAPA adjustment system would have detrimental actuarial implications for the Fund and he agreed with the Board that it would prejudice the entitlements of all participants in the Professional and higher categories. The introduction of interim measures would not, as the Board had indicated, constitute a sufficiently convincing case for freezing the operation of the system for all Professional staff, the vast majority of whom would not benefit from the interim measures. Moreover, it was not clear as to what compensation would be made for such losses while the operation of the system was frozen until a new system was established or the operation of WAPA was resumed. In that regard, he welcomed the position expressed by the Advisory Committee on freezing the operation of the system.

70. Lastly, ACC had not been able to endorse the suggestion of ICSC to change selectively the pensionable remuneration in 1980 for the purpose of calculating contributions in certain duty stations and under certain circumstances, since such action would not be related to consequent benefit entitlements for all staff members. He agreed with the Pension Board that the adoption of a differential contribution level would in any event not affect the application of the interim measures to those retiring in 1980, and that there was no indication that it would be justified by proposals as yet unknown, which would be applied after 1980.

71. In short, ACC felt that the results of the continuing review should not be prejudged by taking the two actions which ICSC wished to carry out together with the interim measures.

72. Furthermore, ACC fully supported the other changes recommended by the Pension Board in respect of increasing the maximum number of years of contributory service

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for calculating the pension, the liberalization of early retirement provisions for those with 30 years of service, the removal of the anomaly regarding deferred retirement entitlements and the age limit of 60 years for entry into Pension Fund.

73. He was ready to revert to the question under consideration to comment on any proposals which might be made, including the proposals contained in the report of ACABQ.

The meeting rose at 1.20 p.m.