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FIFTH COMMITTEE
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at 10.30 a.m.
New York

SUMMARY RECORD OF THE 68th 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 10.35 a.m.

AGENDA ITEM 106: UNITED NATIONS PENSION SYSTEM (continued) (A/34/9 and Add.1, A/34/30, chap. III, A/34/721; A/C.5/34/30; A/C.5/34/L.28)

(a) REPORT OF THE UNITED NATIONS JOINT STAFF PENSION BOARD (continued)

(b) REPORT OF THE SECRETARY-GENERAL (continued)

1. Mr. DE FACQ (Belgium) said that the question of pensions was so complex that the three bodies which had dealt with it had presented diverging recommendations to the General Assembly.

2. The International Civil Service Commission had observed that in some countries pensionable remuneration had risen to levels well beyond those justified by inflation or currency fluctuations in the countries concerned. ICSC had drawn attention to the absurd situation in which, owing to the exaggerated adjustment of pensionable remuneration, pensioners in some countries received pensions that were greater than the salaries of staff members still working for the Organization. His delegation agreed with ICSC that the post adjustment system should be frozen pending agreement on a long-term solution. It should be noted in that connexion that, as a result of the adjustment effected on 1 January 1979, pensions were calculated on the basis of 125 per cent of gross salary.

3. Pensions calculated on that basis were substantially higher than pensions received by civil servants in the comparator civil service, and, in fact, were higher than the average net salary of comparator civil servants at corresponding grades. The Noblemaire principle, as correctly described by ICSC in paragraph 53 of its report, required that, for the purpose of comparing the international civil service with the comparator national civil service, total compensation including pension benefits, should be taken into account.

4. In recent years, his delegation had repeatedly drawn attention to the accelerated and unjustified increase in pensionable remuneration, and had pointed out that, as a result of monetary disorder, the post adjustment system had become seriously out of joint. At the preceding session, his delegation had called upon ICSC to review the post adjustment system and to remedy without delay the obvious defects of automatic adjustments to pensionable remuneration. If the current level of pensionable remuneration was not frozen, the adjustment would rise from 25 to 35 per cent on 1 January 1979, and was likely to exceed 40 per cent on 1 July 1980, with a consequential increase in the pension contributions of the organizations.

5. Interim measures were justified in cases in which monetary disorder had markedly reduced pensions as a percentage of final net remuneration. His delegation therefore was prepared to support either the proposal of the Advisory Committee or the recommendations of the Pension Board.

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(Mr. De Facq, Belgium)

6. The Committee should call upon the bodies concerned with the pension question to spare no effort in the search for a long-term solution to existing problems. Unless pensionable remuneration was frozen at its 1979 level, no solution would be found during the coming year, since it was not seen as a pressing need by the majority of staff members. Without a freeze, the financial obligations of States would be unacceptably increased by between $10 and $15 million a year. Although the Pension Board believed that the freezing of the WAPA adjustment system would be detrimental to participants in the Professional category and above, it was difficult to maintain that the amounts on which pensions were currently calculated for all the participants of the system were not at an adequate level. In fact, his delegation favoured establishing a ceiling for the highest pensions, following the example of national civil services. It would not oppose the interim measures recommended by the Advisory Committee or the Pension Board provided that, pending a long-term solution, the General Assembly decided to freeze pensionable remuneration at its current level.

7. Lastly, the situation of pensioners who had retired some time earlier deserved at least as much attention as the situation of staff members nearing retirement. It was surprising that the Pension Board had made no recommendation relating to benefits of existing pensioners when proposing interim measures for future pensioners.

8. Mr. BRUCE (Canada) said that it was hardly surprising that the pension system was a highly emotional issue, because it affected so directly and personally the way of life of all those in or about to move into retirement. The Committee should, therefore, not lose sight of the social dimension, even though its primary concern was with the financing of pensions, towards which staff members contributed throughout their careers and which they assumed would guarantee them a standard of living comparable to that enjoyed during their working years.

9. The problems affecting the pension system stemmed, in large part, from the very nature of an international civil service and from the understandable desire of many people to retire in the country where they had spent much of their professional life or to settle in a country other than their country of origin. Wherever they retired, pensioners naturally did not want to experience a decline in their standard of living, and the threat or reality of a lower standard of living was the crux of the problem. In that connexion, he endorsed the Austrian proposal for a recalculation of benefits for pensioners who had retired a number of years earlier and who, as a result of inflation and currency fluctuations in the 1970s, had seen their standard of living seriously eroded. His delegation agreed that an interim measure for pension adjustment was desirable, particularly in view of the expectations raised when the Committee had requested that a solution to that unsettling problem be presented at the thirty-fourth session. His delegation preferred the Advisory Committee's proposal, particularly since it did not involve any conceptual change in the existing system. Such change, if necessary, would be best decided on in the context of final proposals at the following session.

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(Mr. Bruce, Canada)

10. The goal which should be pursued by ICSC and the Pension Board was to ensure equitable, as opposed to equal, pensions. The fact that economic conditions varied from country to country was already recognized in the post adjustment system, and it should be a key factor in the calculation of pensions.

11. The information submitted to the Assembly at the next session must be presented in a much clearer way. For example, precise illustrations would be better than numerous graphs, as they would make it easier to understand the various options available and how they affected individuals and the system as a whole. The over-all actuarial costs must also be made clear. Any new scheme must be actuarially sound and balanced, and should not require an increase in the current or future liabilities of Member States. It should not be designed in such a way as to make it advantageous or disadvantageous to retire in certain countries. In that connexion, he noted that the post adjustment system had got out of hand, and that points in the WAPA had grown so far apart that significant distortions occurred. It became extremely important, therefore, to rectify the situation, because without corrective action it would be difficult, if not impossible, to devise reforms which pensioners would consider equitable.

12. Obviously, there must be a link between benefits and contributions, but there was a need for some flexibility in that matter. A contribution to the Pension Fund was, after all, an investment, and investments should yield positive results for the participant.

13. In spite of the revisions suggested by the representative of Cuba at the preceding meeting, draft resolution A/C.5/34/L.28 was contrary to both the purpose and the Regulations of the Fund. The Fund had never been intended to be a development fund; its sole purpose was to support pensioners and its assets must be used solely in accordance with its Regulations. Otherwise, those entrusted with its management would be in serious breach of trust. It was the duty of the Secretary-General to ensure maximum profitability of the Fund, and the fact remained that some of the most profitable investments were in transnational corporations. There was no such thing as an appropriate geographical distribution of investment in developing countries if the requirements of safety, profitability, liquidity and convertibility were to be respected. If he was a staff member, he would be extremely alarmed at the implications of the draft resolution for his livelihood as a pensioner, and he suggested that the views of the staff associations should be obtained on that matter. In any event, his delegation considered the draft resolution to be illegal, and urged the sponsors to withdraw it.

14. Mr. SADDLER (United States of America) said that the decisions of the Committee were of vital importance to the lives of over 42,000 participants in the Pension Fund and to maintaining and increasing the assets of the Fund, which was one of the major pension funds in the world.

15. His delegation agreed completely with the Pension Board that, in principle, all service rendered by a participant should be recognized in computing pensions.

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(Mr. Saddler, United States)

It therefore supported the proposal to increase by 1 per cent per annum the retirement benefit of staff members working from 32 to 35 years. That change was proper, correct and just, and constituted a most important improvement in pension benefits.

16. His delegation opposed the Pension Board's proposals with regard to early and deferred retirement benefits in paragraphs 38 and 39 of its report. Those proposed improvements in benefits were financially imprudent in view of the existing actuarial imbalance of the Fund.

17. The restriction on entry into the Pension Fund of individuals over the age of 60 was discriminatory and unjust, and had no parallel in the comparator civil service. His delegation concurred with the view of CCAQ, as summarized in paragraph 42 of the Board's report. The bar had a serious effect on technical assistance experts and other individuals over the age of 60 who were employed by the United Nations because of their expertise and value to the Organization. Removal of the bar was, moreover, justified on the grounds of cost, as indicated by the Board in paragraph 45 of its report. The time was long past when age should be taken into account in determining eligibility for participation in the Fund, and his delegation strongly supported removal of age 60 as a bar to entry into the Fund.

18. His delegation was in favour of the principle of transferring pension rights from agency to agency, and supported the transfer agreements concluded with the European Space Agency and the European Free Trade Association, and the revised agreements with IBRD and IMF. His delegation agreed with the Advisory Committee's conclusion that consideration of the application of ICCROM for membership in the Fund should be deferred until the thirty-fifth session, pending a study on whether that organization should be admitted as a member organization or whether its staff should be regarded, for purposes of pension coverage, as staff members of UNESCO. He also concurred in the Advisory Committee's recommendation that the Board should review article 3 (b) of the Regulations of the Fund with regard to criteria for membership and, if necessary, propose an appropriate amendment at the thirty-fifth session.

19. The Emergency Fund had provided useful assistance to the most needy pensioners and had been administered wisely. His delegation therefore agreed with the Pension Board's recommendation that its authority to supplement voluntary contributions to the Emergency Fund up to an annual amount of $100,000 should be continued.

20. Turning to the investments of the Fund, he noted that the Fund's investments had earned 15.07 per cent in the year under review. It was gratifying to note that the Fund's investments in United States equities had yielded 22.36 per cent, as against 21.67 per cent for equities outside the United States. His delegation agreed with the advice of the Investments Committee concerning the proportion of assets to be invested in equities, bonds, real estate and short-term investments, and favoured an increase in short-term investments, given the very uncertain atmosphere at the current time. His Government was encouraged by the increase in investments in developing countries on safe and profitable terms, and noted plans for missions to Africa to identify opportunities for direct investment.

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(Mr. Saddler, United States)

21. His delegation would welcome the holding of joint meetings of the Committee of Actuaries and the Investments Committee in order to establish a rate of investment return to be assumed for the actuarial valuation.

22. The Secretary-General was to be congratulated for negotiating a new fee scale for investment advisory services, which compared favourably with those paid by other large pension funds.

23. The actuarial situation of the Fund was a cause of concern to his delegation. The widely varying figures obtained in three actuarial valuations prepared at the same time using different assumptions showed that caution was called for in liberalizing benefits and that great imagination was needed in finding wise investment opportunities if the Fund was to continue to be able to meet its commitments to retired staff.

24. He noted the Board's conclusion that there was no need currently to consider invoking the provisions of article 27 (a) of the Regulations, which would necessitate additional payments into the Fund by the member organizations, and urged the Board to continue its effort to forestall the need for such payments. He also noted that the Committee of Actuaries intended to review the question of the contribution rate when the next valuation was made. The actuarial situation should be followed very closely, for only if all concerned were vigilant could the Fund continue to meet its obligations without requiring additional contributions from participants and member organizations.

25. The most important and controversial subject before the Committee was that of an interim scheme for pension adjustment. The interim measures proposed by the Pension Board would, if approved, be in effect for 1980 only, and the search for a long-term solution to the problem would be continued by ICSC and the Pension Board. His delegation would support neither the Pension Board's nor the Advisory Committee's proposals for an interim scheme. The primary reason for his delegation's opposition to both proposals was that it believed that, if any new system of pensionable remuneration was adopted, it should correct, for all current and future retirees, those anomalies in the pension system brought about by existing economic and monetary problems. The interim measures recommended by the Pension Board, if they became a permanent part of the pension system, would substantially increase the over-all liability of the Fund and require an increase in the rate of contribution of nearly 1 per cent. The alternative scheme suggested by the Advisory Committee was inequitable and discriminatory in that it would result in higher total pension payments to staff retiring at the higher grade levels than they would receive under the Pension Board's interim proposals and lower total pension payments for staff at the P-1 to P-4 levels. Both proposals were extremely selective since so few individuals were involved, and both were very expensive in relation to the small number of individuals covered. Moreover, it was inequitable and unjust not to take into account the situation of those who had retired before 31 December 1979. It would be preferable for the General Assembly to grant a lump-sum supplement to persons retiring in 1980 equal to 8 per cent, for example, of pension entitlements calculated according to existing methods. The percentage adjustment would be applied to pension benefits in local currency and, if the Committee so wished, could be graduated so that staff at the lower grades would receive a larger percentage adjustment than those at the P-5 level and above.

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(Mr. Saddler, United States)

26. The United Nations pension system was a very good one, notwithstanding the problems which had arisen, and provided very generous benefits, including the privilege of taking a one-third lump-sum withdrawal. His delegation therefore did not see any urgent need to adopt unsound interim measures. The plain and simple scheme suggested by his delegation would be much better, pending agreement in 1980 on a comprehensive scheme covering all participants.

27. Mr. GODFREY (New Zealand) said that, unfortunately, owing to the complexity of the task, it simply had not been possible for the International Civil Service Commission (ICSC) to make proposals to the General Assembly at the current session, as requested in General Assembly resolution 33/119. The Committee therefore had to consider interim arrangements to alleviate the situation of staff retiring in 1980 at those duty stations most adversely affected by the current economic and monetary situation.

28. His delegation had carefully weighed the various interim proposals put forward by ICSC, the United Nations Joint Staff Pension Board (UNJSPB) and the Advisory Committee, as well as considering the possibility of maintaining the status quo until the following year and then retrospectively applying whatever long-term proposals were decided. On balance, it favoured the Advisory Committee's proposal, provided it was made clear that should the interim measures result in a higher pension in a particular case than the longer-term measures, then the lower rate of pension only would be payable. In that connexion, it supported the amendment which the representative of Australia proposed to submit.

29. While his delegation did not have any particular actuarial expertise to bring to bear on the highly complex longer-term problem, he wondered whether it might be feasible and realistic to devise a two-tier system, a suggestion that had already been touched upon at the 67th meeting by the delegations of the Federal Republic of Germany and of Australia. Such a system would have a basic component in respect of both contributions and benefits, possibly geared to the lowest level of post adjustment, together with an optional component enabling staff members serving in, or proposing to retire to, a high-cost country to contribute at a higher rate and, in due course, to receive retirement benefits at a proportionately higher rate. He wished to stress the word "proportionately", because obviously nothing could be considered which was not actuarially sound.

30. On the subject of the investment of the Fund, his delegation welcomed the fact that further investments in developing countries had been possible and was particularly gratified that one Pacific developing country was mentioned in the annex to document A/C.5/34/30. There were a number of such countries in the Pacific region which met the important investment criteria of political and economic stability. Investments in sectors such as tourism or fishing might be feasible in those countries, provided that they measured up fully to the four essential criteria. The funds in question were not development funds as such, but were the property of the many contributors, entrusted to the Secretary-General to invest wisely on their behalf. While his delegation favoured the investment of pension funds in developing countries on a normal, commercial basis, it could not support the draft resolution contained in document A/C.5/34/L.28.

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31. Mr. WILLIAMS (Panama) said that, in referring to the draft resolution contained in document A/C.5/34/L.28, the representative of the United Kingdom had used language which was inappropriate in a forum such as the Fifth Committee. Since his delegation was one of the sponsors of the draft resolution, he wished to clarify its purpose and intent.

32. The investment of funds in development was nothing new. For example, thanks to investments by the United Kingdom in the development of Southern Rhodesia, that country had become an economic giant on the African continent. All the sponsors of the draft resolution wanted to do was to make a modest contribution to helping the other African nations achieve a similar level of development. It seemed that the staff of the United Nations had been brainwashed into believing that their money was going to be "thrown away" in the developing countries. That was totally incorrect. As the Under-Secretary-General for Administration, Finance and Management had explained at a previous meeting, investments in developing countries took the form either of high-yield debentures at fixed-interest rates, or of development bonds floated for specific development projects and fully guaranteed, so that they met the four basic criteria of safety, profitability, liquidity and convertibility. It could be ascertained from document A/C.5/34/30 that some 50 per cent of the Fund's assets were invested on the international stock market which, as everyone knew, was subject to all sorts of fluctuations and artifically-induced crises. The representative of Australia had talked about stupid acts, but he wondered whether it was so stupid to invest in bonds floated by the developing countries which yielded a return of 10 to 14 per cent. If the European banks bought such bonds, it was because they were attractive, and there was no reason why the United Nations should not do likewise. That would be more in the interest of the staff than investing in United States equities in conditions where the United States dollar could easily fall in value. If the members of the Organization of Petroleum-Exporting Countries should decide, for instance, to change from the dollar to another currency, then everyone would be begging for the implementation of the draft resolution contained in document A/C.5/34/L.28.

33. He pointed out that the resolution referred to "appropriate geographical distribution" not "equitable geographical distribution"; that concept had been introduced by some speakers to create confusion. Reference had been made to a breach of trust on the part of the Secretary-General. Such a statement was completely out of order, and he hoped that the representative of the United Kingdom would retract it publicly.

34. Mr. SADDLER (United States of America) said that the text of the draft resolution contained in document A/C.5/34/L.28 contained some new elements on the question of investment of the United Nations Joint Staff Pension Fund. The preambular paragraphs, at least in the English version, contained serious distortions of previous General Assembly resolutions. The first preambular paragraph misstated the contents of General Assembly resolutions 31/197 and 32/73, the third preambular paragraph, like the seventh, was misguided, distorted, biased and unacceptable, and in the view of his delegation the contents of the fourth and fifth preambular paragraphs could not be reiterated since they had not previously been adopted by the General Assembly. Operative paragraph 1 was a restatement of

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(Mr. Saddler, United States)

an unfortunate resolution adopted at the thirty-third session and, as such, was totally unnecessary. Moreover, perhaps for some devious reason, the word "Joint" had been omitted in the English text.

35. The real danger, however, lay in operative paragraph 2 where the Secretary-General was requested to ensure an equitable geographical distribution of Pension Fund investments in developing countries. If nothing else did, the adoption of that paragraph would certainly make the staff of the United Nations rise up in revolt.

36. There was a basic misconception underlining the resolutions on the investment of the Pension Fund, namely, that the Fund was a development bank established solely to benefit developing countries. Another assumption was that the resources were somehow derived from developing countries themselves; but those resources came from the salaries of the staff and from assessed contributions to the regular budget, the bulk of which was paid for by a few Member States. The resources existed for one reason only, namely to benefit the staff of the Organization when they retired. He hoped that some staff participants or the Staff Union would bring a legal action in a court of competent jurisdiction to prevent the Secretary-General, as the trustee for the Pension Fund, from adhering to unsound General Assembly resolutions covering the assets of the Fund.

37. All the work of ICSC, UNJSPB, the Advisory Committee and the Fifth Committee on the sensitive and important problem of pension benefits and pensionable remuneration would be wasted if, out of loyalty and solidarity, the draft resolution contained in document A/C.5/34/L.28 was to be adopted. The Fifth Committee had no business taking such a decision which was, in his judgement, unfortunate and unnecessary. He could not understand why the Pension Fund had been singled out for such treatment.

38. He wished to reiterate clearly, however, that the United States delegation was not opposed to the Pension Fund making investments in any country, so long as they were in conformity with the Regulations and were safe, profitable, liquid and convertible. Indeed, it had joined the consensus on a resolution dealing with investments in Africa and was appreciative that the Secretary-General, as shown in document A/C.5/34/30, had increased the Pension Fund's investments in developing countries. The draft resolution introduced a discriminatory concept of equitable geographical distribution of investments solely in developing countries. He wondered why the laments about discrimination expressed during discussion of the ICSC report were not being echoed in defence of the acquired rights of United Nations staff and the resources of their Pension Fund. Those resources were not United Nations assets, and the Fifth Committee should stop politicizing the Fund and ignoring the interests of the staff participants. It should stand up for decency, honour and integrity, and should courageously and soundly defeat the draft resolution to avoid further anxiety and anguish for participants in the Fund.

39. Mr. MORET (Cuba) announced that Cape Verde, the Libyan Arab Jamahiriya and Malawi had joined the list of sponsors of the draft resolution contained in document A/C.5/34/L.28. He said that, in view of the comments made by the representative of the United States, he wished to draw attention to the revisions he had read out at the previous meeting to the first preambular paragraph and to operative paragraphs 1 and 2. Those revisions would be reflected in document A/C.5/34/L.28/Rev.1.

40. Mr. KHAMIS (Algeria) said that his delegation very much regretted the atmosphere that had developed in the course of the discussion as a result of statements by delegations which believed that they had a monopoly of decency, honour, integrity and courage, and which were wrongly attempting to politicize the issue to the maximum. Everyone accepted the need to finance the development of the developing countries and recognized that the resources of the Pension Fund belonged to the staff. There was no question of anyone trying to appropriate them. His delegation was prepared to go before a court of law, if necessary, to reassure the staff in that regard. It was the view of the developing countries that the Fund was being managed in what he could only describe as a capitalist manner. Instead of helping to sustain a system which was in any case self-sufficient, they believed that the Fund could be used to benefit the developing countries and to meet their needs, while observing the four basic criteria. The Secretariat should therefore make further efforts to increase the investments of the Fund in developing countries. Some efforts, however modest, had already been made and had proved that increased investment in those countries in no way jeopardized the interests of the staff or of the Fund. In those circumstances, it was difficult to understand why certain Member States were opposing the draft resolution.

41. He regretted that in document A/C.5/34/30 the Secretary-General had not submitted figures on the rates of return on investments in transnational corporations so that they could be compared with the return on investments in developing countries. More than $900 million was still invested in transnational corporations and although development-related investments had risen to $206 million, they still represented only 29 per cent of the total portfolio and the percentage of development bonds was still only about 11 per cent. He was sure that the means could be found substantially to increase investments in developing countries and suggested that the Secretary-General should prepare a study on the subject, in co-operation with the Investments Committee, the World Bank, the International Monetary Fund and other international financial agencies, such as the regional development banks, together with experts of his choice. It appeared to his delegation that some $700 million could be made available for loans to developing countries on the same terms as those offered by the World Bank.

42. Mr. DEBATIN (Under-Secretary-General for Administration, Finance and Management) said that, in accordance with article 18 of the Regulations of the Fund, the Fund's assets were not part of the Organization's financial means and, as such, were not subject to decisions taken by the General Assembly. The Fund's sole purpose was to accumulate the means to pay pensioners the benefits to which they were entitled. Any departure from that principle would be to the detriment

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(Mr. Debatin)

of both the staff and the Organization. If the Fund received less than the highest possible rate of return on its investments, the shortfall as between its investment return and its obligations would increase its actuarial deficit, thereby adding to the risk that article 27 of the Regulations would have to be invoked.

43. The representative of the Soviet Union had referred to a loss of some $16 million incurred by the Fund in the realization of some of its assets, but it should be noted that $31 million in profit had also been made in connexion with that transaction, leaving a net gain of some $15 million. When assets were sold at a loss, it was to gain profits for the future. Any cash losses were more than compensated for by real, measurable gains for the Fund.

44. He wished to emphasize that the Organization in fact paid very low fees for its investment advisory services. The method used for calculating fees was designed to discourage advisers from engaging in additional activities simply in order to earn greater fees.

45. Turning to the points raised by the representative of Japan, he noted that there was no established definition of a transnational corporation. For practical purposes, the term could be taken to mean any company engaged in international business. But since most expanding companies sought markets abroad, and since companies trading internationally were engaged in a great many important fields, the Fund could not afford to divest itself of all its holdings in such companies. Any such step was likely to cause serious damage to the Fund and weaken its financial position, again increasing the danger that article 27 of the Regulations might have to be invoked. On those grounds, he urged that the draft resolution currently before the Committee should be carefully reconsidered.

46. It was the Fund's policy to intensify its investments in developing countries, and he failed to see how the Fund's recent achievements in that respect could be termed unsatisfactory. Certainly, the developing countries needed increased financial flows to sustain their development efforts, but they had to avoid becoming burdened with obligations to pay interest at high rates; the Fund, on the other hand, needed to maximize its investment return. Nevertheless, the Fund was increasingly investing in bond issues by development financing institutions, and thereby obtaining a good return on its investment while providing capital, under appropriate conditions, for the development needs of the developing countries. Although the African markets had not yet been in a position to float bond issues which met the criteria established by the General Assembly to govern the Fund's investments, he was convinced that that situation would shortly change, and he had already received assurances from various institutions in Africa to that effect. There was no need for any further study of the kind called for by the Algerian representative; the Fund was already pursuing the right course.

47. The Secretary-General would continue to make every effort to make investments in developing countries in conformity with the criteria laid down by the General Assembly for the management of the Fund; he would also seek to achieve a broad distribution to such funds in terms of both geographical location and currencies, in accordance with the best available financial advice.

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AGENDA ITEM 98: PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1980-1981 (continued) (A/34/6, A/34/7, A/34/38)

Administrative and financial implications of draft resolution II submitted by the Special Political Committee in document A/34/664 concerning agenda items 48 and 49 (A/34/7/Add.12; A/C.5/34/45)

48. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the report of the Advisory Committee (A/34/7/Add.12) pointed out that for the first time, to his knowledge, a ceiling had been set on the over-all costs of a conference to be held by the United Nations. The Advisory Committee had been informed that the two estimates referred to in paragraph 3 of its report did indeed indicate the maximum level of expenditure on the conference, no additional appropriations would be required.

49. Following an exchange of views with the representatives of the Secretary-General concerning the request for additional staff, the Advisory Committee had concluded that the 47 work-months to be provided by the Outer Space Affairs Division under the Secretary-General's estimates did not represent the maximum which the division could provide, and had therefore recommended the reductions indicated in paragraph 16 of its report. In view of the expertise available within the Secretariat, moreover, it recommended that the amount of $297,900 requested for consultant services should be reduced by $47,900, as explained in paragraph 17.

50. No appropriation had been requested to cover the conference servicing costs for the Conference; that expenditure would be considered in the context of the consolidated statements of conference servicing costs to be submitted at the thirty-fifth and thirty-sixth sessions of the General Assembly. Accordingly, the Advisory Committee recommended approval of the total appropriation detailed in paragraph 18 of its report.

51. Mr. LANDAU (Austria), supported by Mr. AYADHI (Tunisia), said that the reductions recommended by the Advisory Committee might upset the political compromises agreed on in the Committee on the Peaceful Uses of Outer Space, and might also affect important aspects of the work to be carried out in connexion with the Conference. He requested, therefore, that a representative of the Secretary-General conversant with outer space matters should inform the Committee whether the reductions recommended would vitally affect the arrangements for the Conference, before any decision on the matter was taken.

52. The CHAIRMAN suggested that consideration of the matter might be deferred until the following meeting.

53. It was so decided.

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54. Mr. BRUCE (Canada) requested that Committee members should be provided with a list of the draft resolutions having financial and administrative implications which the Committee would be called upon to consider by the end of the current session, in order that delegations might have some idea of the magnitude of the financial implications to be discussed.

55. The CHAIRMAN said that the bureau would arrange for the issue of such a list.

The meeting rose at 1 p.m.