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Chairman: Mr. Milton Fowler GREGG (Canada).

In the absence of the Chairman, Mr. Ahson (Pakistan), Vice-Chairman, took the Chair.

AGENDA ITEM 58

Budget estimates for the financial year 1964 (A/5440, A/5505, A/5507, A/5529, A/C.5/973, A/C.5/978, A/C.5/982, A/C.5/988, A/C.5/989, A/C.5/990, A/C.5/991, A/C.5/L.792) (continued)

General discussion (continued)

1. Mr. BANNIER (Netherlands) said that his delegation supported the budget estimates for 1964 (A/5505) with all the changes recommended by the Advisory Committee on Administrative and Budgetary Questions in its main report (A/5507). As the Secretary-General had not formally contested any of the reductions recommended, the Netherlands delegation assumed that he felt able to undertake all his tasks as Chief Administrative Officer of the Organization and discharge his responsibilities under the Charter of the United Nations within the total of the appropriations to be approved at first reading.

2. Whereas the 1963 budget had been based on a policy of controlled expansion, the 1964 budget reflected a policy of consolidation and containment. The importance of such labels should not, however, be exaggerated. Both policies were suitable at different times, but neither should develop into a rigid rule which would hold good for ever or even for a long period. In an active, dynamic organization such as the United Nations, serving all countries in many different fields, budget-making must be a flexible process. It should remain so, provided that, first, discipline and strict economy were observed in the preparation of the budget estimates; secondly, that stringent but judicious control was exercised by those who scrutinized and perhaps amended the estimates; and, thirdly, that those

who took decisions on the estimates did so with a full sense of their responsibility, with regard both to enabling the Organization to carry out its tasks and to the financial limitations of the budget. All delegations were agreed on those points, and there was a divergence of views only on the type of task which should be financed under the regular budget, the relative priorities to be accorded to different activities, and the evaluation of what the financial limitations actually were. Such differences of opinion were natural and the balance ultimately arrived at was valuable to the Organization.

3. Regarding priorities, he recalled that at its seventeenth session, the General Assembly had adopted resolution 1797 (XVII) on integrated programme and budget policy, requesting the Economic and Social Council to devise a framework within which the Council could indicate priorities to be accorded to United Nations programmes and projects in the economic, social and human rights fields and regularly to review the priorities in the light of recent and urgent needs and the resources likely to be available to meet them. The Council was to be commended for the restraint it had shown in its substantive decisions and for its resolution 990 (XXXVI) on the work programme in the economic, social and human rights fields, and particularly for operative paragraph 5 of that resolution, which requested the subsidiary bodies of the Council to formulate their programmes of work in terms of priority requirements within their respective sectors in a manner facilitating a uniform presentation to the Council, along functional lines, of an integrated programme of work and activities. If, as was expected, the response of the subsidiary bodies was in line with General Assembly resolution 1797 (XVII), and if the Council at its next session complied with the requests and suggestions voiced in the Fifth Committee and the Advisory Committee, it should be in a position to review its procedures for considering the financial implications of its actions. The Organization would then have moved nearer to an integrated programme and budget policy.

4. The Council had reacted in the right spirit to the Fifth Committee's suggestions, but further action must be taken. His delegation trusted that over the next few years, there would be further improvement in the mutual understanding and adaptation of policies between the budgetary organs of the United Nations, including the Advisory Committee, and the programme-building organs, particularly the Council and its subsidiary bodies.

First reading (A/C.5/L.792) (continued)

SECTION 3. SALARIES AND WAGES (A/5505, A/5507, A/5529, A/C.5/978)

SECTION 4. COMMON STAFF COSTS (A/5505, A/5507, A/5529, A/C.5/978)

5. Mr. BURLIN (Ukrainian Soviet Socialist Republic) said that as in previous years the estimate under

section 3 showed a considerable increase, which was due to the completely unjustified growth in the United Nations staff and inadequate administrative control over its use. Salaries and wages were the largest items in the budget, accounting for about 70 per cent of total expenditure, and should offer the greatest opportunity for economizing. Although in 1963, the Secretariat staff was nearly 30 per cent bigger than it had been in 1954, in the 1964 budget the estimates for salaries and wages and related items had been increased by more than \$1 million, of which about \$500,000 was intended for fifty-nine extra so-called temporary posts. That in fact meant an increase in the Organization's staff, to which his delegation could not agree. The fact that the Secretariat's workload was increasing was not a sufficient reason for an expansion of its staff; such an expansion, after all, would not be considered essential in the same circumstances at the national level. Various sections of the Secretariat, moreover, were curtailing their activities and it should be possible to spread the workload over the existing staff by careful planning.

6. Another way of reducing expenditure on the staff would be to pursue a persistent policy of decentralizing the Organization's economic and social activities. Of the total supplementary estimates requested by the Secretary-General every year, 60 per cent went to pay new staff in the Department of Economic and Social Affairs. Various matters were being transferred to the regional economic commissions, which left room for considerable reductions in the staff at Headquarters. In practice, however, the Headquarters staff continued to grow.

7. Other ways in which the cost of personnel could be reduced would be to simplify the structure of the Secretariat, eliminate sections which duplicated each other's work and organize the work of permanent staff members in a more rational manner. In recent years, moreover, it had become the practice to employ outside experts and consultants, who to an appreciable extent duplicated the work of the permanent staff. As a result large sums were often expended to no good purpose; cases were known where consultants with medium-level qualifications had been paid up to \$100 a day, not counting their travel and housing allowances, for as much as 270-280 days in a year. Such expense should surely be kept to a minimum by using permanent staff wherever possible. His delegation would like the Controller to furnish information on the number of outside experts employed, what countries they came from, what their qualifications were and what kind of work and how much work they did for the United Nations. The Secretariat might study the possible ways in which it could work in co-operation with Governments if it was essential to obtain the advice of experts and consultants.

8. For the foregoing reasons, his delegation would not be able to support the Advisory Committee's recommendation under section 3 (A/5507, para. 162).

9. Mr. ZELKO (Hungary) pointed out that the two sections under consideration comprised by far the biggest items in the United Nations budget. The total appropriation requested by the Secretary-General under section 3 was \$45,406,500, which had been scaled down to \$45,083,980 by the Advisory Committee. That was an increase of \$4,750,000 over the actual expenditure for 1962, and of \$1,154,000 over the estimated expenditure for 1963. The trend towards expansion was obvious. It could be maintained that in

some cases the increase was due to an increase in the workload of certain sections of the Secretariat; but it could not be considered wholly justifiable. Much of it could have been avoided by more careful planning and a better utilization of staff resources.

10. That view was borne out by the comments of the Advisory Committee in its report to the seventeenth session when it recommended that there should be no staff expansion—controlled or otherwise—unless it was clear that the capacity of the existing staff to absorb additional workloads had been exhausted (see A/5507, para. 76). In the debate in the Fifth Committee at that session, many delegations had expressed the view that the staff's absorptive capacity had not in fact been exhausted, with the result that the Administrative Management Service of the Office of the Controller had been asked to undertake a careful study of existing staff resources. Its report should provide the necessary information regarding the possibilities for staff re-deployment, but it had not yet appeared. The Hungarian delegation was disappointed at the Secretariat's reluctance to take steps in the direction of re-deployment. Of course, there had been no pressure on the Secretariat to achieve a more rational use of its staff resources, because the General Assembly, at its seventeenth session, had approved a very large increase in the number of established posts—so large indeed that many posts were now vacant.

11. The re-deployment of professional staff was not an easy matter, as specialists in one field could not always be used in another; there was in fact a conflict between the need for specialists and the inevitable changes in the Organization's activities. A strong case could accordingly be made for increasing the proportion of staff with fixed-term contracts.

12. One of the features of the 1964 estimates for section 3 was the introduction of a new category entitled "temporary posts". That category, as defined on page 18 of the budget estimates (A/5505) was a definite improvement over that of the provisional posts which had appeared in the 1961 and 1962 budgets, for under the new arrangement, the Secretariat did not have the means to create posts that would later become part of the establishment without the Committee's consent. However, that advantage was more apparent than real, for any post that became useless should always be deleted. Nevertheless, his delegation would like to see the principle applied. He felt that the new category of temporary posts was really only a pretext to increase the budget provision for temporary assistance and surreptitiously to create new established posts. As there was a relation between the number of general service staff and that of professional staff, it should be possible to meet temporary demands by the re-deployment of existing personnel. In his view, there were no grounds for increasing the appropriation for temporary assistance under chapter III of section 3 in the 1964 budget estimates.

13. The Hungarian delegation endorsed the hope expressed by the Advisory Committee in paragraph 130 of its main report that the Secretary-General would examine the possibility of including in future budget estimates full justification for the proposed upgrading of all posts to the level of P-5 and above during the budget year, and the recommendation formulated by the Advisory Committee in paragraph 146 of its report that the deduction for turn-over should be increased from 5 to 5.4 per cent.

14. Lastly, he pointed out that if the Committee refused to approve the estimate for the fifty-nine unnecessary temporary posts, amounting to nearly \$500,000 it could effect an additional saving of about \$100,000 under section 4, some chapters of which were closely related to those posts.

15. Mr. ZALAMEA (Colombia) said that, as his delegation had already stated at the seventeenth session (927th and 929th meetings) and in the general discussion at the present session (1020th meeting), the Committee should ponder very carefully any decision to reduce the estimates under section 3 which might adversely affect the efficiency or the morale of the Secretariat.

16. He asked whether the Secretariat could supply the answer to the three questions that he had asked at the 1020th meeting, namely, how many vacancies were attributable to the impossibility of finding properly qualified candidates; how many of the jobs in question were being done by other staff members on a part-time or temporary basis; and whether the vacancies could be broken down by activity and organization.

17. Mr. KIRKBRIDE (Secretariat) said that the position with regard to vacancies fluctuated weekly and even daily, but that the Advisory Committee was kept constantly informed. In the summer of 1963 there had been 172 vacancies in the professional category at all offices. By August, that number had dropped to 145 and, according to the most recent reports, it was now 99.

18. Replying to the representative of Colombia, he said that most of the vacancies were due to difficulty in finding properly qualified staff, particularly when the requirements of geographical distribution had to be borne in mind. Most of the vacancies were in the Department of Economic and Social Affairs, but there were many in the Language and Meetings Service, although geographical distribution did not apply there, as the staff was recruited by competitive examination. Recruitment difficulties there were due to increasing competition for language staff from other international organizations and to the high standards required by the United Nations.

19. In answer to the Colombian representative's second question, he said that sixty-eight permanent posts were now temporarily filled by short-term staff pending the recruitment of career staff. The work of the Organization could not well be carried on without the assistance of some such temporary staff. For instance, interpreters and translators had had to be recruited to ensure the servicing of the General Assembly. It was expected that before the end of the year the Office of Personnel would be able to fill sixty-five of the sixty-eight posts in question by recruitment of permanent personnel.

20. As to the third question, there were seventy-two vacancies in the Department of Economic and Social Affairs, thirty-eight of which were at Headquarters, six in the Economic Commission for Africa, nineteen in the Economic Commission for Asia and the Far East, and nine in the Economic Commission for Latin America.

21. As to the air conditioning of the basement, about which the Colombian representative had also inquired, the matter was being studied by a special engineering survey group as a result of the decision by the General

Assembly at the seventeenth session.^{1/} The Secretary-General would be reporting shortly to the Fifth Committee on the results of the survey.

22. Turning to the Ukrainian representative's question about consultants, he said that the use of consultants was strictly controlled; they were recruited only for special duties or projects, for which it would be uneconomical to recruit permanent staff. The Advisory Committee received annually a list of all consultants receiving fees in excess of \$500, giving their names, the projects or studies for which they had been recruited, and the fees that they were paid.

23. Regarding the new category of temporary posts, on which there had been several comments, he said that the introduction of that category had seemed a practical and sensible method of ensuring that certain functions which did not seem likely to be permanent would be carried out for as long as necessary. The information given on pages 31 and 32 of the budget estimates (A/5505) showed that requirements were uncertain. For instance, some of the temporary posts in the Controller's Office were required for functions in connexion with the change-over to the new electronic computing system. The staff requirements when the new system was installed could not be assessed until the preparatory work had been done.

24. Mr. ZALAMEA (Colombia) asked in how many cases the work which should be done by the incumbents of vacant posts was in fact being done by other staff members on a temporary basis.

25. Mr. KIRKBRIDE (Secretariat) said that it was impossible to give an exact figure but wherever the work which should be done by the absent officer was urgent or of special importance, it was done by another staff member as an addition to his normal functions or by a temporary staff member. The main consideration was not to delay work on essential projects or reports.

26. Mr. SOLTYSIAK (Poland) said that his delegation had long been concerned about the need to define the proper scope of the Organization's public information activities, a question raised by the Advisory Committee in paragraph 87 of its main report. The discontinuance of *Coup d'œil*, which his delegation welcomed, would doubtless release some funds which would enable the level of OPI expenditure to be reduced in 1964. However, despite the Secretariat's praiseworthy efforts to that end, OPI expenditure was still too high in relation to the rest of the budget. By its resolution 1405 (XIV) the General Assembly had set a ceiling of \$5 million on OPI activities; it should surely be possible to continue within those limits.

27. With reference to paragraphs 83 to 85 of the Advisory Committee's report, his delegation fully endorsed the Committee's proposal for a periodic review of the public information programme with a view to cutting costs and increasing efficiency, and shared the Committee's doubts concerning the justifiability of the two regional meetings of information centre directors planned for 1964 at Santiago and Geneva. Further economies could be secured by cutting down overseas visits by senior OPI officers, which were both embarrassing and costly to the centres concerned. It would be better to leave the directors of information centres greater latitude, within the limits of the budget. His delegation also endorsed the

^{1/} See Official Records of the General Assembly, Seventeenth Session, Annexes, agenda item 62, document A/5334.

Advisory Committee's view that OPI should take steps to avoid duplicating what was being done by national news organizations in the developed countries. The cheapest and most effective way of serving the less developed countries was to provide the appropriate facilities for their accredited correspondents at Headquarters. If OPI concentrated on what was nearest at hand, it would surely be possible to stay within the \$5 million ceiling to which he had already referred.

28. In conclusion, he recalled that a part of the United Nations Conference on the Application of Science and Technology for the Benefit of the Less Developed Areas (UNCSAT) was to have been transmitted via the "Telstar" satellite earlier in the year; he would like to know how much that operation had cost the United Nations.

29. Mr. KOLBASIN (Byelorussian Soviet Socialist Republic) also shared the Advisory Committee's doubts as expressed in paragraph 84 of its report. Indeed, some 80 per cent of the altogether excessive total of \$6 million appropriated for OPI activities in 1963 had been devoted to administrative costs; of the remainder, over \$1 million had been spent on the radio and visual services. Attempts were made to justify expenditure on such a scale by maintaining that the media concerned were particularly well suited to the needs of the developing countries. The facts were, however, that the bulk of that expenditure was devoted to English, French and Spanish programmes accessible, particularly in the case of television, to a mere nineteen or twenty Member States in Western Europe and the Americas. Furthermore, the programmes failed to meet the standard of objectivity appropriate to an international body, usually reflecting the views of the Western Powers. The same was unfortunately true of OPI publications; for instance, in April 1963 when the Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples had adopted a resolution concerning the territories under Portuguese administration, the United Nations Review had given a thoroughly distorted account of the discussions in that Committee, playing up the minority view and giving undue space to a letter from the Portuguese Government defending that country's position.

30. In general, there was much wasteful expenditure on unnecessary bodies, such as the Consultative Committee for Public Information; in its present financial state the Organization could not afford to use its limited resources in any but the most rational manner.

31. Mr. BAUTISTA (Philippines) said that the reclassification of posts raised serious problems, and the Advisory Committee's observations on that subject in paragraph 137 of its main report must not be passed over in silence. In the Philippines a clear distinction was recognized between the creation and reclassification of posts on the one hand, and recruitment on the other; the former was a legislative act, the latter a purely executive function usually exercised by the department concerned. Before creating or reclassifying a post, it was necessary to take into account the needs of the public service, the duties and responsibilities of the post, and the emoluments it carried with it; those were surely points which the Advisory Committee had had in mind when it expressed the hope, in paragraph 130 of its report, that the Secretary-General would examine the possibility of furnishing full justification for the proposed upgrading of

posts. He hoped the Controller might now be prepared to present the matter in greater detail.

32. Another factor which the Committee should consider before proceeding to a vote was the fate of staff members whose posts were reclassified, a point touched on by the Advisory Committee in paragraph 126 of its report. His delegation would welcome clarification.

33. Mr. KIRKBRIDE (Secretariat), recalling the Polish representative's remarks about the funds released as a result of the discontinuance of Coup d'œil, pointed out that the Advisory Committee had already taken that possibility into account and recommended an appropriate reduction in the OPI appropriation for 1964.

34. In reply to the Byelorussian representative, he said that the Secretariat would take note of his remarks. At the same time, he would remind the Committee that OPI expenditure on television and radio services was substantially offset by revenue from television services and film distribution, details of which were shown under income section 3—General income.

35. In reply to the Philippines representative, he drew attention to pages 21–22 of the 1964 budget estimates (A/5505) where the Secretary-General gave details of a number of special senior posts to be reclassified in 1964. The Secretary-General was also making provision for the up-grading of a number of less senior posts in order to provide opportunities for promotions; details were to be found in table 3–5 on page 37 of the estimates. With regard to the position of staff members occupying the proposed reclassified posts, he said that their possible promotion would be determined in 1964 when the normal process of annual staff review was undertaken by the Appointment and Promotion Board.

36. In reply to the Hungarian representative's question regarding the Secretariat survey of the Department of Economic and Social Affairs, he said that the first stage—the compilation of materials—was nearing completion; some material had already been submitted to the Advisory Committee, and the final report on that considerable undertaking was scheduled to go before that Committee at its 1964 summer session.

37. Mr. TURNER (Controller), replying to the Polish representative, said that the UNCSAT transmission had been cancelled at the last moment. The arrangements made, however, were on the basis that there would be no charge for the use of either the satellite or its ground stations in Europe and the United States.

ESTIMATES OF INCOME (A/5505, A/5507, A/5529,
A/C.5/978)

INCOME SECTION 1. STAFF ASSESSMENT INCOME

38. The CHAIRMAN suggested that since income section 1 was directly related to expenditure estimates sections 3—Salaries and wages, 4—Common staff costs, 20—Office of the High Commissioner for Refugees, and 21—International Court of Justice, consideration of it should be deferred until a decision had been taken on those sections.

It was so decided.

*INCOME SECTION 2. FUNDS PROVIDED FROM
EXTRA-BUDGETARY ACCOUNTS*

39. The CHAIRMAN pointed out that the Secretary-General, in the budget estimates for 1964, had submitted an initial estimate under income section 2 of \$1,580,800, with which the Advisory Committee concurred (A/5507, para. 346).

40. Mr. SOLTYSIAK (Poland) said that his statement referred to income sections 1, 2, 3, 4 and 6. At the thirteenth session (see 704th meeting, para. 31), the Secretariat had been requested to submit a detailed report on the direct and indirect taxes paid by the United Nations in all countries where it had offices. That request had been repeated at each subsequent session, but no report had yet been submitted. At the seventeenth session, the Secretariat having failed to respond to the request made in the Committee's report to the sixteenth session,^{2/} his delegation had insisted on an explanation. At the 982nd meeting of the Committee, on 19 December 1962, when it had almost completed its work, the Legal Counsel had replied that the Secretariat was not in a position to provide the necessary information, but that further contacts with the United States Mission might bring about the desired objective. The United States, however, was not the only country concerned, since the United Nations had information centres, resident representatives' offices, field service units and so on in many countries; only forty of those countries were parties to the Convention on Privileges and Immunities of the United Nations, although others had made administrative provision to exempt the United Nations from taxation. But it was quite improper and inconsistent with the Charter that the United Nations should pay any taxes at all. He must therefore repeat once more his request for information on the subject and would urge that the Secretariat be asked to provide it by 15 November 1963.

41. Mr. TURNER (Controller) said that the Secretariat's position with respect to the Polish delegate's request had been fully explained on successive occasions. The last such occasion was the Legal Counsel's statement during the seventeenth session at the 982nd meeting of the Committee the complete text of which had been circulated as document A/C.5/972.^{3/} It was difficult to understand what exactly was expected of the Secretariat. Except in a few very minor instances arising from a difference of opinion as to the meaning or scope of the Convention, he was not aware of any situation in which the United Nations was paying direct taxes in respect of goods or services procured for its official use. It was, of course, true that an element of indirect taxation, including excise duties which formed part of the price to be paid and which, in any event, were not specifically exempted under the Convention, would normally be expected to enter into the Organization's procurement expenditures. It was manifestly impossible, however, for the Secretariat to attempt to estimate from an analysis of the tens of thousands of purchase orders placed annually throughout the world, what such indirect or hidden taxation might amount to. The Secretariat was very willing,

however, to help where that was possible and he would be glad to discuss the matter privately with the Polish representative to see if there were any aspects on which further information could be provided. As far as developments with regard to the United States were concerned, he was not aware of any recent developments, but the Legal Counsel would be in a better position to report to the Committee on that matter.

42. Mr. LEONARD (Canada) said that his delegation wished to reserve its views on income section 2, chapter II—Voluntary Fund of the High Commissioner's Programme, until it had taken a position with respect to expenditure estimates, section 20—Office of the High Commissioner for Refugees.

43. The CHAIRMAN said that it would be in order for delegations to follow that procedure.

The estimate of \$1,580,800 recommended by the Advisory Committee under income section 2 (A/5507, para. 346) was unanimously approved on first reading.

INCOME SECTION 3. GENERAL INCOME

44. The CHAIRMAN pointed out that the Secretary-General had submitted an initial estimate under income section 3 for 1964 of \$1,253,600, while the Advisory Committee had recommended an addition of \$95,000 (A/5507, para. 352).

The estimate of \$1,348,600 recommended by the Advisory Committee under income section 3 (A/5507, para. 352) was unanimously approved on first reading.

*INCOME SECTION 4. SALE OF UNITED NATIONS
POSTAGE STAMPS (UNITED NATIONS POSTAL
ADMINISTRATION)*

45. The CHAIRMAN pointed out that the Secretary-General had submitted an initial estimate under income section 4 for 1964 of \$1,358,000, while the Advisory Committee had recommended an addition of \$42,000 (A/5507, para. 357).

46. Mr. QUIJANO (Argentina) said that his delegation wished to associate itself with the Advisory Committee's praise of the Postal Administration in paragraph 355 of its report. The fact that the Postal Administration had achieved a high level of sales while maintaining a more or less stable level of costs was a good indication of the fine work it was doing. The one new post for which provision was made in the estimates was fully justified.

The estimate of \$1,400,000 recommended by the Advisory Committee under income section 4 (A/5507, para. 357) was unanimously approved on first reading.

INCOME SECTION 5. SALE OF PUBLICATIONS

47. The CHAIRMAN pointed out that the Secretary-General had submitted an initial estimate under income section 5 for 1964 of \$528,800, while the Advisory Committee had recommended an addition of \$12,200 (A/5507, para. 365).

The estimate of \$541,000 recommended by the Advisory Committee under income section 5 (A/5507, para. 365) was unanimously approved on first reading.

^{2/} *Ibid.*, Sixteenth Session, Annexes, agenda item 54, document A/5075, para. 91.

^{3/} Mimeographed document.

*INCOME SECTION 6. SERVICES TO VISITORS AND
CATERING SERVICES*

48. The CHAIRMAN pointed out that the Secretary-General had submitted an initial estimate under income section 6 for 1964 of \$743,000, while the

Advisory Committee had recommended an addition of \$85,000 (A/5507, para. 383).

The estimate of \$828,000 recommended by the Advisory Committee under income section 6 (A/5507, para. 383) was unanimously approved on first reading.

The meeting rose at 12.40 p.m.