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Chairman: Mr. Vahap AŞIROĞLU (Turkey).

AGENDA ITEM 73

Supplementary estimates for the financial year 1966
(A/6436, A/6452, A/C.5/L.867)

1. The CHAIRMAN said that the effect of the supplementary estimates for the financial year 1966 submitted by the Secretary-General (A/6436) would be to reduce expenditure estimates to \$121,341,530—a decrease of \$225,890, and to increase estimates of income to \$20,405,200—a rise of \$614,500. The supplementary estimates covered additional expenditure of \$889,250 for which no appropriation had been made by the General Assembly at its twentieth session and which was met under the terms of Assembly resolution 2126 (XX). The Advisory Committee on Administrative and Budgetary Questions recommended in its report (A/6452, para. 24) that the appropriations for 1966 should be reduced by \$414,390 to \$121,153,030; that reduction included \$110,000 proposed by the Secretary-General as a further decrease after the submission of his report and discussed by the Advisory Committee in paragraph 22 of its report. The Secretariat had prepared a note (A/C.5/L.867) containing a draft resolution revised in the light of the Advisory Committee's recommendations.

2. Mr. NADIM (Iran) observed that it was almost inevitable that the General Assembly should each year have to vote on supplementary estimates, since it was impossible to forecast with mathematical accuracy the amount of income and expenditure for a given financial year. Nevertheless, since the submission of supplementary estimates could affect the control which the General Assembly should have over the United Nations budget, it was essential to strengthen precautions, to observe budgetary discipline and to reduce, as far as possible, the difference between the original budget and actual expenditure and income. That had always been the attitude of the Advisory Committee, which had often criticized requests for additional appropriations and said that commitments or expenditure in excess of appropriations should be envisaged only if it were impossible to foresee them when the appropriations were made and if they were of an extraordinary nature. That was also the attitude of the Ad Hoc Committee of

Experts to Examine the Finances of the United Nations and the Specialized Agencies, which said in its report (A/6343, paras. 39 and 41) that the budget estimates should be calculated in such a way as to ensure that appropriations were not exceeded and that the only increases allowed should be for minor contingent expenses.

3. The Iranian delegation was gratified to note that the appropriations had not been exceeded and that there would be a net surplus of \$225,890 at the end of the financial year 1966. Moreover, apart from the expenses of establishing the United Nations India-Pakistan Observation Mission, which were met in their entirety from the surplus for the financial year 1965, additional expenditure for the financial year 1966 was estimated at \$889,250, a figure which did not seem excessive considering that the expenses were essentially unforeseen and extraordinary.

4. As the Advisory Committee pointed out in its report (A/6452, paras. 7-9), the supplementary estimates gave rise to questions, including that of transfers within budget sections. The Iranian delegation believed, however, that the Secretary-General had followed earlier recommendations of the General Assembly and the Advisory Committee and would unconditionally support the draft resolution contained in the annex to the report of the Secretary-General (A/6436).

5. Mr. TURNER (Controller) said that the Trade and Development Board had decided at its fourth session to revise the programme of meetings of its subsidiary bodies and to postpone until early in 1967 the meetings of the Committee on Commodities, the Committee on Manufactures, the Committee on Invisibles and Financing related to Trade, the Committee on Shipping and the Permanent Group on Synthetics and Substitutes. As it had originally been expected that those bodies would meet during the last quarter of 1966, the necessary appropriations had been included in the 1966 budget. Because the decision had been made by the Trade and Development Board after the Secretary-General had issued his report on the supplementary estimates for the financial year 1966 (A/6436), it had not been possible to adjust the level of expenditure shown in that document. The Secretary-General had, however, informed the Advisory Committee that that decision would reduce by some \$110,000 the revised estimate of expenditure for 1966 under section 20 (United Nations Conference on Trade and Development) of the budget. The Advisory Committee had taken note of that and had reflected the reduction in its report.

6. That change in the conference programme might also have some impact on the level of appropriations

requested for 1967; the matter was still under examination and would be included in a further report which the Secretary-General would submit to the Assembly during the current session.

7. Mr. SERBANESCU (Romania) said that his delegation had little sympathy with supplementary estimates and regretted that it had no choice but to accept the practice. As the financial year 1966 was to end with a surplus, there would appear to be every reason for satisfaction; certain points, however, deserved the Committee's attention. It should be remembered, first of all, that there were no real savings, achieved by strict budgetary control, but only some temporary surpluses brought about by a combination of circumstances. In that connexion, it should be noted that Secretariat appropriations requested at the twentieth session for permanent staff had clearly been over-estimated in relation to actual needs and potential recruitment. As might have been expected, the number of vacancies increased. The Advisory Committee might also be criticized for having been less strict with regard to the reductions it proposed in the appropriations requested for 1966. The supplementary estimates for 1966 did not, however, cover only surpluses; they also included substantial expenditure in excess of appropriations.

8. Since the General Assembly had to examine the supplementary estimates when most of the additional expenditure had already been disbursed or committed, certain measures seemed to be essential. In particular, the supervision exercised by the Advisory Committee would have to be stricter. The circumstances in which transfers were made from one chapter to another within the same budget section and the limits to be fixed in that respect would also have to be analysed, and greater attention would have to be paid to activities costing more than had been estimated and not covered by the resolutions on unforeseen and extraordinary expenses.

9. The Romanian delegation could not agree to the expenses of the United Nations India-Pakistan Observation Mission being met from the regular budget of the Organization. The Mission was a peace-keeping operation and should therefore have been financed, in accordance with the provisions of the United Nations Charter, by virtue of a decision of the competent organs. The procedure proposed in paragraph 16.17 of the Secretary-General's report (A/6436) was incompatible with the provisions of the Charter and the Financial Regulations of the United Nations, as the Advisory Committee implicitly acknowledged in paragraph 21 of its report (A/6452). It might also be said that to include the costs of approximately \$600,000 arising in connexion with the Observation Mission's activities in the expenditure covered by General Assembly resolution 2126 (XX) on unforeseen and extraordinary expenses for the financial year 1966 was strange. The expenses of the Observation Mission were, in fact, expenses concerning a peace-keeping operation; they could accordingly not be charged to the regular budget and had no connexion with resolution 2126 (XX). The Romanian delegation could therefore not vote in favour of the draft resolution submitted.

10. Mr. KULEBIAKIN (Union of Soviet Socialist Republics) said that the reduction of expenditure appearing in the supplementary estimates for 1966 did not constitute a saving but was due to the fact that the initial budget was over-large. According to the Advisory Committee's report, only \$400,000 would be returned to Governments, and the sum might have been greater if there had been a stricter control of expenditure. Careful examination revealed that the economies under section 1 (Travel and other expenses of representatives and members of commissions, committees and other subsidiary bodies) and section 2 (Special meetings and conferences) were due to the fact that the Eighteen-Nation Committee on Disarmament had held fewer meetings than had been foreseen, and that the publication of the documentation for the International Symposium on Industrial Development had been postponed until 1967. As for sections 3 (Salaries and wages), 4 (Common staff costs) and 5 (Travel of staff), the proposed reduction of nearly \$900,000 was to be attributed to the fact that the initial appropriations were artificially inflated; the total economy effected only amounted to \$376,000. At the twentieth session of the General Assembly the Secretariat had asked for 655 supplementary posts, which had been approved. But it should be noted that at the beginning of 1966 the number of vacant posts was about 400 and it was only at the end of the month of August that the figure had fallen to 206. There would still be 150 posts vacant at the end of the year. Thus \$1.5 million had been allocated for unoccupied posts. On the other hand, it should be noted that the Secretariat personnel was too numerous and could be reduced without thereby affecting its efficiency. The large increases foreseen under sections 9 (Maintenance, operation and rental of premises) and 10 (General expenses) were due to the fact that a certain number of contracts were outside the Secretariat's control; hence the only course was to recommend that it exercise a stricter control of its expenditure. It would not have been necessary to ask for supplementary appropriations if the appropriations originally authorized had been better used. With regard to section 10, the Advisory Committee was quite right to be concerned about the amount of the additional sum requested, for it represented almost 9 per cent of the initial appropriation authorized by the General Assembly for that section for 1966.

11. Nor could the Soviet delegation ignore the appropriations requested, in contravention of the Charter, for unlawful activities such as the payment of instalments and interest charges on the United Nations bond issue and the financing of certain missions. In section 16 (Special missions), for instance there was an item for meeting the expenses of the United Nations India-Pakistan Observation Mission from credits currently available. It must be pointed out that the Mission had been established without the Security Council being given an opportunity to take a decision, and that appropriations for its expenses had never been approved. By asking that the cost of the Mission should be met from the regular budget, the Secretariat was going beyond the Security Council's resolution and even beyond the provisions of the Charter. The Security Council alone was competent

to take decisions concerning observation missions. The Soviet delegation was therefore obliged to vote against an appropriation for that Mission.

12. Budgets should be accorded the same respect as laws, and supplementary expenditure should not be undertaken unless savings had been made on the initial estimates. The statements by the Ad Hoc Committee of Experts in that respect should be heeded, and it was high time that the practice of submitting supplementary estimates, which only led to an inflation of expenditure, was abandoned. For extraordinary or unforeseen expenses, a reserve fund representing about 1 per cent of the total budget should be established, as indeed was the practice of many organizations.

13. The Soviet delegation supported the reductions proposed by the Advisory Committee, although it considered them insufficient, and asked for the draft resolution on the supplementary estimates for the financial year 1966 to be voted on section by section. For the reasons just stated and as a matter of principle it would vote against sections 3 (Salaries and wages), 12 (Special expenses), 13 (Economic development, social activities, and public administration), 14 (Human rights advisory services), 15 (Narcotic drugs control), 16 (Special missions) and 17 (United Nations Field Service), and would abstain from the vote on the supplementary estimates as a whole.

14. Mr. AGUERO (Chile) said that a careful reading of the documents before the Committee showed that in the end the decreases in expenditure were greater than the increases. The Chilean delegation therefore congratulated the Secretary-General and the Advisory Committee and would vote in favour of the draft resolution submitted.

15. Mr. TARDOS (Hungary) recalled that in the estimates for 1966 the Secretary-General had asked for an appropriation of \$6,525,100 for the Office of Public Information. But the budget estimates for 1967 mentioned an appropriation of \$6,816,300 for the financial year 1966 (see A/6305, annex II). He would like to know to what that increase was due and what was, in fact, the total appropriation for the Office of Public Information.

16. Mr. MEYER PICON (Mexico) said that his delegation was strongly in favour of the general principle of trying to effect the outmost economy without thereby sacrificing essential efficiency, which applied not only to the execution of the programmes approved but also to the administration of the finances allocated for them. It was a matter of satisfaction that the supplementary estimates for 1966 revealed a surplus of more than \$225,000 over the appropriations authorized. At the same time, the reductions in additional requirements recommended by the Advisory Committee were sound and reasonable and sufficiently moderate to avoid causing a reduction of normal United Nations activities. The Mexican delegation would vote in favour of the draft resolution submitted in document A/C.5/L.867, but would abstain on sections 12 and 16 for reasons of principle which he would explain when the vote was taken.

17. Mr. KHAN (Pakistan) congratulated the Secretary-General on his efficient management of United Nations

finances which had effected a remarkable saving for 1966. He also thanked the Advisory Committee and endorsed the views expressed in its report. In particular, he noted the Advisory Committee's intention of studying further within-section transfers of surpluses for budgetary decisions taken subsequent to the approval and appropriation of the expenditure budget by the General Assembly. That practice could conceivably give rise to concern, especially if it did not have the restraining influence of certain guiding principles that ought to be laid down. The Pakistan delegation was, none the less, fully aware of the difficulties facing the Secretary-General and knew that in certain circumstances he was called upon to spend without prior and specific appropriations of funds. It would be regrettable if urgent and desirable activities could not be undertaken for want of budget provisions. His delegation considered, therefore, that the Advisory Committee should not lose sight of the fact that the Secretary-General should have adequate authority, within specified limits, to ensure that the budgetary procedures of the United Nations did not hamper the execution of the tasks properly authorized by the Organization.

18. Section 16 of the supplementary estimates for 1966 was of particular interest to the Pakistan delegation, which shared the opinion expressed by the Secretary-General in paragraph 16.17 of his report.

19. Mr. ZIEHL (United States of America) expressed appreciation for the reports of the Secretary-General and of the Advisory Committee concerning the supplementary estimates for 1966. His delegation supported the various recommendations made by the Advisory Committee and would therefore vote in favour of the draft resolution reducing the appropriation for 1966 by \$414,390. It would also vote in favour of revising the estimates of income by an increase of \$614,500.

20. He wished to make two further comments. First, he supported the Secretary-General's proposal (A/6436, para. 16.17) to use a portion of the 1965 regular budget surplus to pay for the United Nations India-Pakistan Observation Mission. Second, his delegation had given particular attention to the Advisory Committee's comments in paragraphs 7 to 10 of its report (A/6452) which pointed out that in certain cases programme changes had resulted in within-section transfers for entirely unrelated objects of expenditure, sometimes involving large sums of money, and having no identity with the programmes for which the funds were appropriated by the General Assembly. That was a serious question and his delegation wondered whether such programme changes should not require the prior concurrence of the Advisory Committee, in the same way that unforeseen and extraordinary expenses did. He expressed appreciation of the fact that the Advisory Committee had called the Fifth Committee's attention to that state of affairs.

21. Mr. LYNCH (New Zealand), noting with satisfaction that the revised estimates for 1966 were significantly below the appropriations voted for that year, thought that if that state of affairs might be attributable in part to fortuitous circumstances, substantial credit must also go to the firm control

exercised over the budget by the Secretary-General. One point, however, was worthy of attention. The Advisory Committee had questioned, in its report, whether transfers within budget sections to finance programme changes decided upon by various organs subsequent to the approval of the expenditure budget by the General Assembly conformed to orderly budgetary procedures. The concern expressed by the Advisory Committee did not appear justified, for the evidence was that the decisions taken by the Secretary-General in that respect adhered to the principle of strict financial supervision. It was not incompatible with fiscal discipline to allow the Secretary-General an element of flexibility in his administration of the budget, provided he reported his decisions to the competent financial bodies. That view had in fact been explicitly endorsed by the Ad Hoc Committee of Experts. His delegation therefore considered that the Secretary-General's recommendations relating to the financing of the United Nations India-Pakistan Observation Mission were entirely sensible and proper.

22. In general he endorsed the comments made by the Advisory Committee in its report, but he would like more information on certain sections. A reduction of \$41,700 was proposed in section 3, for example, in respect of temporary assistance, and overtime and night differential. The total expenditure foreseen in those areas exceeded \$3 million, and the proposed cut might not pose any serious problem. On the other hand, his delegation would have liked more explicit information on the estimate considered excessive. It would also have welcomed an assurance that the permanent establishment could absorb the extra work-load without harmful consequence. Similarly, where sections 9 and 10 were concerned, there was perhaps need for some elaboration of the "essential restrictive measures" (A/6452, para. 17) that were to accomplish the \$14,800 reduction in the Secretary-General's supplementary estimate for the maintenance, operation and rental of premises; and his delegation also remained uncertain as to the basis for the proposed reduction of \$22,000 in the supplementary estimate for general expenses. However, it continued to have confidence in the competence of the Advisory Committee, and would vote for the draft resolution (see A/C.5/L.867).

23. Mr. KATAMBWE (Democratic Republic of the Congo) shared the view of representatives who believed that the present happy situation was in part due to chance and was therefore unstable. He nevertheless recognized that the Secretary-General's effort were praiseworthy and had resulted in better use of the funds appropriated. For that reason, his delegation would vote for the draft resolution submitted by the Secretary-General, so that he might be enabled to carry through the activities covered by the supplementary estimates for 1966.

24. Mr. SILVEIRA DA MOTA (Brazil) supported the general comments made by the Advisory Committee in its report. With respect to programme changes decided upon subsequent to the approval and appropriation of the expenditure budget by the General Assembly and resulting in within-section transfers for new objects of expenditure, his delegation felt

that they should be treated as commitments for unforeseen and extraordinary expenses requiring the prior concurrence of the Advisory Committee.

25. His delegation supported the reductions recommended by the Advisory Committee under sections 3, 9, 10, 16 and 20 of the supplementary estimates for 1966. However, concerning section 3, it wished to draw attention to a project undertaken during the current year by the Office of Conference Services for the disposal of documents which had accumulated in the corridors of the basement area. Forty staff members had had to work on week-ends for six months. He wondered whether, instead of undertaking such a sizable operation, it would not have been better to prevent the accumulation of documents in the first place.

26. Finally, he noted that the Advisory Committee offered no recommendation on the United Nations India-Pakistan Observation Mission, which seemed to mean that it did not object to the Secretary-General's charging the 1965 costs against the surplus available for that year. That was a departure from the principle set forth in regulation 4.3 of the United Nations Financial Regulations, which required that funds in surplus accounts be credited against the assessed contributions of Member States. In the circumstances, however, his delegation would not oppose that departure from the principle, while reaffirming its view that the costs of peace-keeping operations should be assessed according to other criteria than those applicable to contributions to the regular budget.

27. Mr. MERON (Israel) also stressed the importance of the question which the Advisory Committee had raised in paragraphs 7 to 10 of its report, where it questioned whether transfers within budget sections to finance decisions subsequent to the approval and appropriation of the expenditure budget by the General Assembly conformed to orderly budgetary procedures and were consistent with the intent of the General Assembly. It should be remembered that under regulation 4.5 of the Financial Regulations, no transfer between appropriation sections might be made without authorization by the General Assembly. In approving the different chapters of a section of the budget estimates, the General Assembly was appropriating funds for very specific purposes. The different chapters of the same section were sometimes not at all related, and might deal with different matters. He hoped that the Advisory Committee, which intended to study the matter further, would take due account of the comments of the Ad Hoc Committee of Experts in paragraphs 34 to 38 of its second report (A/6343).

28. Mr. DINGLI (Malta) said he had taken note of the reports of the Secretary-General and the Advisory Committee on the supplementary estimates for 1966, and in particular of the questions raised by the Advisory Committee concerning programme changes and within-section transfers. Such transfers were particularly regrettable when they were used to finance programmes entirely unrelated to those for which the funds had originally been appropriated, particularly where such programmes could be postponed. In his view, such a state of affairs was the result not only

of insufficient co-ordination and co-operation, but also of poor planning. He hoped that the Advisory Committee would not lose sight of the need for a system of forward planning in the activities of the United Nations and the specialized agencies, not only to rationalize the programmes but also to make possible better control over the direction and appropriation of funds.

29. The decrease in expenditure for the financial year 1966 was in some cases due to the fact that scheduled programmes or meetings had been postponed until the following year. Nevertheless, some economies had been effected, and the Secretary-General should intensify his efforts in that direction.

30. Mr. MTINGWA (United Republic of Tanzania) congratulated the Secretary-General on the decrease in expenditure noted in 1966. He also recognized that as its activities expanded, the problems facing the Organization became ever more complex and that the Secretary-General must therefore be allowed some latitude in budget administration.

31. Nevertheless, he felt that the increase of \$72,500 for the International Court of Justice was very high, having regard to the Court's activities. The Court had taken six years to declare that the complaints concerning South West Africa were unfounded. His delegation would therefore be unable to support the requested increase.

32. Lastly, he wondered why nationals of the territories under South African and Portuguese administration experienced such difficulty in taking advantage of the training programmes organized for them by the United Nations.

33. Mr. MAJOLI (Italy) endorsed the Advisory Committee's recommendations and noted with satisfaction the reduction in expenditure revealed by the supplementary estimates for 1966. He would accordingly vote for the draft resolution contained in document A/C.5/L.867.

34. Mr. ILIC (Yugoslavia) noted with satisfaction that the supplementary estimates for the financial year 1966 showed a reduction in expenditure, but deplored the procedure of submitting supplementary estimates, which the Fifth Committee had no choice but to endorse. That practice existed only because there was no satisfactory planning. A stricter budgetary discipline and control of expenses would certainly make it possible to avoid it.

35. With regard to changes in programmes and the transfers within budget sections which such changes might entail, the Yugoslav delegation shared the view of the Advisory Committee. It supported the reductions recommended by the Advisory Committee but could not approve of the expenditures, under sections 12 and 16, relating to the United Nations Memorial Cemetery in Korea and the United Nations Commission for the Unification and Rehabilitation of Korea. If a separate vote was taken, his delegation would vote against those two sections.

36. Mr. MAKSIMOV (Byelorussian Soviet Socialist Republic) stressed that the reduction in expenditure shown in the supplementary estimates for 1966 was not the result of a more economic or more rational

budgetary administration but was due to the fact that the budget estimates for 1966 adopted by the General Assembly at its twentieth session had been artificially inflated. For example, many new posts had been requested for Headquarters and for the regional offices. The Secretary-General himself recognized, in paragraph 3.1 of his report that some 150 posts would be unencumbered at the end of the financial year. It might well be asked whether the structure of the Secretariat had been planned with due care and thought.

37. Furthermore, the increases in expenditure under sections 9, 10 and 16 were unjustified. With regard to section 16, he pointed out that the Security Council was the only organ competent to take decisions relating to the military observers, and that the Secretariat had arrogated unto itself certain functions as regards the financing of special missions. Moreover, his delegation would vote against the provision of appropriations requested for activities which were illegal, in the servicing of United Nations loans, the Commission for the Unification and Rehabilitation of Korea and the United Nations Field Service.

38. He objected to the practice of supplementary estimates, which consisted in ratifying expenses after they had been incurred. It was a useless practice, and it could be avoided by establishing a small reserve fund at the time of the approval of the budget. Some specialized agencies were using that procedure and were completely satisfied with it.

39. He asked for some clarification concerning Part A, paragraph 2, of the draft resolution (see A/C.5/L.867). That paragraph authorized the Secretary-General to transfer credits from one section of the budget to another, with the prior concurrence of the Advisory Committee; however, regulation 4.5 of the Financial Regulations of the United Nations stated that no transfer of credits from one section to another could be made without the authorization of the General Assembly. That was a contradiction which he would like to have explained.

40. Mr. FAKIH (Kenya), after recalling that his delegation, during the consideration of the budget estimates for the financial year 1966, had expressed concern at the increase in the estimated expenditure over those of the preceding year, noted with satisfaction that the present financial year would end with a surplus. Besides being rather modest, however, that surplus was more apparent than real and was caused by the fact that expenditure had been overestimated and unduly high appropriations requested.

41. With regard to the transfers which the Advisory Committee mentioned in paragraphs 7, 8 and 9 of its report, his delegation considered that the commitment of funds which had necessitated such transfers did not come within the general transfer authority of the Secretary-General, but that they were a commitment for unforeseen and extraordinary expenses requiring the prior concurrence of the Advisory Committee. It noted with satisfaction that the Advisory Committee intended to devote further study to the matter.

42. The delegation of Kenya had some reservations with regard to the expenditure relating to the con-

sideration of the case of South West Africa by the International Court of Justice. If a separate vote was taken, it would vote against section 19.

43. Mr. S. K. SINGH (India), referring to paragraphs 7, 8 and 9 of the Advisory Committee's report, recalled that the problem did not concern the United Nations alone, but deserved the attention of all the bodies of the United Nations and the specialized agencies. Many delegations had mentioned the recommendations made by the *Ad Hoc* Committee of Experts in paragraphs 35 to 38 of its second report (A/6343); those recommendations seemed to indicate that it was not necessarily an evil to allow the Secretary-General some latitude in transferring appropriations. Of course, the budgets of international organizations, like national budgets, should be subject to strict control and he could only support the comments on that score made by the Advisory Committee in paragraph 8 of its report. However, in the particular case of a budget such as that of the United Nations, some flexibility must be allowed in the execution.

44. If the supplementary estimates were put to the vote section by section, his delegation would abstain on sections 12 and 16 for the reasons stated in the letter which the representative of India had sent to the Secretary-General on 5 October 1965^{1/} and for the reasons given, during the twentieth session, at the 1076th, 1113th and 1118th meetings of the Fifth Committee. With regard to section 16, it reserved its position on chapter III (United Nations Military Observer Group in India and Pakistan).

45. Mr. KOUYATE (Guinea) observed that the documents relating to the supplementary estimates were submitted to the Committee for consideration at a time when most of the expenditures had been incurred. However, his delegation would endorse the proposals contained in the estimates, with the exception of section 19 (International Court of Justice). It would vote against that section because of the increase in expenditure caused by the consideration of the case of South West Africa, and intended to comment on the matter at some length when the budget estimates for the financial year 1967 were considered.

46. Mr. TURNER (Controller), referring to the question put by the representative of Hungary, said that the supplementary expenditure relating to the office of Public Information would be more than offset by the increase in income and that the ceiling approved for the expenditure by that Service would not be exceeded in 1966. At the next meeting he would present all the additional information that the representative of Hungary might desire.

47. The discrepancy which the Byelorussian representative had noted between paragraph 2 of part A of the draft resolution (see A/C.5/L.867) and Regulation 4.5 of the Financial Regulations was more apparent than real. It was the usual practice to include in supplementary estimates a paragraph to the effect that the Secretary-General was authorized to transfer appropriations from one section of the

estimates to another, with the prior concurrence of the Advisory Committee. That delegation of powers to the Advisory Committee resulted from the fact that the General Assembly was not in session when the transfers were made. Moreover, those transfers represented only minor adjustments. During the past twenty years, the Assembly had of course been kept informed of that method of operation and it had always given its approval.

48. Replying to the questions raised by the New Zealand representative, he said that the Secretary-General did not intend to contest the amounts recommended by the Advisory Committee. Although absolutely exact forecasts could not, of course, be made in budgetary matters, it would probably be possible, by exercising great care, to effect additional economies to meet the proposed reductions.

49. The problem raised by the Advisory Committee in paragraphs 7 to 10 of its report was to a large extent due to decisions taken by two UNCTAD committees, the Committee on Invisibles and Financing related to Trade, which had prepared an expanded programme of work, and the Committee on Shipping, which had drawn up its first programme of work.

50. The Secretary-General, in consultation with the Secretary-General of UNCTAD, had concluded that he was entitled to make use of his general transfer authority to meet the additional requirements which arose out of those decisions, and which, incidentally, called for only minor adjustments. Unlike the Advisory Committee, he himself did not feel that the transfers in question had been used to meet expenses having no relation with the programmes for which the General Assembly had voted funds. Moreover, the Advisory Committee had been duly informed of the situation. The Secretary-General took the view that the transfer in that particular case had been justified and had not been inconsistent with any of the provisions of the Financial Regulations. He himself noted with satisfaction that the Advisory Committee was planning to study the question further and assured it that the Secretary-General and the relevant departments of the Secretariat would give it every assistance to carry out that study.

51. The *Ad Hoc* Committee had also considered the problem and had made recommendations which he hoped would be adopted. Moreover, the use which the Secretary-General had made of his general transfer authority in the case in question was in conformity with the recommendations of the *Ad Hoc* Committee. As the Indian representative had said, the Secretary-General should be left some discretion with respect to the transfer of funds.

52. Mr. BANNIER (Chairman of the Advisory Committee on Administrative and Budgetary Questions) explained, with reference to the matter dealt with by the Advisory Committee in paragraphs 7 to 10 of its report, that the question at issue was whether or not the general transfer authority vested in the Secretary-General was unlimited. The Advisory Committee did not, of course, deny that the Secretary-General should be given some discretion in the matter, but it doubted whether that discretion should go so far as to permit him to make transfers of large

^{1/} Document A/6045; also issued as S/6747 (see *Official Records of the Security Council, Twentieth Year, Supplement for October, November and December 1965*).

sums used to meet expenses having no relation to the purposes for which the General Assembly had voted funds. Could that transfer authority be exercised in the case of expenditures for increases in permanent staff or for holding new meetings, as was the case for the new working programmes of the UNCTAD Committee on Shipping and Committee on Invisibles and Financing related to Trade? In paragraph 2 of the document on the financial implications of decisions of the Trade and Development Board,^{2/} it was said that a significant part of those new programmes was of a continuing nature, and in paragraph 4 it was stated that it was the intention of the Secretary-General of the United Nations to ask the Advisory Committee for its concurrence to enter into commitments to meet expenses which were described in that same document as unforeseen and extraordinary. In the circumstances, the Advisory Committee had considered it its duty to draw the General Assembly's attention to the matter, which it thought was extremely important and which it expected to study further.

53. Mr. SOLTYSIAK (Poland) said that at a later stage of the Committee's work he would like to have some explanations about the share of the social

^{2/} Document TD/B/L.79.

security tax of the United States of America paid for by the United Nations. In particular, he would like to know whether that tax affected all members of the Secretariat and he would like to receive information concerning participation in the United Nations Joint Staff Pension Fund.

54. Mr. KHAN (Pakistan) said he had hoped that after the letters which the permanent representatives of Pakistan^{3/} and India^{4/} during the twentieth session of the General Assembly had addressed to the Secretary-General on the subject of India's refusal to share in the expenses of the United Nations Military Observer Group in India and Pakistan, the Indian delegation would not raise the question again. Since it had seen fit to refer to that problem in the Fifth Committee, there was a question of principle at stake concerning which it would perhaps be advisable to set forth his Government's views in detail so that the Committee could be informed of the real situation. His delegation therefore wished to reserve its right of reply.

The meeting rose at 1.20 p.m.

^{3/} Document A/6087; also issued as S/6858 (see Official Records of the Security Council, Twentieth Year, Supplement for October, November and December 1965).

^{4/} See foot-note 1.