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PERSONNEL QUESTIONS

Pensionable Remuneration of the Staff

Draft report of the Fifth Committee

Rapporteur: Mr. Raul QUIJANO (Argentina)

1. The Fifth Committee considered the question of the pensionable remuneration of the staff of the Secretariat at its 699th and 700th meetings. The Committee had before it the Annual Report of the Joint Staff Pension Board (A/3938) and reports by the Secretary-General (A/C.5/760) and by the Advisory Committee (A/4018). To the Secretary-General's report was attached (A/C.5/760/Add.1) a statement by the United Nations Headquarters Staff Association. The Chairman of the Joint Staff Pension Board assisted at the meetings.
2. During the discussion there was wide support for the proposal that the pensionable remuneration of the Professional category and higher salary levels be increased by 5 per cent at an early date, though several delegations associated themselves with the view that a more direct and effective solution would be achieved by an appropriate upward adjustment of the base salary rates.
3. It was also generally agreed that a comprehensive review should be undertaken as soon as feasible of the system of benefits, their present and future adequacy, and of the financial and technical bases of the Joint Staff Pension Fund. It was noted that such a review would provide an opportunity for assessing the cumulative effect of the various changes in detailed provisions which had been approved in recent years. The Fifth Committee, as well as the Pension Board and the Administrative Committee on Co-ordination (ACC), was interested in this review.

4. The Committee agreed with the Advisory Committee that the members of the Review Body should be appointed by the Secretary-General in consultation with the Pension Board and with the Administrative Committee on Co-ordination.
5. Several representatives noted the divergence of views among members of ACC as to whether pensions and life annuities paid by the Pension Fund should be temporarily supplemented, pending the outcome of the comprehensive review, by appropriations out of budgetary resources. While some representatives indicated their intention of voting for the Secretary-General's proposal that the amount of such supplement should be 10 per cent of the regular benefit, a number of representatives had difficulty in supporting this figure and joined with the Advisory Committee in wishing to limit these temporary payments to 5 per cent of the regular benefit.
6. In support of a figure of 5 per cent, representatives noted that it was difficult to consider the question of adequacy of pensions in the abstract, partly because the Pension Fund was based on contractual rights stemming from employment and could never be expected to substitute entirely for national social security schemes and private insurance. Many staff members might have pension rights under national pension schemes under which they had at one time been employed and the international organizations could not be expected to provide entirely for such a person's needs when his period of service with the international organization might have been comparatively brief.
7. There was felt to be merit in linking the amount of the supplement to pensions presently being paid to the amount of increase in the pensionable remuneration of staff now being proposed and this figure was 5 per cent. Some representatives believed that there was much to be said for granting increases which were designed to alleviate hardship on the basis of the individual merits of each case or group of cases rather than upon statutory grounds. Administrative and other difficulties, however, precluded the adoption of such an approach by the Pension Fund.
8. Consideration was given to whether the temporary supplement to pensions should be paid for out of budgetary resources or whether the Pension Board should be invited to approve payment of these costs out of the Fund's resources. Several representatives attached importance to the difficulties felt by the

executive heads of several of the member organizations with the proposal that the supplementary payments be paid out of budgetary resources rather than by the more normal method of funding within the Pension Fund.

9. Two amendments to the draft resolution proposed by the Secretary-General (A/C.5/760) were submitted. The first (A/C.5/L.547), submitted by the representative of France, read as follows:

"1. Replace operative paragraph 1 by the following:

'1. Decides that a comprehensive review of the system of benefits and their present and future adequacy, of the methods by which pensionable remuneration could be revised and of the financial and technical bases of the Joint Staff Pension Fund shall be undertaken in the light of the observations and suggestions made on this subject in the Fifth Committee;'

"2. In operative paragraph 5 replace the expression '10 per cent' by the expression '5 per cent'".

The representative of France explained that his first amendment was designed to define more clearly the scope of the comprehensive review, to include, in particular a study of the methods by which pensionable remuneration could be revised; this would facilitate consideration of the view of his delegation that an increase in base salary, by incorporating in it part of the post adjustment, was more logical and simple than the use of a notional basis salary for calculating pensionable remuneration. His second amendment would support the Advisory Committee view that the interim increase in existing pensions should be only 5 per cent, which would logically correspond to the 5 per cent increase in pensionable remuneration, would avoid prejudging the comprehensive review, and would involve little cost.

10. The second amendment (A/C.5/L.551), submitted by the representative of the United Kingdom of Great Britain and Northern Ireland, read as follows:

"1. In operative paragraph 2 insert the words 'the Joint Staff Pension Board and' before 'ACC'.

"2. In operative paragraph 2 delete the words 'having due regard ... or its Standing Committee'.

"3. In operative paragraph 5 delete the following 'Authorizes the Joint Staff Pension Board' and replace by 'Invites the Joint Staff Pension Board to consider and if necessary amend, the Regulations so as to permit the Board'.

/...

"4. Delete operative paragraph 6.

"5. In operative paragraph 7 delete the words 'and recommends ... to the total participants in the Fund'".

11. Discussion of the second amendment recalled that these payments could not be made from the Pension Fund without amendment to the Regulations of that Fund. These Regulations could be changed by the General Assembly only after recommendations had been received from the Pension Board. Since the Pension Board had not planned to meet during 1959, a special session would be required for the consideration of this subject and it was clear that in any event the Pension Regulations could not be amended before the fourteenth session of the General Assembly. Furthermore, the cost of convening a special session of the Board would be inordinately high when compared with the anticipated cost of the supplementary payments themselves. Accordingly, the representative of the United Kingdom proposed that paragraphs 3 and 4 of his amendment be deleted and replaced by a new amendment reading:

"3. Replace paragraph 6 by the following:

'6. Authorizes the Secretary-General to advance the necessary funds to the Joint Staff Pension Fund for supplementary payments made under paragraph 5 above, such advances to be repaid by the Joint Staff Pension Fund after the next meeting of the Joint Staff Pension Board'".

12. The question was raised as to whether this proposal, if adopted, would not prejudice the freedom of decision which the Pension Board would otherwise enjoy when it met to consider the matter. The representative of the United Kingdom recalled that the General Assembly held the final authority of decision, and to this extent the proposal, if adopted, would be a factor in the Board's considerations.

13. Since the terms of reference of the review body had been sufficiently described in other relevant texts, including the Resolution of the Pension Board (A/3938, resolution B) and the French amendment to paragraph 1 of the draft resolution, the representative of the United Kingdom amended paragraph 2 of his proposal so as to delete from paragraph 2 of the Secretary-General's draft resolution the words "and to fix their terms of reference ..." to the end of that paragraph.

14. The Chairman of the Pension Board stated that while he welcomed recognition by the Fifth Committee of the Pension Board's deep interest in the appointment of the review group, he could not associate himself with the proposal that the supplements to existing pensions be set at 5 per cent, rather than 10 per cent, of the regular benefit. This was so both because he necessarily was unable to modify the Pension Board's recommendation, and because on the merits of the case the figure of 10 per cent was a modest and prudent one; the rise in the cost of living which was general throughout the world had already reduced the value of many pensions far more than 10 per cent, and it should be remembered that the pensions had been set on salary scales that no longer reflected present relevant levels of remuneration.

15. The Chairman also noted that precedents existed for making payments associated with pensions and annuities out of resources other than those established by funding processes; for example, the retirement benefits paid to the judges of the International Court of Justice were not fully funded.

16. The representative of the Secretary-General stated that as far as the administrative services of the United Nations and the Secretariat of the Pension Fund were aware the large majority of present pensioners did not receive national civil service pensions nor were they eligible for national social security benefits. While there was considerable variation in the laws of national civil service systems, it was commonly true that a person who broke all ties with his national civil service employer lost at that time his entitlement to retirement benefits when he reached the United Nations retirement age. National social security systems commonly included qualifications based on residence or contributory service which normally barred international civil servants from enjoying their benefits. Staff members who enjoyed continued participation in national social security schemes, and therefore might be thought to derive double benefit from the United Nations Pension Fund were in fact excluded from retirement benefits in the United Nations scheme.

17. He believed that the question was one of humanity and urgency. According to the figures given in the Pension Board's Annual Report (A/3928, page 2), more than half of the present pensioners received annuities of less than \$600 per annum; the next largest group received less than \$1200 per annum; not more than two persons received benefits in excess of \$2400 per annum. The total estimated cost

of the Secretary-General's proposal in respect of pensioners for all participating organizations did not exceed \$45,000 for 1959 and \$54,000 for 1960. It was, of course, true that setting the rate of the supplement at 5 per cent would reduce these costs by one-half.

18. Voting first on the amendments proposed by France to the draft resolution submitted by the Secretary-General, the Committee approved amendment 1 by 47 votes to none, with 9 abstentions, and approved amendment 2 by 34 votes to 8, with 10 abstentions. On the amendments proposed by the United Kingdom, revised as noted above, the Committee

- (a) approved amendment 1 by 51 votes to none, with 6 abstentions;
- (b) approved amendment 2 by 48 votes to 1, with 8 abstentions;
- (c) approved the proposed amended text of operative paragraph 6 of the draft resolution by 42 votes to none, with 13 abstentions;
- (d) approved amendment 5 by 48 votes to none, with 9 abstentions.

The draft resolution, as amended, was approved by 54 votes to none, with 3 abstentions.

19. The Committee also agreed that the costs of the comprehensive review should be borne by the member organizations and shared among them on the basis of their respective number of active participants as of 30 September 1958.

20. The Fifth Committee accordingly recommends for adoption by the General Assembly the following draft resolution:

PENSIONABLE REMUNERATION OF THE STAFF

The General Assembly,

Having considered the annual report of the Joint Staff Pension Board and the report of the Secretary-General on the pensionable remuneration of the staff,

1. Decides that a comprehensive review of the system of benefits and their present and future adequacy, of the methods by which pensionable remuneration could be revised and of the financial and technical bases of the Joint Staff Pension Fund shall be undertaken in the light of the observations and suggestions made on this subject in the Fifth Committee;

2. Requests the Secretary-General in consultation with the Joint Staff Pension Board and ACC to appoint such experts as may be required to accomplish this comprehensive review;

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3. Requests the Secretary-General in conjunction with the executive heads of the other member organizations and in co-operation with the Joint Staff Pension Board to submit proposals for action by the General Assembly at its fifteenth session in 1960;

4. Decides that, for the purposes of contributions to and benefits payable from the Joint Staff Pension Fund, the pensionable remuneration of the Professional category and higher salary levels be increased, with effect from 1 January 1959, by 5 per cent of the pensionable remuneration otherwise in force at that time;

5. Authorizes the Joint Staff Pension Board to supplement, with effect from 1 January 1959 and pending the outcome of the comprehensive review requested above, the pensions and life annuities paid under articles IV, V, VII and X.1 (d) of the Pension Fund Regulations; the amount of such supplement shall be 5 per cent of the regular benefit;

6. Authorizes the Secretary-General to advance the necessary funds to the Joint Staff Pension Fund for supplementary payments made under paragraph 5 above, such advances to be repaid by the Joint Staff Pension Fund after the next meeting of the Joint Staff Pension Board;

7. Invites the attention of the member organizations participating in the Joint Staff Pension Fund to the decisions set out above.
