

In accordance with a desire expressed by the Finance Committee at the previous year's Conference, much fuller background material was available than in previous years. The original estimate as prepared by the Director-General had been reduced by the Governing Body by \$480,540, which indicated that there had been a careful examination and considerable pruning in arriving at the final estimate of \$5,185,539 provided for in the Budget placed before the Committee. This figure represented an increase of 11.46 per cent. on the expenditure authorized for the previous year.

The accounts for the year 1947 disclosed a surplus of \$662,545, which, under the Financial Regulations, had to be taken into account in determining the contributions by member States for the year 1949. This, coupled with the increase in membership of the Organization and the fact that some States have agreed to accept responsibility for a greater number of units of contribution than formerly, will result in New Zealand's contribution to the increased expenditure for 1949 being less than would otherwise have been required. Although New Zealand's contribution is still based on 8 units, the increased expenditure will, notwithstanding the considerations mentioned above, result in an increased contribution of \$43,084 for 1949, as compared with \$40,127 for 1948.

A summary of the Budget expenditure for 1949 is set out in Appendix No. 2.

During the debate on the Budget the Director-General, in stressing that the substantial increase in expenditure was due largely to the very considerable increase in prices, pointed out that whilst in 1938 salaries represented 67 per cent. of the Budget, in 1949 estimated salaries represented only 43 per cent. of the expenditure. Whilst it was agreed on all sides that it was necessary to provide the I.L.O. with the financial resources necessary to carry out its work, the need for exercising the utmost economy consistent with the efficient carrying-out of the Organization's activities was stressed. The view was taken that the time could not be far distant when attacks would be made on the Budgets of international agencies, and that the I.L.O. should be in a position to stand up to any critical examination of its Budget. It was urged that, having regard to the exigencies of the world economic situation, the period ahead should be devoted to consolidation rather than to expansion.

Further discussion took place on the desirability of building up the Working Capital Fund in accordance with the resolution adopted by the Conference last year. It was noted with great satisfaction that the United States of America had undertaken to place \$312,917 to its credit in the Fund and that New Zealand had undertaken to increase its existing credit by \$3,200, thus bringing the total amount of the Working Capital Fund up to \$1,208,687.

The Finance Committee had before it an amendment proposed by the Australian delegate to delete from the Budget the proposed allocation of \$175,000 to the Reserve Fund and the proposed repayment to the Fund of \$98,321 withdrawn in 1947. After considerable discussion the amendment was withdrawn, on the understanding that the purposes served by the Working Capital Fund and the Reserve Fund would be re-examined by the Governing Body before the next session of the Conference.

After a lengthy discussion the Committee agreed that it would be desirable for the Governing Body to arrange, before the next session of the Conference, for a full review of the system of allocating the expenses of the I.L.O. among State members, and that in the light of such reviews the possibility of removing inequities should be examined.

Other questions considered by the Finance Committee were amendments to the Staff Pensions Regulations, contribution to and matters relating to the administration of the Staff Pensions Fund, and the appointment of a Judge and Deputy Judge of the Administrative Tribunal.

Arrears of contributions due by Hungary, Liberia, and Bulgaria were also considered, and recommendations made to the Conference as to measures which should be taken in order to settle the arrears.