



Australian Association of Former International Civil Servants (AAFICS)

VOL XXII, No. 1

NEWSLETTER

JUNE 2011

AAFICS represents retired officials from the United Nations and its agencies and funds. Former staffs of other international organizations are also welcome to become members. We offer links to other UN retirees through occasional social events, as well as contacts for information and advice about retirement in Australia. We are affiliated to FAFICS in Geneva, the Federation of all such associations as ours and an essential source of advice on pension related issues and on after-service health insurance schemes.

This newsletter has been printed and posted with funds from the AAFICS membership.

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Dear AAFICS Members,

The year started with a series of natural disasters, affecting areas where there are AAFICS members. In this Newsletter, Valerie Hayes in Queensland tell us what it feels like to be on the receiving end of assistance, after making a career of providing help to others. Valerie, our best wishes to you and other members in Queensland and our hope that things are getting back to an acceptable normality.

A better deal

Many of you in the past two or three years have switched your United Nations pension payments from the US dollar to what is known as the “two-track” system – payments calculated in Australian dollars, based on the rate of exchange at the time you retired.

Given that the Australian dollar continues to be so strong, more of you will be thinking about switching to the Australian dollar track. It is a decision that has to be pondered as you are not allowed to change your mind again and switch back to the US dollar. Before you make this decision, you are entitled to ask the UN Pension Fund to send you a calculation of what you would be paid in Australian dollars and the floor and ceiling fluctuation range that might occur in future. This will allow you to compare the calculation with your US dollar monthly benefit and make an informed decision.

More than a few AAFICS members have encountered delays in the process of switching over – a minimum of three months is normal, but we do have a recent case of 18 months delay! So, if you are not getting responses from the UN Pension Fund, **do not hesitate** to get in touch with your AAFICS State Coordinator or AAFICS president, who are more than happy to intervene on your behalf with the UN Pension Fund. Our e-mails are listed on the back page of this newsletter.

If you are good at using your computer and the internet, you can register with the Pension Fund Website and receive a PIN (Personal Identification Number) – which will come by mail, for security’s sake.

You can then make your own two-track calculation, and you can also see other useful things, such as whether your annual Certificate of Entitlement has been received. You can also check what amount you will be paid in the forthcoming three month period by checking your Quarterly Payment Notification and whether there will be a cost-of-living adjustment. For those of us on the local track, there was a nice retroactive Cost-of-living increase in our May payments.

Use it or lose it

Since retirement, many of us have a daily routine that includes doing the crossword puzzle and sudoku in our local newspapers, or

Representing Retirees of the United Nations in Australia

using a memory exercise website, believing that these very entertaining games will keep us mentally sharp.

The recent Health and Retirement Study by Harvard's Centre for Population and Development Studies, says "If you do crossword puzzles, you get better at crossword puzzles; if you do Sudoku, you get better at Sudoku – but you don't get better at cognitive behavior in life". These wretched studies that abolish your illusions!

It does seem that the longer people in a country keep working, the better they do on memory tests when they are in their early 60's. The study doesn't go into what aspects of work might help people retain their memories – perhaps it is not just the mental work that helps stay alert but the social and personal contacts, the stimulation of cooperating with others, the deadlines and being punctual. It seems not yet clear what really helps –in the meantime, crossword puzzles will have to do.

In this issue of AAFICS Newsletter we asked some of our members to write about what they are doing since retirement. We are sure you will find their contributions very enjoyable – and mentally stimulating !

Once more with feeling....

At the end of this newsletter we have printed the text of the letter AAFICS has sent to Mr Rudd and Mr Shorten, about the levels of taxation imposed on United Nations retirees in Australia. Mike Patto, Bruce Hyland and other State Coordinators worked on the text to make it readable and to the point. Although we have sent similar letters in the past, this time we have pointed out how many important countries do give tax concessions to UN retirees, and why it would be useful to Australia to do so. Copies of the letter are being sent to the independents and to MPs of all parties who might help us. **You are all warmly invited to take this letter to your Federal MP and ask for their support.**

Geneva in July

In July Mary will attend the Board of the United Nations Pension Fund, as one of the six representatives of the retirees worldwide. It will be lovely to be in Geneva in the warm

weather. The discussions this time are mainly about the Board's budget for the next two years, but Mary will also try to bring up issues such as the delays in responding to our requests, and how small pensions could be improved. Her "mission report" will be published in the next newsletter. In the meantime, please keep in touch through the e-mails, and telephones, with:

Christine (SA), Lorraine and Margaret (ACT), Monina(WA), Mike S. (QLD, Mike P. (VIC), Stephen, Tom and Mary (NSW).



Life in the fast lane, or should that be in the flood plain?

- Valerie HAY, Queensland

My life with WHO took me around the world. During my 32 years in various administrative roles I had faced military coups, civil unrest, earthquakes, volcanic eruptions, floods, cyclones, typhoons, and plenty of other natural and not-so-natural phenomena. In 2011, for the first time, I was on the receiving end, and instead of organizing the assistance for others, I became a recipient.

I had longed for a peaceful riverside apartment and my dream came true when I retired to Brisbane and bought a unit off the plan in January 2008. I took up residence on 15 March 2010 and revelled in the riverside wildlife, facing the mangroves and the golf links of Indooroopilly Golf Club – a green and beautiful space never to be built out, I had been promised.

But the floods that hit Queensland this year

made headlines around the world. On 9 January the river began to swell and we were promised it would get worse. I viewed the rising water levels from the 5th floor in what I thought was a safe haven. By 10 January, there was a new variety of life on the river, as pontoons broke loose and power boats came drifting sideways down the Brisbane River.

As the first unmanned 40-foot boat drifted sideways past our building, I called the river police and they sent a patrol boat to take control, but as the day wore on this new breed of traffic multiplied and dozens of floating pontoons, boats, and various items of outdoor equipment, tables, decks and debris filled the river. The river continued to rise another 2 metres, and by 9 p.m. it had burst its banks and entered the grounds of our residential complex. A former WHO colleague phoned to encourage me to evacuate and move inland to stay with her. I resisted, believing that I could see it out, feeling quite safe on the fifth floor.

By 10 p.m. the central alarm system was advising all residents to move their vehicles to higher ground, and the basements were flooding as storm water entered the building and poured into the underground basements.

By that time, I decided to take the offer made by my friend and took a couple of pairs of trousers and T-shirts and drove to the suburbs for the night, mostly to pacify her as I believed that it was only a precautionary measure and I would be able to return the following day or soon thereafter.

It was not to be. The water rose, the basements flooded, the electrics failed, the lifts no longer operated. The "Firies" came and declared the building uninhabitable. The wailing sirens and recorded calls of "Emergency: Evacuate, Evacuate" could be heard from a kilometre away.

Unknown individuals came and assisted me to carry bags and personal effects in the dark, down the six flights of stairs, where emergency lighting only lasted 4 hours on the first evening. One person brought emergency flares, someone gave me a head torch, and a friend brought his ute to load the stuff up. My former colleague provided a spare room, wine to aid the recovery, and good company.

Eventually the building was sealed off and it was to take the best part of 3 months to

restore electricity, and have lifts operating. As I write, it is still not a habitable building. The local community has been fantastic. Although I could not return to my building, I assisted neighbours to lay sandbags at a local motel, and mop out the flood waters that seeped up through their drains and through nooks and crannies. Various enterprises sent volunteers from door to door offering sandwiches, cold beer, or set up sausage sizzles in the streets.

We found out later that it was not possible to insure the building against flood damage, and the cost of essential and initial repairs has been estimated at \$3 million. As the Body Corporate had only been established for one year, we had less than a million dollars in the sinking fund, and half of the units in the block where I live are still unsold. The owners have agreed to pay a special levy to get the building back in habitable condition. We are all hoping that that day will come very soon.

It has been so heart-warming to see how the locals turned out to help folk that they have never met. A great opportunity to meet new friends, and a timely reminder to check that we are properly insured!



A full-time occupation

- Bruce Hyland, NSW

Before you retired, you used to put in a full work-week at the office or in the field, and, if you travelled as part of your UN job, you were away from home for even longer than a

normal employee. Consequently, your problem was always to find enough time at home to do what was essential outside your job responsibilities. Now that you're retired, how do you fill in those hours where you've nothing to do but just hang around the house and get in everybody's way. As one UN spouse put it, "I married for better or worse but not for lunch".

Obviously, you can take up woodworking as a hobby, although the dire results of most amateur carpentry serve as a warning to all but the most intrepid. Alternatively, you can further your studies, perhaps adding another language to your vocabulary (Chinese, perhaps?). However, the drawback to these ventures is that they won't come near to filling in all the time you have to spare. Accordingly, I'd like to suggest a much more time-consuming exercise that will neatly take up all your available hours – namely, composing Letters To The Editor (hereafter referred to as LTTEs).

On superficial consideration, you might not think this a very onerous exercise. After all, it's just a matter of opening up your e-mail account, knocking out a couple of paragraphs on some topic that strikes your fancy and sending them winging on their way through cyberspace to the newspaper of your choice. However, this perception is highly misleading.

First up, you have to *read the paper*. Almost all LTTEs are generated by an item in the paper itself, so you have to go through the paper to pick up a suitable subject for an LTTE. Given how badly written most newspapers are, this isn't always a pleasant experience, but you've worked for the UN, so you are accustomed to turgid phrasing, ambiguous meanings, half-truths disguised as facts and conclusions that are only tenuously related to the supporting material: in this respect, you start with a natural advantage over most newspaper readers whose eyes tend to glaze over by the third paragraph of any news story. Because, when I say "read the paper", I do not mean skim the first couple of paragraphs under some headline that has caught your attention: I mean read the whole

rag from beginning to end and try to control your nausea reaction to the paltriness of 90 percent of the stuff that finds its way into print.

The reason for this thoroughness is that the most popular kind of LTTE is one correcting an error in one of the newspaper's stories. I don't mean challenging an important point (newspapers generally don't care for this kind of bolshiness) but drawing attention to some trivial or peripheral matter that has slipped past the editor and will be good for a smile in the next issue. So, the thoroughness is all: there is nothing to compare to the self-disgust that arises on reading a letter from somebody else, pointing out an error that you could have pounced on if you had been more meticulous in your study of the previous day's issue.

You might argue that even this level of effort does not amount to a full-time occupation but you have overlooked one of the salient facts related to LTTEs. The competition for space on the Letters page is ferocious, so, to have any prospect of success, you must spread your net as widely as possible (to mix metaphors in the grand newspaper tradition). In other words, *reading one newspaper is not enough*: you must slog through a variety of news-sheets (using the term loosely), searching out the prospective insert on which you can base a submission. Only a minuscule proportion of LTTEs is actually published, so be prepared for frustration and heartache in your quest (another aspect of life for which ex-UN employees will be well prepared.).

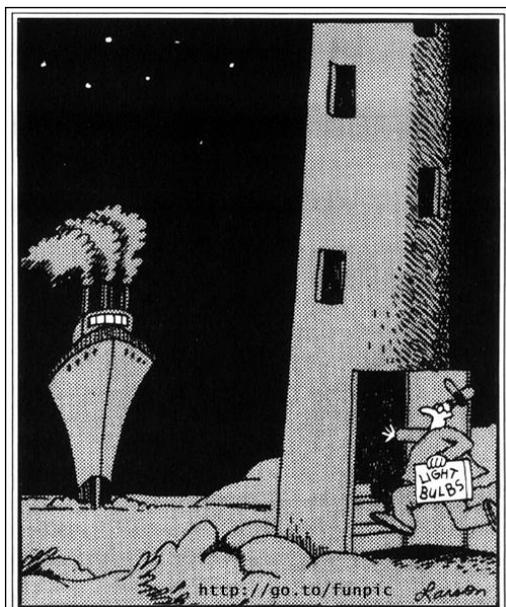
If there is a local paper in your area, this is often a good opening for experimentation. Local papers don't draw large quantities of LTTEs, and many submissions are illiterate or from obvious nutters, so something reasonably well written and preferably couched in a slightly humorous style has a good chance of acceptance, provided you don't mind some ham-fisted editor cutting your prose down to half its original length and inserting a few gratuitous grammatical errors on his own account. I believe that simple dignity calls for eschewing the local church magazine, but what about your old-school

newsletter: you can't be too proud about these things.

And now for one of the most important principles to be observed in LTTEs – NEVER WRITE ON ANY SUBJECT ON WHICH YOU HAVE SPECIAL KNOWLEDGE OR EXPERIENCE. Newspapers are not interested in first-hand information, so avoid like the plague any reference to the UN, aid programmes, developing-country conditions or technical matters on which you might have acted as a field expert. Such LTTEs are *never* published, no matter how erudite the subject, how pithy the subject matter and how graceful the language. You will be chagrined to observe that the space that your LTTE might have occupied has been given instead to somebody debating whether the earth is round or an oblate spheroid.

Some writers try to sneak LTTEs into far-flung publications, on the theory that an exotic address will attract an editor's attention*. Now that e-mail is the recognized form for LTTEs, this is much easier than it was in the past when such missives had to be sent by airmail, but it is considered *infra dig* in certain purist circles. Every correspondent has to examine his own conscience in this regard.. Remember that, if all else fails, there is always the AAFICS Newsletter.

*Honesty requires that the author admit to LTTEs published in New York, London, Paris, Toronto



Back to the books

- Kelvin Widdows

After 23 years of service with the ILO in Geneva and UNJSPF in New York, I took early retirement and returned to Sydney in 2004. After a dispiriting and frustrating period of job searching, for either full- or part-time work in Federal or State administration, I was lucky enough to be able to fall back on academic colleagues, friends from my early days at Sydney University Law School, to help me find a part-time casual teaching job in law. The area in which I found myself teaching was Property Law which necessitated an investment of quite some months in regaining a familiarity with the material and capturing the confidence to face classes of 40 or so students using the case-book method of law teaching, discussion rather than lecturing. The first 3 or so years were difficult but after that the job became less taxing, but even then I was more terrified of the students than they of me. The most interesting part of the teaching was taking a small class of graduates from other disciplines on elements of Property Law. These students were from mixed backgrounds and ages, sacrificing their free time in order to learn something about the law, either because of personal interest or as an aid to their professional life. Their enthusiasm and interest in both the law and the interests and social values behind legal principles was a welcome relief from teaching undergraduates all too often demonstrating little interest beyond passing an examination and seeking to move on to lucrative careers in the corporate world. And then there was the horror and shock of marking their exam papers.

After five years, I thought it was time to move on. Wishing to write but lacking the self-discipline to do it from scratch, I thought a PhD programme with its structured supervision might fit the bill. Again luck, in the guise of good old friends, kept reminding me of the huge gap in our knowledge of Sir John Latham (1877-1964), university lecturer in philosophy and law, barrister, King's Counsel and man about town in early twentieth century Melbourne (remember Melbourne was then the temporary capital of

the nation); committed Rationalist and atheist, member of the Empire Round Table, Naval spy during the First World War, diplomatist and member of the Australian delegation to the Peace Conference in Paris (with Prime Minister Hughes and Minister Joseph Cook), then in 1922 politician and federal member of Parliament for Melbourne's opulent Kooyong division, and later Attorney-General in the Bruce-Page government and then Minister for Industry and External Affairs as well. In 1929, following Bruce's defeat both in relation to his government and to his own seat, Latham became Leader of the Opposition and was poised to take government as the Scullin Labor ministry tottered in the face of internal scandals and splits and the full force of the depression and Langism. But, as in contemporary Australian politics, the ultimate obstacle to the top job was his replacement as leader of the conservative forces by powerful party interests (including Victorian politician RGMenzies), in favour of a refugee from Labor, the charismatic Joseph Lyons, who went on to win the 1931 election which even a 'drover's dog' could have done. Latham became Deputy Prime Minister, Attorney-General and Minister for External Affairs and Industry. However, his heart and health seem to have been affected by the leadership challenge and he retired from politics before the 1934 elections, returning to the lucrative Melbourne bar before being appointed Chief Justice of the High Court where he remained until 1952. As perhaps pologically arranged, Menzies replaced him in Kooyong and as Attorney-General. Latham's most famous, or notorious, judgments from the High Court were in the form of lonely dissents in the 1949 Bank Nationalisation case (in favour of measures of private bank nationalisation by the Chifley Government) and the 1951 Communist Party case (in favour of the Menzies Government's banning of the Communist Party and consequential measures).

My thesis is on a limited issue in relation to Latham's legal reasoning as Chief Justice. But in my research I have been struck by his fervent support of the League of Nations, having been in Paris at its birth, and the International Labour Office in Geneva. He

was in contact with Drummond of the League and Thomas and Butler at the ILO, and went to Geneva in 1926 as chief Australian delegate at the League Assembly, and again in 1934 for the League's Disarmament Conference. It was frequent references to Geneva and the League in Latham's private papers that led Frank Moorhouse to insert Latham as a character into his wonderful Geneva and League of Nations trilogy of novels, of which the first two volumes, *Grand Days* and *Dark Palace*, have been published and the third is eagerly awaited by fans and Genevaphiles. His times in Europe were clearly glittering, hobnobbing with heads of State and Government and attending dinners and luncheons at the usual swanky places. In London, where he spent much time before and after the Geneva missions, often attending Imperial Conferences, he was entertained and lauded by businessmen, the press, politicians and civil servants, and often received by King George V and the Duke and Duchess of York. In a rather modern moment, for 1926, the Australian delegation gave a grand dinner at the Metropole for all women delegates to the Assembly, hosted by Latham and Freda Bage, academic and Principal of The Women's College, University of Queensland.

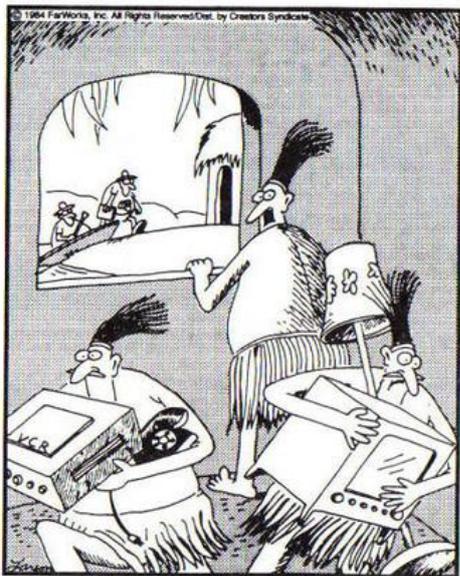
Latham had an abiding interest in Japan, reflecting both admiration and fear. As Minister for External Affairs he undertook in 1934 the first official mission by an Australian Minister to Singapore, the Malay States, the Philippines, the Netherlands Indies, Indo-China, Hong Kong, China and Japan. He told everyone on return that we should refer to these peoples as our neighbours to the Near North, rather than Far East. So great was his interest in Japan and in seeking to avoid military conflagration in the Pacific, that he had himself granted leave from the Court to be Australia's first Envoy to Tokyo, 1940-1941. All his warm contacts with Japanese officials and ministers would not of course prevent Japan's alliance with the Axis power; he returned to Australia ill in health and spirit.

Latham maintained a strong connection with the University of Melbourne as Vice-Chancellor and then Chancellor, and retired from the Court in 1952 after his Communist Party case dissent which had drawn a critical

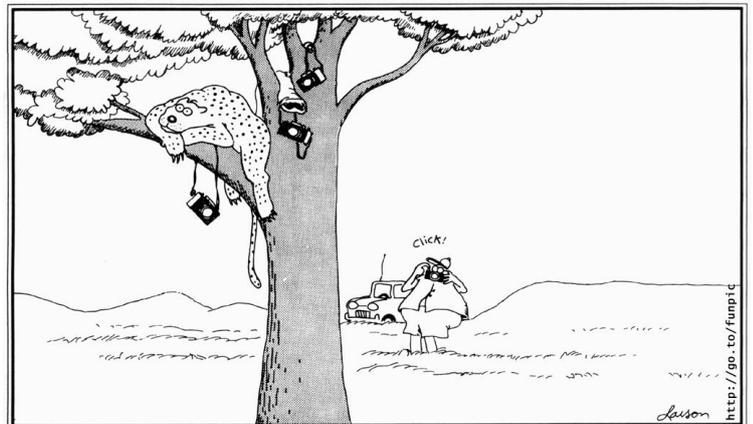
reception. Sir Zelman Cowen labelled it 'lone, vehement and incredulous'. Sir Zelman, who knew him well through Melbourne society, had in mind Sir John's lengthy discourses in conversation about anything and everything, but particularly himself, in dubbing him the Knight with a thousand I's.....There are over 120 boxes of his personal papers at the National Library. He seems to have thrown nothing away. Not even plumbing bills. There

is no biography of Sir John Latham. Perhaps after investing another two or so years on the thesis I could try and work on a general biography, but it would be easier in company.

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Distribution: To each AAFICS member. This newsletter is prepared by the AAFICS Committee of office bearers and is intended for AAFICS membership only.

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Life-long membership in AAFICS is \$120 payable to the Treasurer.



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The Hon. Kevin Rudd, MP, Minister for Foreign Affairs
Parliament House
Canberra ACT 2600

6 June 2011

Dear Minister,

We should like to bring to your attention discrimination in the taxation system adversely affecting former employees of the United Nations who have retired in Australia, namely the treatment of United Nations pensions as foreign-derived income rather than as contributory superannuation benefits. This results in former United Nations civil servants being taxed at rates far in excess of those incurred by other Australian retired public servants and in their being denied tax concessions that are available to other Australian citizens.

As former employees of the United Nations, we are not seeking any privileges in our tax status, although other countries do give special treatment to United Nations pensions. We ask only (i) that our United Nations pensions be taxed on the same basis as any Australian superannuation benefit and (ii) that the United Nations Health Insurance schemes be accepted as eligible schemes for exemption from payment of the Additional Medicare Levy.

We fully appreciate your intention that Australia adopt a policy of international involvement befitting the country's interests and, as part of that policy, we take it that you would want to encourage Australians to participate in the workings of the United Nations and its agencies. It is obvious, therefore, that equitable tax treatment of Australian citizens who choose to take up international civil service positions and who, after retirement, would like to return to Australia is fundamental to this goal. However, the present system poses a significant disincentive to Australian representation in the United Nations and its agencies.

Attached is a detailed brief in support of our request. We hope you will have time to study it and recognize the justice of our submission. We, of course, stand ready at any time to answer any questions related to this matter or to clarify any points that have not been adequately covered.

Accept, sir, the assurances of our highest consideration,

Mary Johnson
President,
Australian Association of Former International Civil Servants
(AAFICS)

Representing Retirees of the United Nations in Australia

UN & its Agencies -EPPO-FAO-IAEA-ICGEB-ICCROM-ICAO-ICC-IFAD-ILO-IMO-IOM-IPU-ISA-ITU-ITLOS-
UNDP-UNESCO-UNIDO-UNOPS-WFP-WHO-WIPO-WMO-WTO-WWF

TEXT OF AAFICS LETTER TO
THE MINISTER OF FOREIGN AFFAIRS AND THE ASSISTANT
TREASURER

6Representing Retirees of the United Nations in Australia

6 June 2011

To: The Honourable Kevin Rudd, MP, Minister for Foreign Affairs.
The Honourable Bill Shorten, MP, Minister for Financial Services
and Superannuation.

From: The Australian Association of Former International Civil Servants (AAFICS).

Subject: Treatment of United Nations Pensions Under the Australian Taxation System.

1. Purpose.

1.1. We are asking you to conduct a review of the application of Australian taxation procedures, as they affect United Nations pensions received by Australian citizens.

2. Background.

2.1. The Australian Association of Former International Civil Servants (AAFICS) represents Australians who have worked in the United Nations system and who have returned to live in Australia after completing their service. On reaching retirement age, these Australians receive a monthly benefit from the United Nations Joint Staff Pension Fund which is based in New York and which is a defined benefits scheme into which they paid mandatory contributions while in active service.

2.2. We are making this submission to both of you, because Treasury is responsible for superannuation and taxation, while the Department of Foreign Affairs is responsible for the conditions under which Australians are employed by the United Nations and its specialized agencies, through the application of the International Organisations (Privileges and Immunities) Act 1963. The Department of Foreign Affairs and Trade has frequently emphasized Australia's strong commitment to the United Nations, and Australia participates actively in the deliberations of the General Assembly and its committees, including the Administrative and Budgetary (Fifth) Committee which oversees the salaries and pensions of the United Nations staff.

3. Tax Status.

3.1. As a member of the United Nations, Australia makes an annual contribution to the United Nations organization which is reduced by payments made from the gross salaries of all Australian employees of the United Nations. This reduction in Australia's dues is known as Staff Assessment and is the equivalent of income tax at source. DFAT and Treasury are in charge of the application of this scheme for Australia. In 2010 Australia's gross assessment to the United Nations Organization amounted to US\$ 45,437,230. Credit from Staff Assessment amounted to US\$ 4,561,999, thereby reducing the dues paid by Australia to US\$ 40,875,231. The Staff Assessment scheme applies to the gross assessments Australia contributes to all the UN Specialized Agencies of which it is a Member State and in which Australians are employed.

3.2. Sometimes, DFAT officials refer to Australian officials in the United Nations as receiving “tax-free” salaries, but this is clearly not the case.

4. United Nations Pension Status.

4.1 Australian officials in the United Nations make mandatory contributions to the United Nations Joint Staff Pension Fund (UNJSPF) as long as they are in active service. They contribute one-third of the fund’s total income, and the employer agency puts in two-thirds of the total. Despite it being clear that the contributions are taxed at source through the Staff Assessment scheme during the accumulation phase, i.e., while staff members are accruing their pension entitlements, the ATO and Treasury persist in classing the UNJSPF as an untaxed scheme.

4.2. In fact, since 1983, the ATO has recognized that Staff Assessment paid by Australians working for the United Nations is the equivalent of income tax, by allowing the recipients of a United Nations pension to claim an offset, called an “undeducted purchase price” (UPP), in respect of their own one-third contributions, in order that these contributions should not be taxed twice.

4.3. Nevertheless, the view, expressed in an ATO letter of 7 March 2008, is that the UNJSPF is “not an Australian superannuation fund for taxation purposes under the current law, neither is it a fund regulated under Australian law. Consequently pensions paid from the UNJSPF cannot be treated as pensions paid from an untaxed Australian scheme.” Yet, the Australian Government receives the Staff Assessment equivalent of national tax on the salaries of Australians working in the United Nations system and participates in the governance of the UNJSPF through its membership of the Fifth Committee. We are very much appreciative of the role Australia plays both in governance and decision-making bodies of the UN system and as Australians working in the UN system – the Secretary of the Fifth Committee is an Australian senior UN official and also a member of the UN Pension Fund board. The relationship Australia has with the UN Pension Fund should not be compared to that of any other pension arrangement originating in a foreign country – there are pronounced differences.

4.4. We have to add that the UPP, mentioned above, is a small offset that does not take into account the employer’s contribution. Given that the UPP offset is not indexed and is linked to the US dollar exchange rate, it is a decreasing proportion of the United Nations pension and, with the current rate of exchange, has lost a very great part of its value. Accordingly, the acceptance, by the ATO, that United Nations retirees are entitled to this small tax concession in no way offsets the broad financial disadvantage to which they are subject.

4.5. Australia’s position on the taxation of UNJSPF pensions is **not** a mainstream position. Austria, Hungary, India, Malaysia, Singapore, Spain, Sweden and Thailand provide tax exemption on UNJSPF pensions. Canada, Denmark, Germany, Netherlands and the United States of America have made provision for partial taxation exemption of United Nations pensions in their national taxation legislation. France and Switzerland provide tax exemption for lump-sum payments from the UNJSPF and have a lower average rate of taxation. As a consequence, they attract United Nations retirees from other countries, whereas we have anecdotal evidence that, since 2007, Australian retirees are not returning to Australia in the same numbers as before.

4.6. The changes to superannuation entitlements, brought in on 1 July 2007, were supported by Labor, because the changes improved retirement incomes for many Australians. However, the same changes introduced substantial discrimination in taxation against all Australians who returned to live in their own country with a United Nations pension. At the time, we wrote to Mr. Costello and Treasury, asking for fair and equitable treatment on a par with other Australians and drawing the

evident parallels between Australia's public servants and international civil servants returning to live in Australia. Nevertheless, to our great regret, our reasonable and substantiated requests to the Government, at that time and, subsequently, to the Henry Tax Review, generated replies that simply referred to the *status quo*, without entering into the merit of the issues we raised.

4.7 In this context, communications from Treasury consistently compare the so-called "untaxed" United Nations Joint Staff Pension Fund unfavourably with Australian schemes, some of which have collapsed and generated the need for compensation from taxpayers' money. However, there is a stark difference between the solidity and governance of the United Nations Joint Staff Pension Fund and the several Australian superannuation funds that have been involved in fraud, despite their supposedly regulated oversight. Australia's oversight of the UNJSPF, from its seat on the Fifth Committee, is at least as effective as any regulatory control of superannuation that is exercised in Australia. We know that Australia's Future Fund has met with the Investment Management Service of the United Nations Joint Staff Pension Fund.

5. Impact of tax discrimination.

5.1 We understand that the policy of the Australian Government is to enhance Australia's international role and that one important element of this policy is to strengthen Australian participation in the activities of the United Nations and its agencies. It is obvious that an essential element of such a policy must be to optimize the recruitment of Australians to the international civil service. However, such a goal is severely undermined by the fact that potential Australian recruits will be aware that, on retirement, they will be penalized financially by a discriminatory tax regime in their home country and that their only option for fair treatment will be to retire to another country. This will be a crucial disincentive to anybody considering an international civil-service career.

5.2 We believe that efforts to have Australia play an enhanced role in key United Nations structures and processes would be strengthened by an announcement that the taxation of UNJSPF pensions in Australia was being reviewed for fairness of treatment. Since July 2007, Australians working in the United Nations system have been deeply disappointed by the realization that, on return to Australia, they are treated on a par with Australians who have been employed by the vastly more remunerative multinational corporations whose aims and conditions of work are not comparable with those of the United Nations. ATO practices should not place retirees from the multilateral United Nations agencies in the same taxation category as those from multinational corporation.

6. Discrimination against medical coverage.

6.1 We also ask that attention be given to the fact that the United Nations Health Insurance Schemes are not recognized as complying with the Additional Medicare Levy requirements, so that United Nations retirees are required to pay the levy, even though the United Nations schemes offer health coverage as good as any Australian scheme. Furthermore, the United Nations scheme is, at the very least, as soundly based and as well regulated as any Australian scheme, so that this tax discrimination cannot be based on any impartial assessment of administrative or fiscal soundness. Canada, France, Switzerland and the United States of America all recognize the United Nations' health-insurance schemes, while Australia rejects the schemes, without offering any rationale for this rejection. This seems an absurdity.

7 Conclusion.

7.1. In submissions to Treasury and the Henry Tax Review, we have shown that the United Nations Joint Staff Pension Fund is based on solid governance and investment criteria, has characteristics similar to Australian complying superannuation funds, is partly funded by Australia (which also has oversight through the UN General Assembly) and has significant investments in Australia. We should also point out that Australians, joining the United Nations, do **not** have the choice of joining an Australian complying superannuation scheme instead, placing them in an impossible situation. It is, therefore, perceived by all Australians, returning to live here with a United Nations pension, as unreasonable, to press such a taxation disadvantage on them.

7.2. We also point to the impact that the present taxation of United Nations pensions has on individual decisions to join the United Nations and its agencies. Australians in the United Nations are given the choice, on retirement, of either suffering financial injury through inequitable taxation of their pensions or of not returning to live in Australia.

7.3. We ask:

- i. **That ATO procedures be amended to allow equitable tax treatment of United Nations retirees in Australia.** Our request does not affect any of the interests pursued by the new superannuation regulations introduced in 2007: this is a simple policy decision, without any great technicalities involved. If the USA and Canada consider the UNJSPF to be a qualifying pension fund, why cannot Australia do so?
- ii. **That your Departments conduct a policy review of the case we have presented and not simply make a restatement of the *status quo*.** We ask that you look at the effect on Australia's long-term multilateral interests in treating Australians retiring from the United Nations so differently from the way that Austria, Canada, Denmark, France, Germany, Switzerland, USA etc. treat their nationals on retirement, particularly in relation to the encouragement of United Nations career commitments by Australians.
- iii. **That you review the UPP and its diminishing impact as a tax offset for UN retirees in Australia.**
- iv. **That UN retirees who keep paying their UN health-insurance premiums should have these recognized as equivalent to payments to Australian-based private health-insurance schemes.**

We thank you, in anticipation, for your attention to these matters and reiterate our sincere belief that these are issues requiring your attention in the best interests of the country and on the basis of common justice.

Yours sincerely,

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