



Twenty-first session
Agenda item 81 (b)

OTHER PERSONNEL QUESTIONS

Thirteenth report of the Advisory Committee on Administrative and
Budgetary Questions to the General Assembly at its twenty-first
session

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General (A/6491 and Corr.1) containing proposals on a number of personnel questions.

I. Amendment to Staff Regulation 3.2: Education Grant

2. In its twelfth report to the General Assembly at its twentieth session (A/6102/Rev.1), the Advisory Committee, after reviewing the proposal of the Secretary-General to increase the maximum of the education grant from \$600 to \$1,000 (A/6037), proposed an increase to \$700. In recommending the lower figure, the Committee considered that the details given were not sufficiently comprehensive to warrant an increase of the magnitude proposed and requested the Secretary-General to elicit the desired information on a much broader and more representative basis. The Committee also referred to certain administrative difficulties which existed in determining entitlement to the education grant and stated that it was not completely satisfied with the manner in which the policy was being implemented. For these reasons, and with a view to re-evaluating the relative place of the education grant in the over-all system of salaries and allowances of the United Nations and the specialized agencies, the Advisory Committee suggested that the International Civil Service Advisory Board (ICSAB), through the Administrative Committee on Co-ordination (ACC), be asked to include in its 1966 review of the common principles of the common system of remuneration of the international civil

service, a special study of all aspects of the education grant. The Committee was of the view that any further increase in the grant would be premature until ICSAB had completed its review, and suggested that such a study should include a systematic inquiry into the costs of education in a representative number of countries and into the practices of such countries with respect to education grants for the children of expatriate public servants.^{1/}

3. During its July 1966 session, ICSAB studied a report by ACC covering the various aspects of the education grant including the principles governing the grant, the manner of its application and the factors considered in determining its amount. ICSAB reviewed also additional data on practices in national services submitted by the Secretary-General in accordance with the Advisory Committee's suggestion.

4. In its report on the education grant (A/6491, Annex), ICSAB states that the conception underlying the education grant has changed substantially since its introduction in 1946 and that there is a need for a thorough re-examination of the very justification of the grant, of its purpose and its place in the salary system. Pending completion of its general review of the salary system planned for 1967 ICSAB has recommended an interim increase in the maximum of the grant from \$700 to \$800. The ACC agreed with this recommendation.

5. While the Advisory Committee appreciates that ICSAB has decided to include in its review of the principles underlying the salary system the whole question of continuing the grant on a selective basis, as opposed to its incorporation into the salary system, it hopes that ICSAB will be able to submit its final views on the education grant in 1967. Pending this review the Committee would wish to make the following general observations on ICSAB's recommendation to increase the maximum of the grant from \$700 to \$800 on an interim basis.

6. The Advisory Committee was informed that thirteen Member Governments, through their Permanent Missions, had contributed information on the educational facilities provided for their expatriate staff. The arrangements reported appear to vary widely. Some rely on special schools at embassies, while in other cases a flat rate of \$200 per child is paid. One Government reimburses staff to the extent that actual costs of education abroad exceed the estimated cost of education in

^{1/} A/6102/Rev.1, para. 17.

the home country, or alternatively, up to \$1,000 per year for boarding schools in the home country. Given these variables, ICSAB concluded that it could not find any coherent pattern.

7. In its consideration of the written and oral information presented, the Advisory Committee was unable to find adequate evidence of movements in the costs of education which would warrant another interim increase in the amount of the grant. In general the data furnished by ACC to ICSAB at its July 1966 session did not differ greatly from that in the Secretary-General's report of last year (A/6037), showing typical costs of education for 1964/65.

8. The Advisory Committee therefore cannot see sufficient justification for increasing the maximum grant of \$700 approved by the General Assembly at its twentieth session. Rather than deal with the problem of the education grant on a piecemeal basis, the Committee would reiterate its belief that any further increase would be premature until ICSAB has submitted its over-all study, as outlined in paragraph 2 above. Accordingly, the Committee is not in a position for the time being to make an affirmative recommendation in response to the Secretary-General's proposal for an additional credit of \$34,400 for this purpose in 1967.

II. Interpretation of Staff Regulation 3.3: Staff Assessment Plan

9. This staff regulation provides the Secretary-General with the authority to refund staff members the amount of staff assessment collected "where a staff member is subject both to staff assessment under this plan and to national income taxation in respect of the salaries and emoluments paid to him by the United Nations". Such payments "shall be charged to the Tax Equalization Fund".

10. In his report to the General Assembly at its twenty-first session (A/6491, chapter II) the Secretary-General draws the attention of the General Assembly to a problem raised by the statutory extension in 1960 of the federal old age, survivors and disability insurance system to all staff of United States nationality serving within the United States. Since the employer's portion of the tax cannot be assessed against the United Nations, the staff of United States nationality are taxed at the self-employed rate which is 50 per cent higher than the rate which applies to United States employees of "domestic" employers.

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11. The Secretary-General therefore proposes to refund those staff members required to pay the United States social security tax the difference between the total amount of that tax and the amount they would have paid as employees of a domestic employer. The same procedure and arrangement in existence for the reimbursement of the United States federal, state and local income taxes would apply to the social security taxes in respect of 1966 and subsequent years. The amounts refunded for this purpose would be charged to the sub-account standing to the credit of the Government of the United States in the Tax Equalization Fund.
12. The Advisory Committee has no objection to the Secretary-General's interpretation of Staff Regulation 3.3 in this regard, which he believes does equity to the staff concerned, and which avoids any charge on the budget of the Organization. The Committee understands that the Secretary-General would report to the General Assembly if, after a period of experience, it appeared that any amendment to Staff Regulation 3.3 (e) and (f) might be desirable.

III. Health insurance

13. Under the terms of General Assembly resolution 1095 (XI), of 27 February 1957, the Organization pays a share of the premium for health insurance for staff members, calculated to meet one half of the over-all cost of the scheme with provisions for greater support to lower paid staff and staff with dependents. Participation by the staff is on a voluntary basis. The present insurance coverage ceases automatically when a staff member retires or when he is separated on account of disability.
14. In chapter III of his report (A/6491) to the General Assembly the Secretary-General proposes to extend the existing health insurance schemes covering United Nations staff and their dependents by providing, at the request of the staff member, the same coverage upon retirement or separation due to disability. The proposal would also apply to former staff members now retired. The proposed arrangements do not call for an automatic extension since ten years' contributory participation in the plan would be required for retired employees and three contributory years in the case of disability. Coverage would be available only to those staff members in receipt of periodic benefits from the Joint Staff Pension Fund. The arrangements are optional and are based on the cost-sharing principle

formulated in Assembly resolution 1095 (XI). Those staff members who opt for the extended coverage would pay premium rates calculated against the actual periodic benefits received from the Joint Staff Pension Fund. The Secretary-General reports that the extension of the health insurance scheme would require an estimated additional amount of \$20,000 as a charge against the regular budget for 1967.

15. In its sixteenth report to the General Assembly at its twentieth session (A/6122, paragraph 51) the Advisory Committee drew attention to the existence of the group insurance plan of World Health Organization (WHO), which provided coverage for retired staff, and to the fact that a number of agencies were in the process of providing similar coverage. During its review of the proposed arrangements, the Committee ascertained that four agencies provided after-service protection and that two other agencies were studying the matter. WHO has already had considerable experience with coverage for retired employees. The Governing Body of the International Labour Organisation (ILO) at its 162nd session, adopted a proposal that the organization should share the cost of insuring retired officials and their dependants as of 1 January 1966.

16. The Advisory Committee is aware of the motives that prompted these organizations and the United Nations to suggest the extension of health insurance coverage to retired officials. In a number of cases, retired staff members either find insufficient health protection in their country on retirement, or are ineligible for such coverage, and find it necessary to have recourse to high premium commercial health insurance at a time when their income is substantially reduced.

17. The Advisory Committee is cognizant of the fact that there are variations in national practices among Member States. A study conducted by ILO covering thirty countries revealed many examples of comprehensive programmes of medical care financed on a cost-sharing basis by the Government concerned and the individuals. There are also a number of countries which provide full medical coverage to all their nationals, including retired civil servants. It is aware, therefore, that there are staff members who will be able to obtain complete medical coverage, upon retirement, either at no cost or at only nominal cost. On the other hand there will be an increasing number of officials who upon retirement will face substantial medical costs. It is the understanding of the Committee that the proposed arrangements will provide all staff members, if they so choose, with health insurance coverage in their country of retirement.

18. In noting that the costs for 1967 are estimated at \$20,000, the Advisory Committee ascertained that a projection of these costs over the next three years indicated a possible increase by some \$5,000 per year. The estimates are based on experience gained by those agencies which already provide such coverage and on replies to questionnaires sent to 559 recipients of retirement, disability or survivors' benefits.

19. While the Advisory Committee realizes that the estimated costs of the extension of the scheme, if kept at the level projected for the next four years, are modest, it would wish to draw attention to one other aspect of the subject, that of co-ordination among the family of United Nations organizations. In this connexion, the Committee would reiterate the position it outlined on this matter in its 1965 report on administrative and budgetary co-ordination to the effect that, inter alia, "the subject is of sufficient importance to the organizations and their staff to warrant further review and examination by an expert in the agency group under the auspices of ACC".^{2/}

20. In agreeing to the proposals of the Secretary-General for an extension of the present health insurance plan, the Advisory Committee suggests that ACC, with the assistance of ICSAB, may wish to devote attention to a review of the existing and proposed arrangements for health insurance of retired staff within the general context of the common system.

21. Should the General Assembly approve the Secretary-General's proposal, he would undertake to meet the additional expenditure of \$20,000 in 1967 from the appropriations already requested under section 4 (Common staff costs) of the budget.

IV. Amendments to the Staff Rules

22. In accordance with Staff Regulation 12.2, the Secretary-General in part IV of his report (A/6491) informs the General Assembly of the amendments he has made to the staff rules from 1 September 1965 to 31 August 1966. The Advisory Committee has no particular observations to make on these amendments.

^{2/} A/6122, para.51.