



CONFEDERATION DES ASSOCIATIONS DE RETRAITES DE L'OTAN
CONFEDERATION OF NATO RETIRED CIVILIAN STAFF ASSOCIATIONS

SOUS LA PRÉSIDENCE D'HONNEUR DE
MONSIEUR LE SECRÉTAIRE GÉNÉRAL DE L'OTAN

6 December 2013

Newsletter Nr. 2

The Executive Committee of the Confederation of NATO Retired Civilian Staff Associations (CNRCSA) wishes all retired staff a healthy and happy 2014. This is the second of a series of Newsletters which the Confederation issues periodically to keep the members of its constituent Associations (NOBA, FARAO, ANARCP, and ARNS) updated on recent developments and major issues of relevance to them.

All queries you may have on the topics dealt with below should preferably be addressed to your respective associations. Enjoy the reading and do not hesitate to send your comments, if any, to the CNRCSA Secretariat.

The CNRCSA Executive Committee held a meeting on 21 November to discuss the following topics:

REVIEW OF THE CNRCSA STRUCTURE AND WORKING METHODS

The Executive Committee has concluded this major review whose main purpose is to update the Confederation day-to-day functioning so that it can be better prepared and react on all issues of relevance to the retired community. A set of measures has been agreed and are now being implemented:

- The CNRCSA will have its own annual budget, financed through a contribution made by each constituent Association (ARNS, ANARCP, NOBA and FARAO).
- A common CNRCSA/Association membership card will be issued by each constituent Association, which should help to increase the CNRCSA visibility.
- A single system of CNRCSA regional representatives, superseding the overlapping ARNS/ANARCP system of national/regional delegates, will be established.

- When appointed, the regional representatives will be invited to attend, once a year, a meeting of the CNRCSA Executive Committee and be involved in the mainstream of Confederation activities. They will thus be better prepared to help and assist retirees in solving the problems they may encounter in their countries of residence. The full list of regional representatives is appended.
- The CNRCSA may now avail itself of its own fully-fledged Secretariat, co-located with ARNS at the NATO Staff Centre in Brussels, where the four Associations' membership databases are centralized. It may rely on the helpful co-operation of a part-time assistant.

NATO ADMINISTRATIVE TRIBUNAL

The NATO Administrative Tribunal (NAT), replacing the Appeals Board, is the upper tier of new conflict and complaint resolution procedures which have been embodied in the Civilian Personnel Regulations.

It was formally set up on 1 July 2013 and held its first hearings in September 2013. The second session will take place on 12-17 December next, where an appeal against the increase of the bridging cover insurance premium (see below) will be dealt with.

The new conflict resolution mechanism provisions and the NAT rules of procedure have been embodied in the CPRs and communicated to all active staff members. This has not been the case as far as retirees are concerned.

The communication by the Administration of essential information to retirees is a critical problem which remains unsolved (see Newsletter nr. 1, 28 January 2013). The CNRCSA letters sent to the Secretary General have also remained unanswered and the numerous requests made to Executive Management have not led to any improvement.

Therefore, the Executive Committee agreed to raise the matter again at one of the Joint Consultative Board next meetings and at a planned meeting with the new Assistant Secretary General for Executive Management, Mr. Wayne Bush.

PENSION ADJUSTMENT FOR 2013 AND 2014

As you are certainly aware, having initially refused to adjust salaries and pensions last year the NATO Council was forced by the former Appeals Board to make a u-turn and to approve the adjustment retroactively on 1 January 2013, following successful appeals lodged by active and retired staff members. The Appeals Board came to the conclusion that the Council's decision of 19 December 2012 was illegal and that, consequently, heads of NATO bodies could not legally avoid carrying out the salary (pension) adjustment.

However, the Board did not rule that the much-contested affordability clause adopted by NATO was illegal. This may give rise to further problems in the future.

As far as the pension adjustment for 2014 is concerned, the Co-ordinating Committee on Remuneration (CCR) has made its recommendations to the various Councils. These are reflected in the table appended and have been approved, on 27 November, by the NATO Council (ON(2013)0077).

TAX ADJUSTMENT

Member states have been very active this year in seeking ways and means to reduce or even abolish the tax adjustments paid with pensions under the Co-ordinated Pension Scheme and the Defined Contribution Pension Scheme (DCPS). Luckily at the time of writing they have so far been unsuccessful.

Emoluments paid to serving NATO staff are exempt from national taxation in member states under the Ottawa Agreement and the Paris Protocol. Because of this, salaries paid to staff in NATO have been established, since the beginning, on the basis of salary data from national civil services and local employers after deduction of national tax. NATO salaries are thus considered to be net of tax.

However, neither the Ottawa Agreement nor the Paris Protocol mention any exemption from national tax for pensions. In the absence of such an exemption member states were unable to agree to exempt NATO pensions from tax. This would have meant that NATO pensions - which are calculated net of tax - would effectively have been taxed twice. Consequently, on the basis of a recommendation from the Co-ordinating Committee on Remuneration (CCR), a compromise was approved by the Council which provided for an increase of the net-of-tax pension by the payment of an addition to the pension representing approximately 50% of the tax that would be payable. This is the tax adjustment.

In February this year, the Belgian and French delegates published a proposal to the CCR to abolish the tax adjustment paid to pensioners in the original Co-ordinated Pension Scheme who retired from NATO or one of the other Co-ordinated Organisations after 1 January 2013. Under this proposal staff who retire after that date would have seen the rate of the tax adjustment reduced under a complex formula according to the number of years of reckonable service which the retiree had completed with NATO or other Co-ordinated Organisations.

No change was proposed to the tax adjustments for pensions which were already in payment before 1 January 2013.

At the time of writing no decision has been made on this proposal by the CCR. It remains under consideration, however.

As contributions to the DCPS are deducted from staff salaries which, as we have seen, are already net of tax, this scheme also provides for a similar tax adjustment to be paid in addition to any pension which is taxed in a member state. In this case six NATO member states, among them Belgium, France, Italy and UK, have proposed, as a first step, to abolish the tax adjustment for new entrants and have invited the Administration to come forward with amendments to the CPRs to implement this proposal.

The DCPS Management Board, chaired by ASG-EM Wayne Bush, is currently considering a suitable response to this proposal. The representatives of the CNRCSA in the DCPS Management Board will remain vigilant on this issue.

ALLIANCE WORLD WIDE CARE

Claim handling

During the year 2013, AWC has improved its claim handling service paying special attention to the claims received by mail ; however, a two weeks' delay is still normal.

Claim form

The CNRCSA has requested that the claim form be amended under "details of expenses" to avoid misunderstandings with respect to the primary Insurance issue and to follow up on cost containment measures. The wording "Amount of reimbursement by another SOURCE" would better guarantee adherence to the NATO Group Insurance Contract (NGIC). AWC has agreed to keep our request in mind when amending the claim form.

Primary Insurance

AWC has recently decided that if an "all-risk" insurance cover is contracted by a beneficiary when travelling abroad, reimbursement of medical expenses are firstly to be requested under such insurance. The "all-risk" insurance would act as primary insurance in such a case. Please be aware that any additional, private, medical insurance cover taken by the beneficiary (e.g. a "mutuelle") is also considered a primary insurance when asking for reimbursement of medical expenses.

NATO Benefit Guide

The CNRCSA has been made aware that the NATO Benefit Guide has been "improved/modified" by NATO and AWC without any consultation and coordination with the active staff and the CNRCSA. The updated Benefit Guide seems to be ready for online distribution. The CNRCSA Executive Committee has expressed its astonishment at this course of action and would like to know how this important document will be distributed to the retired staff community.

Registered Partnership

The issue was raised at the ANARCP Executive Committee and followed up by the CNRCSA Executive Committee. The Preamble of the NATO Civilian Personnel Regulations clearly recognizes registered partnership with the consequence that it applies to the Pension Scheme Rules and the NGIC. The Head of the NATO Personnel Support Services (PSS) has now confirmed that, as far as the interpretation of "spouse" is concerned, the NATO's CPRs, Preamble B(h) provisions must be adhered to. This means that AWC has to follow these rules as well. If NATO declares a person a spouse according to the CPRs, then AWC should accept this and may not, on its own initiative, make exceptions to the rule.

Home care

You are all aware that the NATO member countries and the Confederation of NATO Civilian Staff Committees (CNCSC) refused to support financially the Home Care project which was proposed a few years ago. Given that the NATO Administration is not willing to address this issue again, the Executive Committee has tasked the Chairman of the CNRCSA Working Group on Policy Insurance Matter to investigate the insurance market regarding a Home Care cover to be financed solely by the retired staff. Furthermore, some Co-ordinated Organisations do have Home Care coverage and have gained substantial experience over the years in this field. This issue will be on top of the agenda at the next meeting of the CNRCSA WG on Policy Insurance Matters. Any relevant information/queries on the Home Care project should be addressed directly to Mr. Falko Bülling, Chairman of the CNRCSA WG.

Communication

Unfortunately, there has been hardly any communication with NATO PSS, policy holder of the NGIC, in the last six months. We are, however, trying to convene a constructive meeting with PSS representatives in the coming month. We should take a fresh start in our much-needed relations with them. All oral or written requests for a JCB WG on Medical Insurance Matters meeting have been simply ignored so far. The communication with AWC is very good, although they are obliged to coordinate with NATO PSS first on general matters. The communication with the Head of the NATO Pension Unit is excellent.

Direct billing

The AWC direct billing system does not provide for the individual beneficiary to automatically receive a copy of his hospital bills. Consequently, there is no control mechanism which would avoid erroneous billing by the hospital and overpayment by AWC. This has unfortunately already happened. The CNRCSA WG has approached AWC several times on this issue and asked for improvement and the implementation of an easy cost containment measure but without success. AWC offers only the possibility for the individual beneficiary to contact the AWC helpdesk and ask for the relevant information or ask the hospital directly for a copy of their bills. The Executive Committee does not consider this procedure as sufficient and will contact

AWC again, in view of the fact that under Van Breda copies of the hospital bills were provided automatically.

SACEUR letter

The CNRCSA Chairman has written to SACEUR to obtain his confirmation that ANARCP is still seen as a worthwhile organisation which deserves full support ACO-wide to fulfil its responsibilities and functions. On behalf of SACEUR, the Chief of Staff (SHAPE) has recently reacted very positively and re-emphasised their commitment to ANARCP ACO-wide. His letter has been copied to all military HQs in ACO and should help our Regional Representatives in their local discussion for support from their respective Commanders.

Appeal against the bridging cover insurance premium increase

On behalf of many of you who have filed formal complaints, the Executive Committee decided to support financially one single appeal which will be dealt with by the NATO Administrative Tribunal on 13 December next. The case raises a series of issues of principle, one being the NATO information and consultation process with active and retired staff representatives. It would appear that active staff representatives had been consulted by the Administration before the decision to increase the premium was made and that our representatives were only informed afterwards.

JOINT CONSULTATIVE BOARD (JCB)

First, a few words to remind you of the background to the present situation. The JCB was set up many years ago, and set out in the Civilian Personnel Regulations, as the principal forum for addressing matters of civilian personnel policy within the Organisation and ensuring coordination between the administrations and staff. Ultimately, the JCB should provide the Secretary General and the Supreme Commanders with agreed recommendations.

Originally, the Board comprised representatives of the NATO administrations and serving staff, but with the formal establishment of the CNRCSA it was enlarged to include retired staff representatives. The JCB is usually chaired by the Assistant Secretary General for Executive Management, but for formal meetings the Deputy Secretary General takes the chair.

The process worked well until around 2009. Unfortunately, thereafter first the Ad Hoc Group of Financial Counsellors - which reinvented itself as an Advisory Group - and more recently a Deputy Permanent Representatives Committee, has taken JCB recommendations, frequently modifying them, before submitting them directly to the Council. This was done without referring any changes back for comment, so the JCB was effectively being side-lined which resulted in increasing frustration within the Board.

So where are we now? At the beginning of the October 2012 JCB meeting, the serving staff representatives stated their decision to suspend their participation until there was a legitimate consultation process. That move has prevented any meeting of the JCB since, although the International Staff has continued to draft working papers on various staff related matters and members of the Board, including serving staff representatives, have provided their comments. However, although much can be achieved through electronic exchanges it is clear that, ultimately, there needs to be a forum where issues can be discussed face to face.

There have been several individual initiatives to try to resolve this situation, but so far without success. Serving staff want to see a structure which includes representatives from the nations - it could be an enlarged JCB or a new body - the former would be the simplest only requiring a small change to existing terms of reference rather than a completely fresh start. The nations so far have resisted any move in this direction, so for the moment a stalemate.

Maybe the new ASG for Executive Management will be able to pull something out of the hat, but it is clear that more than a year without a Board meeting is not good for the staffs or the administrations. Provided that retired staff is properly represented and that any recommendations are provided directly to the Secretary General and the Supreme Commanders, the Confederation can accept any new consultation process and we will continue to assist in the search for such a process. We obviously accept that the Council may seek advice on any recommendation from one of its committees, but common courtesy requires that any substantive change should be referred back to the originating body.

RETIRES MEDICAL CLAIMS FUND (RMCF)

On 3 October, the CNRCSA Chairman sent a letter to the Assistant Secretary General for Executive Management, with a copy to the Chairman of the RMCF Supervisory Committee, requesting that action be taken to ensure the long-term viability of the Fund. He indicated that our Confederation remained open to discuss any proposals which would achieve this goal and he invited NATO Administration to come forward with such proposals at the earliest opportunity.

No answer has been received so far. The RMCF Supervisory Committee which is supposed to meet at least twice a year according to its Terms of Reference held its last meeting in October 2012.

ELECTIONS

The Executive Committee addressed its warmest thanks and congratulations to its departing Secretary, Mr. Tino Synadinos, for his long-standing contribution to the work of the CNRCSA and wished him well for the future.

The following members have been elected for a two-year renewable mandate:

Chairman: Mr. Peter Emmett (ARNS)

Secretary: Mr. Billy Roden (ARNS)

Treasurer: Mr. Erwig Marquenie (ARNS)

ANNEX 2a – ANNEXE 2a

ADJUSTMENT INDICES FOR SALARY SCALES AND ALLOWANCES AT 1 JANUARY 2014
 INDICES D'AJUSTEMENT POUR LES BAREMES DES TRAITEMENTS ET INDEMNITES AU 1^{er} JANVIER 2014

| | Consumer Price Index Indice des Prix à la Consommation | REFERENCE INDEX (see Annex 1) INDICE DE REFERENCE (voir Annexe 1) | REFERENCE INDEX x Consumer Price Index INDICE DE REFERENCE x Indice des prix à la Consommation | Effect of the reference curve of purchasing power (Appendix 2 of Annex 1 to the 21 st Report) Effet de la courbe de référence de pouvoir d'achat (Annexe 2 de l'Annexe 1 au 21 ^e Rapport) | FINAL ADJUSTMENT INDICES applicable at 01.01.2014 to salary scales in force at 31.12.2013 INDICES D'AJUSTEMENT FINAUX applicables au 01.01.2014 aux barèmes en vigueur au 31.12.2013 | |
|---------------------------|---|--|---|--|--|---------------------------|
| | (1) | (2) | (3) | (4) | (5) | |
| AUSTRALIA | 102.4 | 98.2 | 100.6 | | 100.8 | AUSTRALIE |
| AUSTRIA | 102.2 ^(a) | | 100.4 | | 100.4 | AUTRICHE |
| BELGIUM | 101.6 ^(a) | | 99.7 | | 99.7 | BELGIQUE |
| CANADA | 101.2 | | 99.4 | 0.5 | 99.9 | CANADA |
| DENMARK | 100.6 ^(a) | | 98.8 | | 98.8 | DANEMARK |
| FINLAND | 102.3 ^(a) | | 100.5 | 0.5 | 101.0 | FINLANDE |
| FRANCE | 101.0 ^(a) | | 99.2 | | 99.2 | FRANCE |
| GERMANY | 101.9 ^(a) | | 100.1 | 1.3 | 101.4 | ALLEMAGNE |
| GREECE | 99.7 ^(a) | | 97.9 | | 97.9 | GRECE |
| HUNGARY | 102.0 ^(a) | | 100.2 | - 7.9 | 98.3 | HONGRIE |
| ICELAND | 103.1 ^(a) | | 101.2 | 0.3 | 101.6 | ISLANDE |
| IRELAND | 100.7 ^(a) | | 98.9 | 1.4 | 100.3 | IRLANDE |
| ITALY | 101.4 ^(a) | | 99.6 | - 0.4 | 99.2 | ITALIE |
| JAPAN | 100.2 | | 98.4 | - 1.3 | 97.1 | JAPON |
| KOREA | 101.0 | | 99.2 | - 0.4 | 98.8 | CORÉE |
| LUXEMBOURG ^(a) | 101.5 ^(a) | | 99.7 | | 99.7 | ^(a) LUXEMBOURG |
| MEXICO | 104.1 | | 102.2 | - 0.9 | 101.3 | MEXIQUE |
| NETHERLANDS | 103.2 ^(a) | | 101.3 | | 101.3 | PAYS-BAS |
| NEW ZEALAND | 100.7 | | 98.9 | | 98.9 | NOUVELLE-ZÉLANDE |
| NORWAY | 101.9 ^(a) | | 100.1 | 2.8 | 102.9 | NORVÈGE |
| POLAND | 100.2 ^(a) | | 98.4 | - 0.5 | 97.9 | POLOGNE |
| PORTUGAL | 101.2 ^(a) | | 99.4 | | 99.4 | PORTUGAL |
| SPAIN | 102.2 ^(a) | | 100.4 | - 1.2 | 99.2 | ESPAGNE |
| SWEDEN | 100.5 ^(a) | | 98.7 | 0.7 | 99.4 | SUÈDE |
| SWITZERLAND | 100.2 ^(a) | | 98.4 | | 98.4 | SUISSE |
| TURKEY ^(a) | 108.0 ^(a) | | 106.1 | - 1.6 | 104.5 | ^(a) TURQUIE |
| UNITED KINGDOM | 102.9 ^(a) | | 101.0 | | 101.0 | ROYAUME-UNI |
| UNITED STATES | 101.8 | | 100.0 | | 100.0 | ÉTATS-UNIS |

(a) Belgian Index / Indice Belgique

(a) Country concerned by special adjustment / Pays concerné par un ajustement exceptionnel

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