

MEMORANDUM FOR THE CABINET BY THE
HON. MINISTER OF TRADE, INDUSTRY & AGRICULTURE

PENSION SCHEME FOR MALTA ELECTRICITY BOARD

The fact that the Malta Electricity Board evolved out of a Government Department created an expectation that it would have the same pension benefits as obtained in the Government Service. The introduction of a pension scheme in the Gas Board, which evolved out of a private company, increased that expectation.

2. The Board was created in 1963 by the Electricity Act, 1963. Section 26 of that Act provided for a pension scheme to be established by the Board "subject to the approval of the Prime Minister."

3. After a thorough study of the matter, the Board recommended, in March, 1967, that a pension scheme for "its" employees (those transferred from previous Government service and those engaged into Board service direct) should be instituted on exactly the same lines as the pension arrangements in the Government service.

4. In August, 1967, the following analysis showed that the implications of "instituting a pension scheme for the M.E.B." were far more limited than had been thought. The total number of M.E.B. employees is 702, made up as follows:

(a)	Detailed (seconded) from Government Service	45
(b)	Transferred from Government Service	430
(c)	M.E.B. direct employees	227
		702

The group under (a) practically all have a pension already while a few of them have pension expectations in their Government appointment. Similarly, all those

under/...

under (b) already enjoy the same "pension chances" as if they were still in the Government service.

5. The question, therefore, boils down to extending the "same pensions or pension prospects as exist in the Government Service" to 227 employees engaged direct by the Board since its inception. Some of these (like Engineers and Clerks of Clerical Officer parity or above) are types whose counterparts in the Government Service are pensionable. They would, therefore, under an A.E.B. scheme, be declared pensionable right away. The great majority of the 227, however, are employees in the standardised Wage Groups. Therefore, according to the present pensions position in the Government Service, approval of an A.E.B. scheme would only involve their entering the pensions queue (in their seniority position) where other Government "wage groupers", as well as their own A.E.B. colleagues under (b), are.

6. The foregoing analysis does not, of course, dispel the cost aspect of a pension scheme. It does, however, reveal that such cost is already a charge on the Board in respect of A.E.B. service years, as regards the 475 persons under (a) and (b). The Electricity Act provides for a Board pension scheme (section 26); the unions want it; the Board needs it, for recruitment and retention. In those senses, therefore, such a scheme is a commitment, in much the same way as things like salaries and leave are now. Its weight would begin to be felt more with the passage of time. So, after a scheme is approved and published, thought would need to be given to instituting an actuarial study of the Board's pension position.

7. Meanwhile, it is thought that the way is clear for approval in terms of section 26 of the Electricity Act to be given, to enable the Board to "establish" a scheme (largely, 'de facto', already existing) on the same lines as that obtaining in the Government Service.

Ministers/....

8. Ministers are therefore requested to agree to approval being given for the Malta Electricity Board to institute pension arrangements on lines identical to those existing in the Government Service. Full details and satisfaction have been given on this matter both to the Establishments Office and to the Ministry of Finance, Customs, and Port.

16th January, 1968.

(2.1.68)