

MEMORANDUM FOR THE CABINET
BY THE HON. THE PRIME MINISTER

The Vernon Club, the Red Shield Club
(Salvation Army) and the Connaught
Home (Methodist Foundation)

Section 1(g) of Part 1 of the Annex to the Agreement on Mutual Defence and Assistance defines "authorised service organizations" as meaning the N.A.A.F.I., the three Service Cinema Corporation and, in such cases and subject to such conditions as may be agreed between the British Authorities and the Authorities of Malta, other non-profit making organizations authorized by the British Authorities to accompany the British forces in Malta, in order to provide for the needs of members of those forces, civilian components and dependants, and also any person acting on behalf of an authorized service organization.

2. The Services in Malta had submitted that they wished the Vernon Club, the Red Shield Club (Salvation Army) and the Connaught Home (Methodist Foundation) to be recognized as Authorized Service Organizations with limited privileges, or at least, as "other non-profit making organizations" which would be accorded some of the privileges accorded to Authorized Service Organizations specified by the Services.

3. This list was carefully studied by the Malta representatives at official level. On the evidence, however, they were not convinced that these organizations merited any treatment more favourable than that accorded to comparable private organizations. In effect, the Malta representatives did not consider that the Red Shield Club and Connaught Home should be classified as Authorized Service Organizations at all.

4. This view was put to the Service representatives in formal discussion. The Malta representatives said that they would be prepared to consider the possibility of applying special arrangements to individual cases of United Kingdom-based personnel forming part of these two organizations.

5. The Service representatives accepted the view that the said organizations should not be classified as Authorized Service Organizations and that 'individual' privileges, as agreed, could be granted by exchange of letters, outside the scope of the Agreement.

6. The special arrangements outside the scope of the Agreement on Mutual Defence and Assistance, which the Malta representatives propose should be applied to individual cases of U.K.-based personnel forming part of the Red Shield Club and the Connaught Home, are as follows:-

a) As ...

- a) As the overriding consideration which would have to be given in respect of the employment of the two civilian expatriate officers which run the Red Shield Club and the Manager-Manageress of the Connaught Home is that of Religious persuasion, a 'standing' entry permit will be given in respect of persons filling these posts, provided that these persons shall be sponsored by the Service Authorities and that the Service Authorities shall give the Maltese Government prior notice of such sponsorship, and details regarding the intended incumbent. These persons will have to comply with normal passport requirements and other local legislation covering immigration. This question does not arise in relation to the Vernon Club since this is staffed by Maltese personnel.
- b) Another concession requested by the Services was that the said expatriate staff would be allowed duty free importation of a private motor vehicle. It was however pointed out that this could not be agreed to in principle and that consideration would at any time be given to such a request, if and when made, purely on its own particular merits.
- c) The Services also asked that furniture imported by such staff on their first arrival into Malta should be free from Customs duty. It was pointed out to them that according to the Import Duties Act, 1964 "household effects, that is to say, articles of furniture which have been in use by a passenger or his family and are imported by the passenger on removing his household from another country to these Islands" are free from customs duty (para (k) of Head II of the Third Schedule to the said Act).

7. The land on which the premises of the Connaught Home are situated is held by the War Department on perpetual user terms and is at present occupied by the said Connaught Home under agreement with the War Department. The said land, therefore falls within the provisions of the Agreement on Mutual Defence and Assistance relating to land and on the 21st September has reverted to the Government of Malta but remains occupied by the Connaught Home under para (5)(b) of section 2 of Part 4 of the Agreement.

8. The Vernon Club which has about £7,500 in investments, about £2,000 in Bank current and savings account and about £7,800 in fixed assets occupies land granted to it on emphyteusis for 99 years by the Government at a ground rent of £130 per annum. The emphyteusis expires on the 31st August, 2034. At present, the Club does not pay income tax by virtue of an exemption granted by the Governor in 1961 under section 8(2) of the Income Tax Act. It has been proposed by the Services that the Club should continue to be so exempt, so long as there is no change in its character and the nature of its activities. Consideration could be now given to the possibility of acceding to this request by recognizing the Union Club as an Authorized Service Organization for the purpose of section 8(1) of Part 5 of the Agreement, provided the Services agree that the Club would be

recognized ...

recognized as an Authorized Service Organization also for the purposes of Part 4 of the Agreement relating to land. The advantage of this would be that, instead of Government having to abide by the contract of emphyteusis which entails the reversion of the land to the Government on the 31st August, 2034 even if in the meantime the Defence Agreement has ceased to operate, such land would immediately revert to the Government and be only occupied by the Vernon Club under licence from the Services Authorities for so long as the Club is in existence; moreover, on an eventual cessation of the Defence Agreement the premises of the Club would be at the complete disposal of the Government.

9. Finally, the Services sought protection from possible future legislation which might affect the running and operation of the Club and particularly exemption from any provisions governing Companies. The Services were informed that it is impossible to give such an undertaking and that any matter on this subject would have to be raised if and when occasion arises.

10. Saving the above, all laws and regulations would continue to apply to the Vernon Club, the Red Shield Club (Salvation Army) and the Connaught Home (Methodist Foundation).

11. Hon. Ministers are kindly requested to consider the above recommendations for the purpose of further communication with the Services.

29th September, 1964.

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