

MEMORANDUM FOR CABINETAbatement of Service Pension

In the Nationalist Party Electoral Programme, 1966 the following undertaking was given under the heading "Pensions".

"The Nationalist Government guarantees that no Government pensioner will have his pension reduced when he becomes entitled to the National Insurance Pension".

2. In accordance with the provisions of the Pensions Regulations, as amended by Legal Notice No.1 of 1962, the service pension payable to retired Malta Government employees is abated by an amount equivalent to the National Insurance Old Age Pension excluding, however, the increase of benefit payable, in the case of a married man, in respect of his wife.

3. Exception to the above rule is made in the case of:

- (a) Government employees appointed to a pensionable office prior to the 19th January, 1962;
- (b) employees appointed to a pensionable office on or after the 19th January, 1962, and who, on the 7th May, 1956 were already in the public service and over the age of 55 years.

4. This abatement policy had been formulated jointly by the Malta Government and by the Service Departments who apply it to their own employees.

5. Such policy is naturally most unpopular with Government and Service Department employees who resent their being deprived of part of the pension to which they feel they have a right, and representations for its abolition have been made several times since 1962. In 1964 it was the subject of correspondence between the Civil Secretary to the Commodore Superintendent, Malta, the Under Secretary Establishments, the Financial Secretary and the Director of Emigration, Labour and Social Welfare. Copies of the following letters are attached as enclosures "A", "B" and "C" respectively:

- (a) OPM/E/992/56 from Under Secretary Establishments to Financial Secretary, dated 3rd September, 1964;
- (b) MEPP/814/63 from Financial Secretary to Director of Emigration, Labour and Social Welfare, dated 14th September, 1964; and
- (c) ELSW 14/56 from Director of Emigration, Labour and Social Welfare to Financial Secretary dated 25th September, 1964.

Copy of the letter addressed by the Civil Secretary to the Commodore Superintendent, Malta, to the Prime Minister's Office (referred to in enclosure "A") cannot be traced in this Ministry.

6. The National Insurance Scheme is not affected by the abatement rule in any way. National Insurance Old Age Pension is invariably paid in full to the beneficiary and it is the employer - the Malta Government or Defence Department concerned - who withholds an amount equivalent to the pension received by the employee from National Insurance.

7. Though not directly concerned with the matter, since, as stated above, the National Insurance Scheme is in no way affected by the abatement rule, the Hon. Minister of Labour, Employment and Welfare is continuously being pestered with requests for the abolition of such rule. He strongly feels that once Government had already recognised the necessity of doing away with this practice and had made a public declaration to abolish the existing rule, steps should be taken without delay to implement the promise made to the electorate.

8. The abatement rule applies also in the case of other National Insurance benefits (Marriage Grant, Disablement Pension, Widow's Benefit, Widow's Allowance, Orphan's Allowance, Parent's Allowance) and it is most probable that, as a corollary to the repeal of the rule in the case of Old Age Pension, requests will follow for the abolition of the rule also in the case of these benefits. Though by its declaration in the Electoral Manifesto Government is only committed to amend the existing rule insofar as it applies to Government employees who retire on pension, it is felt that there are no plausible reasons why the rule should continue to apply in the case of the National Insurance benefits mentioned above.

9. Hon. Ministers are therefore requested to approve that all pensions under the Pensions Ordinance as well as gratuities to female employees who resign on marriage should in all cases without exception be paid in full in addition to any benefit which may be payable under the National Insurance Act.

9.8.66.

OPM/E/992/56.

CONFIDENTIAL

3rd September, 1964.

Financial Secretary

Enclosed please find a copy of a letter received from the Civil Secretary to the Commodore Superintendent, Malta, on the subject of a proposal for the abolition of the abatement of Service pensions due to retired civilians by the amount of the Old Age Pension payable under the National Insurance Scheme.

2. As you are no doubt aware it has always been Government policy to try and keep similar concessions by the Services in line with Government schemes. In this particular case it would be unfortunate if, in order to avoid embarrassment to us, we would have to advise against the proposed non-abatement policy, as this would deprive Maltese civilian Service pensioners from an income from the United Kingdom. On the other hand, Government would have to pay dearly if this is quoted as a precedent and pressure is brought to bear on Government to follow the same line.

3. In the circumstances your comments would be appreciated.

(sd.) S. Cassar
f/Under Secretary
(Establishments)

Enclosure "B"

MEPF/814/63.

14th September, 1964.

CONFIDENTIAL

Director of Emigration,
Labour & Social Welfare

Please see the attached copy of a letter OPM/E/993/56 of the 3rd September, 1964, on the subject of a proposal for the abolition of the abatement of Service pensions due to retired civilians by the amount of the Old Age Pension payable under the National Insurance Scheme.

2. I should be grateful to have your remarks.

(sd.) A.P. Galdes
f/Financial Secretary.

Copied to
U.S. (Ests.)

L-ARKIVJI NAZZJONALI TA' MALTA

ELSW 14/56.

25th September, 1964.

Financial Secretary

Your reference M.E.P.F.814/63 dated 14th September, 1964.

2. When the National Insurance Act came into force in 1956, Government and Service Departments, by prior agreement, made similar arrangements regarding the abatement from superannuation pensions of the old age pension payable under the National Insurance Act (exclusive of increase for wife) when retired personnel reach 63 years of age, i.e. pension age for national insurance purposes. In the case of women, the pension age for national insurance purposes coincides with normal retiring age.

3. These arrangements were subsequently altered slightly but have remained identical for both Government and Service Departments employees. The provisions regarding the abatement of old age pensions for Government employees have been incorporated in the Pensions Ordinance by Legal Notice 1 of 1962. This legal notice also provides for the abatement of national insurance disablement and widow's benefit from comparable benefits payable under the Pensions Ordinance whilst Act XXIII of 1956 regulates the abatement of marriage grants from the marriage gratuities payable to female officers who resign on marriage.

4. Officers appointed to a pensionable office prior to the 19th January, 1962, and officers appointed to a pensionable office after this date who were 55 years of age on the 7th May, 1956, and already in Government service, are exempted from the provisions of the legal notice. As regards the abatement of marriage grants, these are already being effected in cases of officers appointed on the pensionable establishment after the 7th May, 1956.

5. Pensions payable under the National Insurance Act are invariably paid in full directly to the beneficiary, the proposed amendments would therefore in no way affect the National Insurance fund. However, the Accountant General, who administers the Pensions Ordinance, would no doubt like to comment on these proposals.

6. I may add that since both Government and Service Departments effect abatement from salaries of sickness and injury benefits payable under the National Insurance Scheme (E.O. Circular 187 of 1956), the acceptance of these proposals may also entail a review of these arrangements.

(sd.) J.M. Rossignaud)
DIRECTOR.