

**Members of Parliament  
Honoraria**

Report  
by the  
Auditor General

November 2011



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## ABBREVIATIONS

AF	Adjustment Form
BO	Budget Office
CIR	Commissioner of Inland Revenue
FA&AA	Financial Administration and Audit Act (Cap 174)
GFR	General Financial Regulations
HoR	House of Representatives
IRD	Inland Revenue Department
MEPs	Members of the European Parliament
MFEI	Ministry of Finance, the Economy and Investment
MGOZ	Ministry for Gozo
MPs	Members of Parliament
NAO	National Audit Office
OPM	Office of the Prime Minister
PPS	Principal Permanent Secretary

## EXECUTIVE SUMMARY

This inquiry was carried out at the discretion of the Auditor General, as emanating from Article 9(a) of the First Schedule of the Auditor General and National Audit Office Act XVI 1997 (Cap. 396), following the ruling given by Hon. Speaker during Parliamentary Sitting No. 322 held on 7 March 2011. This ruling was requested by an Opposition Member of Parliament during Sitting No. 300 dated 12 January 2011. By way of background information, this matter was extensively discussed by the House of Representatives during the debates held on 10 and 11 June 2011.

On the basis of aforesaid ruling, the inquiry attempted to:

- ascertain whether any illegal misappropriation of public funds was involved and whether the procedure applied was in conformity with financial regulations; and
- verify the correctness, or otherwise, of the procedure whereby the Honoraria of Ministers and Parliamentary Secretaries, as Members of Parliament, is being issued from the respective Ministry's Vote instead of from the House of Representatives Vote.

Following various interviews with the key stakeholders, including the Office of the Prime Minister, the Ministry of Finance, the Economy and Investment, the House of Representatives, and the Salaries Section within the Ministry for Gozo, as well as a detailed review of relative exchange of correspondence, mainly e-mail communications, related to this subject, it resulted that:

- 1) although, in NAO's opinion, best practice demands that relative funds should have been appropriated and subsequently accounted for under a different incidence of charge, no evidence of illegal misappropriation of public funds was found; and
- 2) the principle that Ministers and Parliamentary Secretaries receive one single payment, incorporating all amounts due to them, *per se*, cannot be termed as incorrect. However, NAO strongly feels that from an accounting perspective a transfer voucher to charge the Honoraria payments from the respective Ministry's recurrent vote, from where they were charged in the first instance, to the House of Representatives' vote should have then been made by all Ministries.

By way of recommendations, the National Audit Office would like to propose that:

- (i) Cabinet decisions, involving Parliamentary remunerative package, are communicated to the House of Representatives, as used to be done in previous instances, to avoid any potential misunderstanding;
- (ii) in future similar increases, clear and unequivocal instructions are given by the responsible authority to ensure that all Ministries invariably adopt a uniform and standard incidence of charge and consequential accounting procedure;
- (iii) for transparency's sake, whilst respecting the need to deal with Cabinet's decisions with the utmost confidentiality, taxpayers should be duly informed of any such increases; and
- (iv) in order to have in place a reliable audit trail, the procedure whereby Government departments and public entities duly record all documents relative to an issue within an *ad hoc* Ministerial/Departmental file is to be invariably followed.



## Members of Parliament Honoraria

### 1. Inquiry Scope and Objectives

During Parliamentary Sitting No. 300 dated 12 January 2011, Hon Joe Mizzi, an Opposition Member of Parliament, requested a ruling from the Hon. Speaker in view of the following issues related to the increases in the Parliamentary Honoraria and Allowances:

- *'Qed jiġri li hawn xamma ta' misapproprjazzjoni ta' fondi pubbliċi magħmula b'mod kollettiv mill-Kabinett Nazzjonalista.'*
- *'Dawn huma affarijiet illegali, hawn għandna sitwazzjoni ta' illegalita...'*
- *'B'hekk qed tinħoloq sitwazzjoni illegali, fejn qed jiġu approprjati spejjeż u hlasijiet li la ġew approvati mill-Parlament u wisq anqas kellhom rakkomandazzjoni tal-President tar-Repubblika skont kif rikjest mill-Kostituzzjoni ta' Malta.'*
- *'Oltre dan, is-Sedja qiegħda tintalab ukoll sabiex tagħti kjarifika dwar ir-raġunijiet li fuqhom giet ibbazata d-deċizzjoni li l-onorarja tas-segretarji parlamentari u tal-ministri bħala membri parlamentari ma tinħarigx mill-vot tal-Parlament iżda tinħareġ mill-voti tal-ministeri. Is-sedja qiegħda tintalab ukoll ruling dwar il-korrettezza ta' din il-proċedura.'*

Consequently, in his ruling given during Parliamentary Sitting No. 322 held on 7 March 2011, Hon Speaker, amongst other things, stated that:

*'Ma huwiex komputu tas-Sedja li tara li jiġu segwiti l-liġijiet u n-normi kollha finanzjarji tal-pajjiż u allura li tara jekk kienx hemm ksur ta' dawn in-normi finanzjarji viġenti fil-mod kif ġew ridotti d-dokumenti tal-budget u kif ġie implimentat l-Att dwar l-Approprjazzjoni. Din hi materja ta' verifika li tispetta lill-uffiċjal iehor ta' dan il-Parlament, u cioè' lill-Awditur Ġenerali, imma mhux lis-Sedja.'*

*'Għalhekk is-Sedja tħalliha f'min għandu l-poter mogħti lilu mil-liġi stess kif hawn indikat, li jitlob jew jagħmel verifika jekk iħoss li għandu jagħmel hekk.'*

Thus, this inquiry was carried out at the discretion of the Auditor General, as emanating from Article 9(a) of the First Schedule of the Auditor General and National Audit Office Act XVI 1997 (Cap. 396), as a result of aforesaid ruling.

The aims of this inquiry were therefore primarily focused, but not exclusively limited, to:

- ascertain whether any illegal misappropriation of public funds was involved and whether the procedure applied was in conformity with financial regulations; and
- verify the correctness, or otherwise, of the procedure whereby the Honoraria of Ministers and Parliamentary Secretaries, as Members of Parliament (MPs), is being issued from the respective Ministry's Vote instead of from the House of Representatives Vote.

## 2. Background Information

Referring to Cabinet Meeting No. 6/08, through letter dated 7 May 2008, the Cabinet Secretary forwarded to the Minister of Finance, the Economy and Investment an extract from the Draft Minutes of Cabinet Meeting held on 5 May 2008 on the item 'Parliamentary Honoraria and Allowances' stating that: "*Ministers and Parliamentary Secretaries endorsed the package of Parliamentary Honoraria and Allowances as indicated in Memo 14 which was distributed during the Cabinet meeting.*"

Cabinet Memo 14, reproduced in *Appendix 1*, contains the following two annexes:

- Annex 1
  - o Packages, as established by Cabinet Decision taken on 2 September 2003 and 14 April 2008 (in 2008 figures), in respect of the President, Prime Minister, Ministers, Parliamentary Secretaries, Speaker and Leader of the Opposition
  - o Packages, as approved by Cabinet on 14 April 2008 (in 2008 figures) to be proposed to the Opposition for discussion, in respect of Whips, Deputy Speaker and Committee Chairmen
  - o Members of Parliament Package
  - o Committees and Parliamentary Groups Packages
- Annex 2
  - o Terminal Benefits (Holders of Political Office)
  - o Transitional Allowance (Holders of Political Office)

The Cabinet Secretary's letter further stated the effective date of the new package being:

- MPs Honoraria from respective oath of office, i.e. 12 March 2008 and by-election, i.e. 17 April 2008
- Allowances and Honoraria as indicated hereunder:
  - o Prime Minister, Leader of the Opposition and Speaker with effect from 11 March 2008
  - o Deputy Speaker, Whip etc as from date of eventual appointment.

The Ministerial Direction, dated 16 May 2008, addressed to the Permanent Secretary within the Ministry of Finance, the Economy and Investment (MFEI) was thereafter issued. Whilst reference was made to the Extracts of the minutes of the Cabinet Meeting of 5 May 2008 endorsing Cabinet Memo 14 and the direction of the Cabinet Secretary, the Hon. Minister of Finance also stated that: "*The implementation dates of the new packages as set in Annex 1 are as set out on the Memo issued by the Cabinet Secretary OPM/COF/502/1990 attached.*" Copy of the Ministerial Direction may be referred to in *Appendix 2*.



In actual fact, it eventually transpired that what happened was as follows:

- (i) Relative changes in the remunerative package, including the Honoraria increase from 50% to 70% of Salary Scale 1, were paid to Ministers and Parliamentary Secretaries who previously were not in receipt of any Honoraria payment. These payments, including that in respect of the Honoraria, were all charged to the respective Ministry's recurrent vote of expenditure.
- (ii) Eventually the then Speaker was also paid the relative increases, including the Honoraria at 70% of Salary Scale 1.
- (iii) No payment whatsoever in respect of the Honoraria was made to the Leader of the Opposition.
- (iv) All other Members of Parliament continued receiving the Honoraria at 50% of Salary Scale 1.

### **3. Methodology**

In order to fulfill the inquiry scope, various meetings (in certain instances more than once) were conducted with key stakeholders, namely representatives from the Office of the Prime Minister (OPM), House of Representatives (HoR), Ministry of Finance, the Economy and Investment (MFEI), including the Budget Office (BO) and Treasury Department, and Ministry for Gozo Salaries Section (MGOZ). A full list of the meetings held may be referred to in **Appendix 3**.

The outcome of the majority of these meetings was documented and referred back to members present for their confirmation. Where deemed necessary, NAO requested documents as supporting evidence to claims and assertions made during various meetings.

### **4. Findings**

#### **4.1 Limitation on Scope**

##### *4.1.1 Unavailable Note*

During the meeting held at OPM, the then Officer in charge of Salaries at Treasury informed NAO that he clearly remembers that another separate handwritten note, signed by the Cabinet Secretary, attached to the top part of the Memo with a paper clip, gave instructions to pay Ministers the 50% Honoraria for the time being, while keeping the rest of the Members of Parliament (MPs) Honoraria on hold until further instructions. It was further stated that the whole document was sealed by himself in an envelope and addressed to MGOZ. The officer also stated that he does not own a copy of this note.

##### *4.1.2 Official Ministerial and Departmental file not kept at the Ministry for Gozo and Treasury*

NAO noted that related documents were recorded in a file, entitled 'Political Office Package 2008', forwarded upon request to Treasury by the MGOZ Salaries Section during the conduct of this inquiry, merely within a MGOZ file cover. NAO remarked that such file was not a Treasury file, neither was it an official one, since none of the contents were noted in a minute sheet, nor adequately referenced, and nor was a departmental file number assigned. The Accountant General stated that he is not aware of any Treasury file regarding the Honoraria, since everything was transferred to Gozo. It was further

remarked that if an official file was kept, this had to be in Gozo. During the meeting, held on 26 May 2011, MGOZ referred NAO to this same file.

#### **4.2 *Appropriation of Public Funds***

The issue as to whether the increases paid to Ministers and Parliamentary Secretaries constituted an illegal appropriation of public funds was duly investigated. It is clear that in certain instances Cabinet's decision was implemented in an incorrect manner - for example, Cabinet Members were paid an Honoraria of 70% instead of at 50% - however, no evidence was found that anything was done in breach of the provisions of the relevant legislation regulating public funds management, namely the Financial Administration and Audit Act - Cap 174 - (FA&AA) and the General Financial Regulations (GFR). Indeed, as shown hereunder, it results that all payments were made out of the Consolidated Fund as duly appropriated either in the relative year's Financial Estimates, possibly through the utilisation of internal virement of funds as approved by article 24 of the FA&AA, or Supplementary Estimates in the eventuality that additional funds were required. The issue whether such funds were appropriated, and eventually accounted for, under the wrong incidence of charge, for example, under item 16 - Allowances as against Item 11 - Holders of Political Office (the latter is deemed the correct one) is discussed hereunder.

#### **4.3 *Allocation of Honoraria Payments***

##### **4.3.1 *Officers 'unaware' as to Allocation of Honoraria Payments***

When queried about the accounting of the Honoraria payment, OPM stated that it was not aware from which Vote and Expense Item the Honoraria was being issued, as it was left at the discretion of the Ministry/Department concerned. The same statement was received from MGOZ.

OPM further commented that, in the previous payroll system, all allowances were listed as one lump sum, such that one could not differentiate between one allowance and another. On the other hand, for those Ministries/Departments that are fully integrated in the new payroll system introduced with effect from January 2011, all allowances would be itemised. Although, according to OPM, all data has been transferred from the old to the new payroll system, a change-over programme is currently being implemented in which Ministries/Departments are staggered to be included in the new payroll system.

When asked by NAO from which account number was the Honoraria paid to the Prime Minister, Ministers and Parliamentary Secretaries, BO replied that, although the function of selecting the correct incidence of charge is not performed by BO, upon recently checking with MFEI Ministry's Accounts Section, it transpired that this was being issued from Item 16: Allowances (Permanent Staff) of the respective Ministry Vote. It appears that such account was also being used since 2004 to issue Duty Allowance payments to Ministers, amounting to €2,333 as Holders of Political Office. A possible explanation, according to BO, could be that the incidence of charge regarding MPs Honoraria was a temporary measure until discussions of other MPs package were finalised, following which Honoraria payments could be transferred to HoR Vote Item 11 – Holders of Political Office. BO reiterated that it did not take part in any decision concerning this temporary measure, nor is BO in possession of any hard evidence confirming this decision.

The Accountant General stated that Treasury had no role in the actual allocation of the Honoraria payment since payments to non-executives are usually issued from HoR Vote. He stated that, most probably, any Honoraria payments issued to executives (including Ministers) were issued from the allowances account of the particular Ministry, with these presumably being discussed with BO for budget allocation purposes.

#### 4.3.2 *Incorrect Accounting Treatment of Honoraria Payments*

In order to ascertain the correctness or otherwise of the accounting treatment of Honoraria payments, forwarded to all MPs during 2008, both Treasury and the Ministries were requested to forward to NAO copies of 2008 Schedule of Payments in respect of all Consolidated Fund Votes.

Through these Schedules, NAO satisfactorily confirmed that whilst the former Speaker's salary at 105% of Scale 1 was issued from Item 1110: Holders of Political Office - Salaries, the respective Honoraria at 70% (together with Duty and Postage Allowances – the latter allowance was discontinued as from January 2011) had been allocated from Item 1130: Holders of Political Office - Allowances. On the other hand, other MPs Honoraria (at 50%) continued to be issued from HoR Vote under Item 1120: Holders of Political Office – Honoraria.

Furthermore, through these Schedules, together with the respective Ministries' paylists forwarded by all Ministries following NAO specific request, NAO was also in a position to verify from which account(s) the 70% (of Salary Scale 1) 2008 Honoraria payments were issued to Ministers and Parliamentary Secretaries. NAO thus ascertained that these payments were in fact issued from the Consolidated Fund. However, NAO also concluded that, contrary to a best practice scenario whereby a uniform and standard accounting procedure is followed by all Ministries, a different accounting treatment was applied throughout Ministries. As amplified further in the table hereunder, an array of accounts ranging from Item 12 to Item 17, within the Personal Emoluments items of accounts, were utilised in accounting for the 70% Honoraria Payments to Ministers and Parliamentary Secretaries.

<b>Vote</b>	<b>Item of Expenditure</b>
Office of the Prime Minister	12 / 13 / 14 / 16
Ministry of Foreign Affairs	16
Ministry for Gozo	16
Ministry for Infrastructure, Transport and Communications	16
Ministry for Resources and Rural Affairs	16 NB: Testing limited to Paylists 7 to 10 as both Treasury and the Ministry did not forward schedules re paylists 11 to 13.
Ministry of Education, Employment and the Family	12 / 13 / 14 / 15 / 16 / 17 / 6482
Ministry of Finance, the Economy and Investment	12 / 13 / 16
Ministry for Justice and Home Affairs	16
Ministry for Social Policy	16

In the circumstances, NAO strongly opines that clear directives should have been issued by Treasury to all Ministries to ensure a harmonised approach. In this regard, NAO feels that ideally the 70%

Honoraria payments to Cabinet members should have been issued in the first instance from each Ministry's Item 11: Holders of Political Office and thereafter funds are claimed back from HoR's Recurrent Vote through a Transfer and Adjustment Voucher. This would also be in line with the principle that, as far as possible, officials would receive different payments due to them from one source only rather than being paid from two different Votes of expenditure, which could lead to tax evasion.

NAO's conclusion is based on the premise that the related Explanatory Notes on Standard Objects of Expenditure within the 2008 Financial Estimates, and indeed all other Financial Estimates issued up to date, clearly specify that Holders of Political Office account *"Includes all salaries and wages paid to elected officials, inclusive of honoraria and allowances paid as a form of compensation."*

#### **4.4 No Honoraria Paid to the Leader of the Opposition**

Minutes of Cabinet Meeting No. 12 of 2009, held at the Prime Minister's Office on 6 April 2009, reported, amongst others, that *"The Prime Minister referred to the revised package of Parliamentary Honoraria and Allowances endorsed by Cabinet on 5 May 2008. The raison d'être was that Ministers and Parliamentary Secretaries work full time and are consequently obliged to quit their private work. The package also included for the first time the MP's allowance for Ministers and Parliamentary Secretaries since they also have to attend Parliament... ..In the case of the Leader of the Opposition, it was clarified that this post would retain the relativity this post had to date but the details would be hammered out once the current discussions are concluded."*

During the meeting held with MGOZ staff, present also the Accountant General, the former recalled that the Honoraria payment was not issued to the Leader of the Opposition following instructions received from the House of Representatives dated 27 May 2008 stating that *"Please find attached Form A of this Office for the period 20.05.08-16.06.08 with relevant attachments. As already agreed over the phone, this does not include changes to MPs honorarium and allowances as per cabinet decision. Will get back to you as soon as certain queries are cleared."* HoR cited lack of funds and not being informed officially of such increases as the main reasons for their position. According to MGOZ, the processing further of the new MPs package to other MPs (including the Speaker and the Leader of the Opposition) was thus completely halted since HoR was not in a position, in view of the cogent reasons quoted in this paragraph, to process such changes.

Hence, all MPs supposedly had to remain in their status quo situation, i.e. continue receiving their current package at 50% Honoraria, while Nil Honoraria for the Speaker and the Leader of the Opposition. On the other hand, workings in respect of Cabinet members were prepared on a separate list and processed accordingly at 70% Honoraria payment.

Notwithstanding this, it resulted that the then Speaker was at a later stage given the Honoraria at the increased rate of 70%, whilst no Honoraria was paid to the Leader of the Opposition.

Following this, the Clerk to the House proceeded with confirming to the Cabinet Secretary, through email on 2 September 2009, that the Cabinet was receiving the 70% Honoraria (including other benefits as per new MPs package). Written feedback from the Treasury, dated 27 March 2009, which eventually was proven to be incorrect, stated that no one, including Ministers, was actually in receipt of the proposed increase from 50% to 70% in the MPs Honoraria. Indeed, Treasury confirmed that

instructions were never given from their end to issue the Honoraria to Cabinet members at the 70%; nor is it aware of how this came about.

#### **4.5 Unclear Communication**

Following NAO's analysis of various correspondence, mostly e-mails between the main stakeholders involved, namely OPM, MFEI and MGOZ Salaries Section, it is evident that clearer communication would have led to a more uniform implementation. This applies particularly as regards source of payment and consequential accounting procedures, of Cabinet's decisions regarding the increases in respect of the Parliamentary Honoraria and Allowances. Evidence suggests that the incorrect implementation of Cabinet's decision is attributable mainly to unclear communications amongst the key stakeholders involved. Moreover, a proper incidence of charge and subsequent accounting procedure in respect of such increases cannot be left at the discretion of the individual Ministries; clear instructions were necessary to ensure a uniform approach.

#### **4.6 Honoraria Refunds**

NAO confirmed that the Hon. Prime Minister, eight Ministers and five Parliamentary Secretaries are refunding the 20% 'extra' Honoraria paid. This refund, paid back by means of a monthly fixed deduction with effect from the second payroll payment of this year i.e. February 2011, "*is to continue to be paid with every payroll up to the last payroll of December 2012.*" OPM confirmed that no request was made by any of these to extend the repayment period beyond December 2012.

Furthermore, in a communication to NAO dated 30 October 2011, HoR confirmed that the former Speaker has refunded the surplus Honoraria (20%) to HoR vote.

With regards to the refund in respect of the former Minister for Social Policy, it results this is still pending. In this regard, NAO was informed that the former Minister has also confirmed his intention to pay after some pending issues are cleared.

#### **4.7 Public Service Increases**

It has to be noted that the 2008 Honoraria increases coincided with the latter part of the Public Service Collective Agreement 2005-2010 when major increases to the Public Service were granted and came into effect.

### **5. Conclusions and Recommendations**

On the basis of NAO's inquiry, it is concluded that:

- 1) although, to ensure best practice as regards proper charging and accounting procedures, relative funds should have been appropriated and subsequently accounted for under a different incidence of charge, no evidence of illegal misappropriation of public funds was found; and
- 2) the principle that Ministers and Parliamentary Secretaries receive one single payment, incorporating all amounts due to them, per se, cannot be deemed as being incorrect. However, NAO strongly feels that, from a purely accounting perspective, another stage was required by all Ministries; namely drawing up a Transfer and Adjustment voucher to charge the Honoraria

payments from the respective Ministry's recurrent vote, from where they were charged in the first instance, to the House of Representatives' vote.

NAO hopes that the lessons learnt from this embarrassing experience, which was a good example of bad practice and which has led to a considerable amount of controversy and public outcry, on account of which a two day debate was held in the House of Representatives, will be applied in the future. This would entail that:

- (i) Cabinet decisions, involving Parliamentary remunerative package, are communicated to the House of Representatives, as used to be done in past instances, to avoid any potential misunderstanding;
- (ii) in future similar increases, clear and unequivocal instructions are given by the responsible authority to ensure that all Ministries invariably adopt a uniform and standard incidence of charge and, subsequently, accounting procedure;
- (iii) for transparency's sake, whilst respecting the need to deal with Cabinet's decisions with the utmost confidentiality, taxpayers should be duly informed of any such increases; and
- (iv) in order to have in place a reliable audit trail, the procedure whereby Government departments and public entities duly record all documents relative to an issue within an ad hoc Ministerial/Departmental file is to be invariably followed.

## **APPENDICES**

APPENDIX 1 – CABINET MEMO 14

L-UFFIČĊJU TAL-PRIM MINISTRU



MALTA

OFFICE OF THE PRIME MINISTER



Segretarjat tal-Kabinett

Cabinet Secretariat

OPM/COF/502/1990

7 May 2008

Minister of Finance, the Economy and Investment


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**Cabinet Meeting No. 6/08**

The Prime Minister has requested me to forward you an extract from the draft Minutes of Cabinet Meeting held on Monday 5 May 2008 on the item "Parliamentary Honoraria and Allowances".

For the purpose of the effective date of the new package:

1. MPs honoraria from respective oath of office, i.e. 12 March 2008 and by-election, i.e. 17 April 2008.
2. Allowances and honoraria as indicated hereunder:
  - Prime Minister, Leader of the Opposition and Speaker with effect from 11 March 2008.
  - Deputy Speaker, Whip etc as from date of eventual appointment.

  
Dr. G. Grima  
Secretary to the Cabinet

Enc.



**Extract from Draft Minutes  
of Cabinet Meeting held on Monday, 5 May 2008**

**Parliamentary Honoraria and Allowances**

Ministers and Parliamentary Secretaries endorsed the package of Parliamentary Honoraria and Allowances as indicated in Memo 14 which was distributed during the Cabinet meeting.

Memo 14

ANNEX 1

Packages as established by Cabinet Decision taken on 2<sup>nd</sup> September 2003 and 14<sup>th</sup> April 2008 (in 2008 figures).

President	Salary - 140% of Scale 1 (€48,419) Duty Allowance - 30% of salary Official Car and Drivers Use of Car (or Car allowance of €7,000 (Lm3,005) One landline and one mobile line uncapped Internet and email service/s at residence/s as required by duties
Prime Minister	Salary – 125% of Scale 1 (€43,231.25) Duty Allowance - 20% of salary Official Car and Drivers Use of Car (or Car allowance of €7,000 (Lm3,005) One landline and one mobile line uncapped Internet and email service/s at residence/s as required by duties MP's package
Ministers	Salary – 110% of Scale 1 (€38,043.50) Duty Allowance - 20% of salary Official Car and Drivers Use of Car (or Car allowance of €7,000 (Lm3,005) One landline and one mobile line uncapped Internet and email service/s at residence/s as required by duties MP's package
Parliamentary Secretary	Salary – 105% of Scale 1 (€36,314.25) Duty Allowance - 20% of salary Official Car and Drivers Use of Car (or Car allowance of €7,000 (Lm3,005) One landline and one mobile line uncapped Internet and email service/s at residence/s as required by duties MP's package
Speaker	Salary – 105% of Scale 1 (€36,314.25) Allowance - 20% of salary Official Car and Driver One fixed line and one mobile line uncapped Internet and email service at residence (ADSL service) MP's package
Leader of the Opposition	Salary – 105% of Scale 1 (€36,314.25) Allowance - 20% of salary Official Car and Driver One fixed line and one mobile line uncapped Internet and email service at residence (ADSL service) MP's package

ANNEX 1

Packages as approved by Cabinet on 14<sup>th</sup> April 2008 (in 2008 figures) to be proposed to the Opposition for discussion:

Whips	Allowance – 30% of MPs' Honorarium Car allowance of €7,000 (Lm3,005) Additional telephone allowance – 10% of MPs' Honorarium MP's Package
Deputy Speaker	Allowance – 25% of Honorarium Car allowance of €7,000 (Lm3,005) Additional telephone allowance – 10% of MPs' Honorarium MP's Package
Committee Chairmen	Allowance – 15% of MPs' Honorarium (except European and Foreign Affairs Chair – 25%) Car allowance of €7,000 (Lm3,005) Additional telephone allowance – 10% of Honorarium MP's Package

ANNEX 1

Members of Parliament	Honorarium – 70% of Scale 1 (€24,209.50)* Telephone allowance – 15% of Honorarium Internet and email service at residence (ADSL service) Postage allowance – €1500* Government Gazette subscription* Four Air Malta flights a year* Use of VIP lounge at MIA* Free use of Gozo Channel * Exemption from CVA parking fees in Valletta*
<p><i>* These are received also by the following Office holders: Prime Minister, Speaker, Ministers, Parliamentary Secretaries, Leader of the Opposition, Deputy Speaker, Whip, Committee Chairman.</i></p>	

ANNEX 1

Committees	One Research Analyst per Committee (other than European and Foreign Affairs Committee which shall have four Research Analysts)
Parliamentary Groups	€200,326 for the development of relations with EU and Mediterranean split between the Parliamentary Groups Five Research Analysts for Government Parliamentary Group(s) Five Research Analysts of Opposition Parliamentary Group(s) One senior clerk per Parliamentary Group

ANNEX 2

**Terminal Benefits (Holders of Political Office)**

On termination of their employment, holders of the following full-time political offices – Prime Minister, Minister, Parliamentary Secretary and Leader of the Opposition – shall be entitled to a Terminal Benefit equivalent to one twelfth of the annual salary and allowances received at the time of termination of their employment for every year of continuous service with the Government of Malta in any of the above listed political offices; there shall, however, be a minimum Terminal Benefit, equivalent to six months of the office holder's annual salary and allowances.

The entitlement to a Terminal Benefit ceases if, within three months of their employment being terminated, the individual takes up another full-time post with the Government of Malta, its agencies, entities or companies or if the person takes up a post by nomination of the Government of Malta with one of the EU Institutions or is elected to the European Parliament.

**Transitional Allowance (Holders of Political Office)**

For a three-year period after leaving office, persons serving continuously in one or more of the following full-time political offices – President, Prime Minister, Minister, Parliamentary Secretary and Leader of the Opposition – shall be entitled to a monthly Transitional Allowance (expressed as a percentage of the salary plus allowances received at the time of termination of their employment), depending on the length of service, as follows:

- 40% if the period in office is less than 2 years;
- 45% if the period in office is equal to or more than 2 years but less than 3 years;
- 50% if the period in office is equal to or more than 3 years but less than 5 years;
- 55% if the period in office is equal to or more than 5 years but less than 7 years;
- 60% if the period in office is equal to or more than 7 years but less than 10 years;
- 65% if the period in office is equal to or more than 10 years.

The Transitional Allowance is subject to tax and to the rule against overlapping benefits. Eligible individuals are also obliged to declare all income from any other form of employment and such income shall be deducted from the amounts due to the individual. Former holders of political office who have benefited from a Terminal Benefit pursuant to the loss of that political office, shall not receive a Transitional Allowance in their first year of entitlement.

The entitlement to a Transitional Allowance ceases if the individual takes up another full-time post with the Government of Malta, its agencies, entities or companies or a post by nomination of the Government of Malta with one of the EU Institutions. Individuals are not eligible if they are drawing a pension.

14<sup>th</sup> April 2008

APPENDIX 2 – MINISTERIAL DIRECTION DATED 16 MAY 2008

MINISTERU TAL-FINANZI, L-EKONOMIJA  
U INVESTIMENT



MINISTRY OF FINANCE, THE ECONOMY  
AND INVESTMENT

MFEI 003/08

MINISTERIAL DIRECTION

To: Permanent Secretary Ministry of Finance, the Economy and Investment

Date: 16 May 2008

Holders of Political Office packages

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Please refer to the subject in caption.

Please find attached the Extracts of the minutes of the Cabinet Meeting of the 5<sup>th</sup> May 2008, endorsing Cabinet Memo No. 14 attached and the direction of the Cabinet Secretary .

The implementation dates of the new packages as set in Annex 1 are as set out on the Memo issued by the Cabinet Secretary OPM/COF/502/1990 attached.

The Terminal Benefits and Transition Allowances for Holders of Political Office as set out in Annex 2, shall apply for the previous legislature Ministers, Parliamentary Secretaries that have not been re-appointed as well as the present Leader of the Opposition upon resignation.

Hon. Tonio Fenech B.A.(Hons) Accty, FIA, CPA, MP  
Minister of Finance, the Economy and Investment

APPENDIX 3 – MEETINGS HELD

<b>Ministry</b>	<b>Designation</b>	<b>Date(s) of Meeting</b>
Office of the Prime Minister	Cabinet Secretary	5 April 2011 27 October 2011
	Asst. Director, HR Systems and Data Management Directorate and Payroll Officer	8 April 2011
House of Representatives	Clerk to the House and Clerk Asst. to the House	23 March 2011 27 June 2011 11 August 2011
Ministry of Finance, the Economy and Investment	Minister of Finance, the Economy and Investment	19 April 2011
	Permanent Secretary, MFEI	4 April 2011
	Accountant General	6/12 April 2011 26 May 2011 18 August 2011 13 September 2011
	Director General, Budget Affairs Office and Director, Budget Office	12 May 2011 13 September 2011
	Former Director General, Budget Affairs Office	19 September 2011
Ministry for Gozo	Asst. Director, Salaries and Pensions and Clerk	26 May 2011