PERMANENT ARBITRATION TRIBUNAL

AWARD

INTRODUCTION

A. 1

In the matter of: The Locally Engaged Staff of the British Council and The British Council.

The Tribunal composed of:

- L. J. Vallet — President
- R. Bunwaree — Member
- Dr. H. Fakim — Member
- R. de Chazal — Assessor
- R. Bouic — Assessor

proceeded to enquire into the following industrial dispute referred to it by the Minister in charge of Industrial Relations on the 6th April, 1976, in accordance with the provisions of Section 82(1)(f) of the Industrial Relations Act, 1973, viz:

A. Whether the terms of the non-contributory pension scheme as proposed by the British Council, to its employees should be revised to include the following points, or otherwise:

(a) Pension should cover all the years of continuous service with the employer from commencement of such service until normal retirement date or earlier death, retirement or withdrawal from service whichever occurs earliest, and should be at a uniform rate throughout such service.

(b) The amount of pension payable monthly to an employee on retirement shall be the amount required to bring the monthly pension being secured for the employee to 1/60 of his final monthly salary for each complete year of service with the employer. Pension formula therefore to be 1/60 x final salary x continuous service payable after 10 years — maximum 2/3 of final salary after 40 years or pro-rata for early retirement.

(c) Final salary to be Basic Salary plus Cost of Living Allowance in force at retirement date.

(d) Pension for premature retirement after 10 years service and within 10 years of normal retirement date should 1/60 x final salary x years of completed service and pension to commence on the day following such retirement.

(e) Death in service should be compensated by the payment of 2 years' salary plus refund to employee's representative of total premium paid by employer for employee up to time of death + 3% compound interest thereon.

(f) Early withdrawal of an employee from the scheme for any reason should entail return to the employee of the total premiums received to provide pension benefit on his behalf together with 3% compound interest thereon.

(g) Pension should be inflation proof and be subjected to percentage increases based on Cost of Living Index.

(h) Serving Officers over 50 may opt to join the Scheme or to retire within 6 months of its inception on having paid to them the total premiums which the employer would normally have paid on their behalf to the Insurance Company on the inception of the Scheme.

B. Whether the British Council should pay an extra month salary representing the '13th month bonus' to all its employees who have worked throughout the year 1975, or otherwise.

C. Whether the British Council should pay to its employees an additional 6% Cost of Living Allowance with effect from the 1st January 1976 or otherwise.

A. 2

The parties were represented by C. Appadoo, Esq., Administrative Officer of the British Council, and A. H. Malleck Amode, Esq., President of the Government Servants' Association, assisted by G. Duval, Esq., Q.C. on behalf of the Locally-Engaged Staff of the British Council and by Miss Paton, assisted by M. David, Esq., Q.C., on behalf of the British Council.

A. 3

Two preliminary sittings were held on the 9th and 16th June, 1976, at Port Louis and in the course of two sittings held at Port Louis and Rose Hill respectively oral and documentary evidence was adduced.
B. CONSIDERATIONS

B. 1 In 1974 the Tribunal in its award urged the authorities of which the British Council was dependent to complete a proposed pension scheme as soon as possible.

B. 2 In the course of negotiations between the parties, a deadlock occurred and the parties had once again to have resort to the Tribunal.

B. 3 Two assessors were appointed by the President of the Permanent Arbitration Tribunal inasmuch as the latter felt that, in such a delicate matter as a pension scheme, their expertise was needed.

B. 4 In the course of the hearings several matters were cleared leaving in issue the pension formula for "past service credit", "premature retirement", which is linked with what is termed "withdrawal benefits"; as well as "death prior to retirement".

B. 5 The Tribunal is very thankful to the parties and their Counsel and to the Assessors for the contribution they have made, which has considerably helped the Tribunal in the making of the present award.

B. 6 It is difficult to deal with each of the specific points singly, since a pension scheme is an aggregate of different conditions, the total sum of which gives a comprehensive view of the scheme as well as of every condition viewed in its proper perspective.

B. 7 The Tribunal will therefore give an outline of all the points which it considers should be covered by the award even though some of them offer no controversy, and these points are as follows:

(i) The scheme is a non contributory one.

(ii) Eligibility

(a) Existing Employees: All present employees over the age of eighteen who have completed two years of service and who will have completed at least ten years service with the employer at normal retirement date will be eligible for membership.

(b) Future Employees: All future employees will be eligible for membership after completing two years service, provided they are then at least 18 and were not more than 50 when they were first employed by the British Council.

(iii) Normal Retirement Pension shall be 1/60 of final monthly salary for each complete year of service with the employer with a maximum of 40 years of service.

(iv) Ill-health Retirement Pension shall be calculated at the same rate as for Normal Retirement Pension without any qualifying minimum period of service.

(v) Early Retirement Pension payable after a minimum of 10 years service but within ten years of Normal Retirement Date, shall be calculated in accordance with the sex and age of the employee and shall depend on the amount of premiums paid on account of his/her pension throughout his or her membership in the scheme.

(vi) Death in Service: The benefit payable as a lump sum shall amount to not less than 24 times the final monthly salary of the employee and not more than 25 times such salary. Any excess benefit over the above amount shall be payable in the form of annuities for a period of years. Such benefits to be payable to the person or persons legally entitled to the deceased employee's succession.

(vii) Withdrawal from Service: If such withdrawal is for any reason other than retirement on pension or death, the employee shall not be entitled to any benefit. At the discretion of the employer, however, the latter may pay to the employee, as a retirement gratuity, such surrender value as may be available.

(viii) Late Retirement Pension: Such pension shall be based on the Normal Retirement Pension increased in accordance with the age at actual retirement; no credit shall be allowed, however, for service after Normal Retirement Date.
(ix) **Definitions:**

(a) *Service* means continuous service with the employer from commencement of such service until the Normal Retirement Date or earlier death, retirement or withdrawal from service whichever occurs earliest.

(b) *Final monthly salary* means the monthly salary earned on the scheme annual renewal date of the relevant calendar year [1st April has now been agreed to be the date].

(c) *Normal Retirement Date* shall be the scheme annual renewal date (see (b) above) immediately preceding or coinciding with the attainment of the age of sixty.

(d) *Date of Commencement* shall mean the 1st April, 1976.

The Tribunal awards accordingly.

B. 8
In the course of the proceedings two points which were not specifically linked with any item of dispute were agreed upon by the parties namely:

(i) A *Commutation option* of 25% of pension as lump sum shall be allowed;

(ii) A reduced *Joint pension* with the wife shall be at the option of any male married employee entitled to a pension.

B. 9
Although the following is not an item of dispute, yet because of its collateral implication, the Tribunal would like to recommend that all pensions be guaranteed for a minimum period of five years from commencement of payment of such pension. This would imply therefore that whenever a member dies within five years from the commencement of the payment of the pension, the pension shall continue to be paid to the person or persons legally entitled to the succession of the deceased, for the unexpired portion.

C. **CONCLUSION**

The Tribunal wishes to thank all parties and their Counsel for the very dignified attitude adopted throughout the case, which, although it first of all looked like an irreducible deadlock, was rendered more smooth by the open mind of both employer and employees.

Assessors:

R. DE CHAZAL
R. BOUIC

L. J. VALLET
*President*

R. BUNWAREE
*Member*

H. FAKIM
*Member*

13th September, 1976