

MEMORANDUM FOR THE CABINET  
BY THE HON. PRIME MINISTER

ARBITRATION ON RELATIVITIES

Reference is made to Memo to Cabinet No. 63 dated 3rd November, 1963, wherein the whole history of the question of non-industrial salaries was traced and on which Cabinet had decided that, for financial and economic reasons, arbitration could not be allowed to proceed any further and that a special committee should be set up to examine anomalies that might exist in the salaries of non-industrials.

2. Staff Side protested strongly both in the Malta Government Joint Council and publicly by means of a press conference and a general meeting, against the decision to avoid arbitration under the 1959 agreement, and objected to the appointment of the special committee. They felt that, whatever form of advice Government might wish to seek, the Administration should reach its own decisions on which anomalies to rectify, the rest being remitted to arbitration. Meanwhile, they have asked Official Side, by judicial letters, to nominate their representative on the Tribunal and to take steps with the Ministry of Labour in the United Kingdom to nominate a Chairman for the main Arbitration under the 1959 agreement to proceed.

3. Following an interview with the Prime Minister, Staff Side met the Administrative Secretary informally, and it now appears that, if the Government were to allow Arbitration limited to "Relativities", Staff Side would be satisfied for the time being, and would halt the legal proceedings which they have started. The total cost of all claims for improved relativities amounts to about £345,000 per annum. The special committee above referred to have made a fresh and detailed study of the various claims and representations made by staff associations on relativities, and have made a number of recommendations for salary adjustments. If these proposals were to be implemented 'in toto', the cost for the first year would be £10,000, rising gradually to £23,000 per annum. From this, one can assume that all other claims could be successfully resisted in an arbitration.

4. The cost of the adjustments recommended by the special committee would have been higher if it were not for the fact that the whole exercise was contained within the ceiling set by the top Civil Service salary. That same ceiling would equally apply in an arbitration limited to "Relativities" within the present salary structure. (As stated in para. 3 above, this would satisfy Staff Side for the time being.) Thus, it is reasonable to assume that the financial risk of such a limited arbitration would be considerably less than £345,000, and nearer to £23,000.

5. In the light of the financial situation, it was perhaps for consideration whether the Government should not formally ask Staff Side for a general truce on all pay claims until such time as the position improves. Against this, there is the judicial process which Staff Side had started; and they could be expected to press for arbitration on the general salary claims, which now, with arrears, involve £4,000,000 (recurrent £1,000,000 per annum).

6. The Law Officers advise that the agreement entered into with Staff Side by the previous Administration in 1959 can not be considered as binding on this Administration as well. There is, of course, the consideration that any award would be subject to the overriding authority of Parliament. However, the consequences of not implementing an arbitration award do not need to be expanded upon.

7. It appears accordingly to be advisable that Government should reserve its position by implementing no part of the recommendations of the special committee. Resort to an arbitration on "Relativities" only could then be negotiated with Staff Side against cession by them of their rights under the 1959 agreement.

8. The Cabinet are invited to consider the position in all its aspects, and to decide on the action to be taken.

18th June, 1963.

---

L-ARKIVJI NAZZJONALI TA' MALTA

yd