

MEMORANDUM FOR THE CABINET BY THE
HONOURABLE THE PRIME MINISTER

Claim for a percentage increase in salaries and wages

On the 1st April, 1965, Staff Side of the Malta Government Joint Council submitted the following motion:

"That this Council agrees that the scales of salaries and wages of Government employees shall be increased at all points by 6% with effect from 1st January, 1963, by 8% with effect from 1st January, 1964, and by a further 3% with effect from 1st April, 1965. The latter increase to be effected without any prejudice to the overall claim for back-dating."

2. Staff Side based their claim on the rise in the cost of living index. The following wage increases have been granted since April 1959: 15% with effect from 6th April, 1959, 6% with effect from 15th August, 1964, and a further 2% with effect from 1st April, 1965. All these increases were granted following rises in the cost of living index.

3. Since the submission of the motion, the matter has been brought up in the Joint Council on various occasions, but no decision was taken because Official Side had been awaiting developments of a similar claim made by the General Workers' Union in the Joint Industrial Council for a 4% increase with effect from 1st April, 1966. The following are the two proposals made by the General Workers' Union in the Joint Industrial Council:

- (a) An annual review of wages in the light of any variations in the cost of living index; and
- (b) The negotiations of wage increases in advance, say for a period of two or three years, taking account of expected upward movements in real wages.

4. This claim is still outstanding in the Joint Industrial Council. The report of the working party of a sub-committee of the Joint Industrial Council entrusted with the task of finding a suitable formula to serve as a basis for a non-inflationary wages policy was examined by the Cabinet in March 1966 and was left over for consideration till after the general elections, when it was expected that a more informed approach could be made to the matter in the light of the Budget implications. It was however appreciated then that small annual percentage increases of 2% for a period of say 3 years on the basis of expected rises in the cost of living index would be economically advantageous. Global awards possibly with arrears would thus be also eliminated.

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5. From an examination of the three claims incorporated in the motion at paragraph 1 the following points arise:-

- (a) The average Retail Price Index figure for the twelve months preceding 1st January, 1963 i.e. the date of the claim for 6% increase was 103.97. The average figure for the six months preceding and the six months following the 1st January, 1963 was 104.49. The claim for antedating the 6% wage increase, which was in fact granted from 15th August, 1964, is not justified on cost of living grounds.
- (b) The same applies to the claim for 8% increase from 1st January, 1964, as the average Retail Price Index figure for the twelve months preceding that date was 105.87.
- (c) As regards the claim for a 3% increase as from 1st April, 1965, the average Retail Price Index for the twelve months preceding this date was 108.15. It is considered that the 6% wage increase in August 1964 and the additional 2% increase from 1st April, 1965 adequately covers the cost of living increase of 8.15 since 1960.
- (d) The average index figure for 1966 rose to 110.54 and a claim for 2% increase with effect from 1st April, 1966 appears to be justified.
- (e) The latest retail price index available for March 1967, stands at 111.67.

6. Without for the time being, at least, linking increases in salaries and wages with any set policy in advance, it is for consideration whether an offer of a 4% wage increase with effect from 1st April, 1967 should not now be made to the Staff Side. This appears to have the advantage of catching up with the proposal being considered last year to pay a yearly increase of 2% for three years with effect from 1st April, 1966. Secondly an increase of 4%, in relation to a rise of only 3.11% in the retail price index could be justified in consideration of the fact moreover that no arrears for 1966 will be offered, and that the present official index may not represent the actual rise in the cost of living (this is so because since 1960 the pattern of consumption has changed and the weighting on the basis of which the index was arrived at may have to be reviewed).

7. The estimated cost of this increase in a full year is £340,000 of which £300,000 have to be provided in the recurrent budget, £30,000 will be a charge on Capital Funds and the balance of £10,000 charged to Below the Line Accounts.

8. Hon. Ministers are requested to state whether Staff Side may be informed that Government is prepared to offer 4% from 1st April, 1967 without any arrears.