

SECRET

Memorandum for Cabinet by the Hon. Prime Minister
SALARIES OF NON-INDUSTRIAL STAFF

The general question of non-industrial salaries is at present the major issue dominating the business of the Malta Government Joint Council.

2. It may be recalled that at a meeting with representatives of staff associations on 26th August, 1957, the then Prime Minister "gave his assurance" that the report by the One-Man Commission on salaries "would be published and that negotiations with the unions would be opened as soon as that was done," and, on this basis, agreement was reached between Government and the staff associations. The selection of the One-Man Commissioner, namely Sir Percival Waterfield, was agreed to by a majority decision of the unions at another meeting held on 21st April, 1958, and was agreed to by the former Maltese Administration on the same date. On July 1, 1958, the Colonial Government informed the unions that Sir Percival was expected to arrive in Malta in mid-July 1958. On 12th July, 1958, the unions submitted a memorandum in which they unanimously agreed that the proposed Commission could be accepted by them at that "late stage" only under certain conditions, one of which was the right to arbitration on the recommendations of the Commission. On 10th September, 1958, the Acting Lieutenant Governor replied in writing to the unions that the Commission's recommendations would be subject to negotiation and that "if agreement is not reached on any issue which could go to arbitration under the existing rules with the consent of both parties, the Government will, for its part, agree to go to arbitration on any such issue."

3. The Waterfield Commission had to discontinue its work, and no report was published. With the help of Mr. T. Elwood, a revised salaries structure was proposed by Government. This so-called "Elwood" pay revision, published in August, 1959, and implemented in December, 1959, with effect from 1st April, 1959, was subject to subsequent discussion and negotiation in the Joint Council. However, by a prior agreement formally signed on the 10th August, 1959, the Government had bound itself with the Staff Side to go to arbitration on any points of difference which could not be settled by negotiation.

4. In parenthesis, it should be observed that at the meetings held with unions by the previous Maltese Administration and later by the Colonial Administration, the salaries and wages of industrial and non-industrial employees were discussed. Subsequently, the industrials were heard at an Arbitration held in Malta which awarded them a 15% increase in wages (commonly called the Lloyd-Williams arbitration award). There is, therefore, this basic difference that whilst industrials have had their arbitration, the non-industrials have not, so far.

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This is, in essence, the basic grievance of the non-industrial employees.

5. Since the 1959 Revision itself, some adjustments have been made as a result of the Regrading of some posts and others on grounds of Relativity. Unresolved points of difference, however, remain all along the line with every association representing Government staff; and before this Administration took over the arrangements for this arbitration were being proceeded with. In agreement with the staff, this arbitration is to be held under an 'ad hoc' tribunal under a chairman to be nominated at our request by the U.K. Ministry of Labour. The tribunal members to represent Malta Government interests and staff interests were nominated; the claims (except those for Teaching staff) and the draft terms of remit were forwarded to London; and it only remained to nominate a chairman and appoint a secretary for the tribunal, to send the Teaching claims, sign the terms of remit, and fix a date for hearings to begin in Malta.

6. The staff unions have put up claims totalling in the region of £1,000,000 per annum, and are claiming almost four years of retrospection. Many of the claims are highly exorbitant, and they stand no reasonable chance of being met. On the other hand, arbitrators are by experience unpredictable, and it may well be that the Government will be faced with an unknown extra salary bill of some consequence.

7. Last December/January, Government made last-minute offers which were designed to give a belated measure of relative increase to certain sectors of civil servants; to dispel the need of certain associations going to arbitration; and thus to contain the possible consequences of arbitration by the rest. These last-minute proposals, however, were couched in vague terms (the staff were not told what specific increases were being offered). Thus the staff unions found it understandably difficult to agree among themselves whether to accept the offer. At the same time, it is known that the cause of discontent is not so much the quantum of pay, as the relativity of certain salaries to others.

8. The Staff Side still want to press their claims despite the turn in the economic situation. On 7th September, 1962, they were informed that the whole matter had to be considered in the light of the latest developments, and Official Side were therefore not yet in a position to sign the terms of remit. Soon after, unilaterally, Staff Side published a statement in the press, saying that they "did not consider this or any other reason to be valid"; and insisting that the August 1959 agreement to go to arbitration should be honoured without further delay.

9. Thus the lines of action appearing to be open to Government at present are the following:

(a) To let arbitration proceed as per agreement entered into with Staff Side by the previous Administration.

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(b) To halt the arbitration arrangements for financial and economic reasons.

10. The risk of pursuing course (a) is that mentioned in para. 6 of this memorandum. It is a risk that the present state of Malta's finances can not afford. The consequences of a complete halting of arbitration are hardly less unpleasant. As stated above, the previous Administration entered into a formal agreement with the Staff Side to go to arbitration. The staff therefore feel that Government is committed to honour that agreement. Already, it is their feeling that negotiations have been unduly protracted, and the onus of arbitration, they say, has been passed by one Administration to its successor. A crude halting of arbitration proceedings at this stage would, therefore, be bound to produce grave disappointment, with the likelihood of drastic reaction. It is thought that public opinion would not back the staff in what is essentially a demand for more pay. On the other hand, concerted charges of breaking faith could hardly fail to embarrass the Government at this time when national unity is so essential.

11. As a way out of this impasse, Government might wish to consider the advisability of allowing arbitration to proceed, but only if the Staff Side agree to waive their claim for retrospection altogether and to limit arbitration to a certain level, say, up to and including Higher Executive Officer level, that is, including all grades whose salary does not exceed £810 per annum. In return, the Government could offer that,

(i) in future, automatic arbitration (which industrials already have under the constitution of the Joint Industrial Council) would be conceded to non-industrials up to that salary level (£810); and

(ii) in so far as concerns salaries in the non-arbitrable band, a special standing committee would be set up to examine anomalies.

12. This would have the advantage of steering towards the practice whereby senior officials, whose continual duty it is to advise Government, do not need to "go to court" against the Administration. This practice has been in use in the United Kingdom for some years.

13. The Cabinet is invited to consider the position, and to decide on the action to be taken. There are obvious advantages in proceeding as in para. 11 above.

3/11/62.