

Memorandum for Cabinet by the Hon. Minister of Works
and Housing

Payment of Wages by Cheque

The present system of payment of wages to industrial employees of the Public Works Department is causing to Government the loss of at least £19,000 working time a year.

As soon as the present Administration took office, the Minister of Works and Housing took up this matter with the Government officials concerned with a view to streamlining payment of wages with a view to eliminating the substantial loss of time lost by workers in collecting their wages. Several attempts were made in the past to improve the current system of paying in cash by Treasury vans on sites of works but the results achieved were never satisfactory. The only way out, therefore, seemed to be to pay wages by cheque.

The main objections raised to the proposed system were:-

- (i) Difficulties encountered by workmen if not allowed to cash cheques during office hours.
- (ii) Banks' unwillingness to accept a task of some magnitude for which they would gain no financial return, and
- (iii) The stand taken by the Family and Workers Union.

The matter was discussed at high level and the O. & M. Branch of the Establishments Division prepared a report after very careful investigation and consideration.

The difficulties enumerated above are not unsurmountable and should not stop the implementation of a scheme, which, after all has been introduced in more developed countries.

The pay packet of a workman averages between £6/£8 a week. The £5 note today, which is legal tender, has raised no cashing difficulties. Cheques of a slightly higher value could be easily cashed at shopkeepers by the workmen or their relatives or by the workers' relatives at Bank Branches. Banks may finally see it advantageous to open their branches for some time after normal working hours for this business.

When the Banks Association was contacted, the reaction was that Banks could not cope with the increased amount of weekly cheques to be cashed and moreover, they would get nothing in return for this work. However, when individual high officials of Banks were contacted informally one manager was in favour of the scheme while another had to consider the proposal. Moreover, Banks cannot expect to have it all their own way. Local Banks are better placed vis-a-vis the Government than Banks in other countries. They are not here controlled as regards overseas investments and they should, therefore, realise that they must co-operate with the Government. If the scheme is subsequently made to cover all industrial and non-industrial employees in the Government service, the Banks' present reasoning may be reversed.

/The General Secretary ...

The General Secretary of the Government Section, General Workers Union was contacted by the Minister of Works and Housing and he agreed to the proposal. He said that his Union would be prepared to take the platform with the Government to explain the necessity of the scheme to its members. The Family and Workers Union, however, objected to the scheme. The alternative they could offer was for the site supervisor to collect the wages himself and distribute the pay packets to his subordinates. This is of course unacceptable. It is a retroactive step which may be a source of abuses.

It is to be added that the O. & M. Report was in favour of the introduction of the scheme.

Hon. Ministers are, therefore, asked to agree that the system of payment of wages by cheque to industrial employees should be introduced in the Public Works Department as from the first week in December, 1964; that the Banks Association and the Unions should be informed of the Government decision before the first cheques are issued.

30th October, 1964.

M.W.H. 116/62