

MEMORANDUM FOR THE CABINETBY THE HONOURABLE PRIME MINISTERRe-activation of the Committee of Users  
of the Retail Price Index

It was agreed in Cabinet on the 7th January, 1969, that the Committee of Users of the Retail Price Index should be re-activated under the chairmanship of the Principal Government Statistician in order that a household survey may be carried out to serve as a basis for the compilation of a new index.

2. In order to implement this decision it is recommended that the old committee appointed in 1960 should be wound up and thanked and that Government Notice No. 461 of the 2nd September, 1960, appointing the Committee should be rescinded.

3. It is also recommended that the new committee should be composed as follows:-

The Principal Government Statistician, Chairman			
One representative of the Office of the Prime Minister (Economics Section)			
"	"	"	Director of Trade
"	"	"	Director of Labour and Emigration
"	"	"	Confederation of Malta Trade Unions
"	"	"	General Workers Union
"	"	"	Malta Employers Association, The Federation of Malta Industries and the Chamber of Commerce (Joint Consultative Council)
"	"	"	Malta Retailers Union
"	"	"	Consumers Association or of the National Council of Women in Malta.

This includes representatives of all organisations that were on the 1960 Committee except the Staff Side of the Malta Government Joint Council which is no longer functioning. A Representative of the Consumers Association or of the National Council of Women of Malta has been added as these organisations were not in existence in 1960. As it is not considered practicable to increase the number of Union representatives beyond the two proposed, i.e. a representative of the General Workers Union and a representative of the Confederation of Malta Trade Unions, and as it is considered desirable to keep a balance between the number of representatives of employers and that of employees, it is being proposed that the three members representing employers on the former Committee of Users should be replaced by one member representing the Employers Joint Consultative Council of the Malta Employers Association, the Federation of Malta Industries and the Chamber of Commerce.

4. The terms of reference, which should be published in the text of the Government Notice setting up the Committee could be as follows:-

"To advise the Hon. Prime Minister on the type of household budgetary inquiry required to be held to provide information for an up-to-date weighting basis for a new index of retail prices; and

To consider whether temporary modifications should be effected to the existing interim index of retail prices until a new index is instituted based on the results of the household enquiry."

The General Workers Union insisted on the provision included in the second paragraph of terms of reference as the new index based on the proposed household budgetary survey must take about fifteen months to complete.

5. The Principal Government Statistician has submitted an Outline Plan of Operation reproduced at appendix I herewith. Most of the proposals in particular those in paragraphs 6 to 12, and 18 to 20, will have to be considered by the Committee of Users, when this is appointed.

6. The additional staff requested will be provided as soon as required. A provision of £15,000 has been inserted under Vote 9, Item 23 of the draft Estimates for 1969-70 to cover necessary expenditure, during the current financial year.

7. Accommodation. Additional office space is required for the additional staff of about twenty officers required for the Household Budgetary Survey. The Principal Government Statistician reports that the question of accommodation may turn out to be a real stumbling block in the way of holding the Survey unless top priority is officially given to this requirement. It has not so far proved possible to provide the necessary accommodation, but the matter is being actively pursued.

8. Hon. Ministers may wish to state whether they agree to the proposals at paragraphs 2, 3 and 4 above, and the provision of accommodation for this purpose should be given top priority.

31st May, 1969.

Outline plan of operation1. Purpose

The survey is required primarily to provide sufficient information on the present pattern of consumers' expenditure to enable the C.O.S. to construct an up-to-date weighting diagram for use in compiling the Index of Retail Prices.

2. Executing Agency

The Central Office of Statistics, strengthened by the staff detailed below.

3. Legal Authority

Government Notice notifying the holding of the survey under the Statistics Act and the collection of information from selected households in stated localities, by appointed officers, during a given period.

4. Agreement by Committee

The plan of operation, most of the technical details involved, the type of information to be collected, the method of selection of the sample, the sample frame and the use which will eventually be made of the collected data will be explained to the Committee of Users of the Retail Price Index, whose agreement with the concepts and methods adopted will be sought before the actual launching of the enquiry.

5. Duration

The survey will be spread over a period of 12 months in order to cover seasonal changes in consumers' outlays. Provided the necessary funds and manpower resources are made available in time, it is hoped that the whole operation will be completed in 18 months. The following is a tentative schedule of the various phases of the exercise:-

- |  |                      |
|--|----------------------|
| A. Discussion by Committee of Users and agreement in principle   | 1st week April 1969  |
| B. Preparation of detailed drafts of forms, organizational details and collecting techniques, drawing up of the sample frame, etc. | 1st week in May 1969 |
| C. Approval by Committee   | 2nd week May 1969    |
| D. Selecting of sample, printing of forms, training of interviewers, and finalization of all preparatory arrangements              | 3rd week June 1969   |
| E. Launching of Survey and start of field work   | 1st week July 1969   |
| F. Termination of field work   | 4th week June 1970   |
| G. Final manual abstractions and start of machine processing   | 2nd week July 1970   |



H. Tabulations, typing  
and printing

3rd week August 1970

I. Analysis and publica-  
tion

September 1970

## 6. Coverage

A total of about 1,156 households residing in 13 towns and villages with the highest population figures (i.e., Valletta, Sliema, Hamrun, Marsa, Paola, Cospicua, B'Kara, Qormi, Zabbar, Zejtun, Rabat, Msida and Gzira).

## 7. Type of Households

The survey will be limited to households of wage and salary earners, of 2 to 7 persons earning not more than £20 a week.

## 8. Compensation to Households

In view of the inconvenience caused to cooperating households in keeping full records of all items of expenditure for a period of 3 weeks, it is customary in U.K. to pay a small sum to each such household after the collection of information. This practice was adopted in Malta in 1955. It is proposed to pay £3 to each cooperating household, provided the household continues to cooperate for the whole period of 3 weeks. These payments will amount to £3,468.

## 9. Avoidance of Compulsion

The accuracy of the results will depend to a large extent on the degree of cooperation obtained from responding households. Since the registration of every single item of expenditure by all spending members of the household for a period of 21 consecutive days involves several visits by interviewers, loss of time of respondents, patience and inconvenience, it is felt that legal powers to compel reluctant households to comply should not be used. Persuasion rather than compulsion seems to be indicated in enquiries of this nature. In order to allow for cases of households refusing to cooperate, a sample larger than the number actually required will be drawn.

## 10. Phasing of Interviews

Each household will be surveyed for a period of 3 consecutive weeks. There will be a maximum of 80 responding households during any given week and a minimum of 20 households during the first and last weeks.

## 11. Interviewers

Between 10 and 13 interviewers, of C.O. and C.T. grades, will be appointed as necessary after proper training. The exact number will depend upon the flow of data collection in terms with the planned phasing of interviews aimed at ensuring proper coverage of seasonal changes in consumption patterns. Replacements will be appointed when original appointees fall out for some reason or other. About 28 interviews with earning or spending members of an average household will take place during a period of 21 days. Many of these interviews will be carried out after office hours and involve attendances on Saturdays and Sundays. It is proposed to pay interviewers £2 per household completely covered and £1 where the household fails to continue to cooperate after the first week. It is estimated that £2,550 will be paid to interviewers, or an average of approximately £16. 10s. per month per interviewer. One special interviewer will be paid £20 per month. Interviewers will be equipped with a letter of appointment and an identity card.

## 12. The Schedules

It is intended to make use of one household schedule to show the composition of the household, one personal income schedule for each earner, one personal expenditure schedule showing expenditure of each

spender for each of the three weeks, and one principal expenditure schedule showing daily outlays for each of the 21 days covered, in respect of the main spender in the household. Full details of these schedules and of the corresponding working sheets for compilations at headquarters will be worked out when the required staff is made available.

### 13. Cost

The cost of the survey is estimated to amount to £27,445, made up of:-

Salaries, wages and overtime	£17,307
Extra remuneration to interviewers	2,790
Compensation to households	3,468
Stationery, transport and other expenses	3,880
	<u>£27,445</u>

A detailed breakdown of the expenditure, showing the number of staff of each grade required, is given in appendix II. If the time-schedule for the implementation of the different phases of the exercise is adhered to, the expenditure falls to be incurred as follows:-

	£19,378 in financial year 1969/70
	<u>£8,067 in financial year 1970/71</u>
Total	<u>£27,445</u>

### 14. Staff

In order to minimise the difficulties usually encountered in the posting of additional staff, the number of personnel required for the survey has been kept down to the barest minimum. In connection with a similar survey proposed in 1958, five additional clerical officers and fifteen interviewers besides 1 H.E.O., 1 H.C.O. and 2 C.T.s, were considered necessary. It is intended, on this occasion, to perform more office work after normal hours, involving more overtime payments, at the same time reducing more than correspondingly the number of extra clerical assistance which proved so difficult to obtain in connection with the Population Census of 1967.

The staff required for the survey and the duties to be performed are as follows:-

1 Higher Executive Officer (1/4/69 to 30/9/70)	Secretary to the Committee of Users and responsible for all facets of the work of the Survey Unit.
1 Higher Clerical Officer (1/4/69 - 30/9/70)	Special interviewer during the 12 months of the survey; prepares instructions and trains interviewers in the 3 months before start of survey; and Compiler - in Chief for 3 months after end of survey.
2 Clerical Officers (1/4/69 - 30/9/70)	One C.O. i/c of household composition schedules and income schedules. One C.O. i/c of expenditure schedules. Both vet, code and abstract during and after office hours, assisted by 1 C.T.



7 Clerical Officers and 6 Clerk Typists (1/6/69 - 30/6/70)	Interviewers.
1 Clerk Typist (1/5/69 - 30/9/70)	Typing work and assisting in abstractions.
1 Clerk Typist (1/4/70 - 30/9/70)	Operating punch and verifying machines.
1 Fatigueman (1/4/69 - 30/9/70)	Fatigue duties.

#### 15. Change in Organizational Structure

It is evident that the holding of this survey will add an onerous burden on the C.O.S. at a time when additional electoral work must be performed within rigid time-limits. The revision of electoral boundaries has to be effected by the middle of September 1969; a local government election is due to be held in June 1970 and preparatory work for the general elections due in 1971 will have to start in the latter half of 1970. Meanwhile, the compilation of the machine tabulation work of the 1967 Census of Population has been unduly prolonged due to the non-availability of the expected manpower resources and the priority allotted to machine processing jobs connected with water, electricity, telephone and pitkali billing jobs and to the production of statistical series of an economic nature urgently required as a result of Malta's affiliation (proposed and actual) to several international organizations.

It is necessary at this juncture to divorce the electoral registry and all electoral functions from the statistical and machine tabulating work, by creating a separate Electoral Registry as a distinct administrative unit and appointing a suitable officer as Electoral Registrar and Chief Electoral Commissioner. This proposal has already been made in connection with the 1969/70 draft estimates and it is strongly recommended that a decision be taken by Government, at this stage, in order to ensure the successful performance of all tasks in both the statistical and electoral fields. Unless this is done now, it may not be possible to adhere to the time-schedule fixed for the Household Survey.

#### 16. Office Accommodation

There is no room in the present C.O.S. premises where to accommodate the Household Survey Unit. The acute accommodation problem has still to be solved. Notwithstanding past efforts made to acquire such premises as the Provost House, the Vernon Club, Admiralty House, the old Housing Dept. Office in Strait Street, R.A.F. Headquarters in Floriana, Mayfair House, premises at 1A, Windmill Street, and those at 112, St. Lucy Street, Valletta, yet no success was registered as no funds were made available or priority in allocation was allotted in other directions.

The question of accommodation may turn out to be a real stumbling block in the way of holding the Household Survey unless top priority is officially given to this "real" need. The provision for rent inserted in the estimated cost of the Survey is a mere £150 per annum. This amount would probably have to be increased appreciably if the urgent acquisition of office accommodation in the present tight market is to materialise.

#### 17. Other Expenses

The provisions taken in the appendix for equipment, furniture, stationery, printing and transport are self explanatory.

#### 18. The Sample Size

The limitation of the sample frame to thirteen geographical localities is justified on both practical and conceptual grounds. It avoids the difficulty of scattering the sample throughout Malta and Gozo

and the resultant greater amount of travelling from one sample household to another, involving greater expenditure and loss of time. Theoretically, the first stage selection of the thirteen largest localities, comprising in all 39,676 households out of a total of 77,787 households in all localities in Malta and Gozo, conforms to the widely accepted concept that there is greater homogeneity for all items studied in a survey of population groups in urban agglomerations than there would be in groups consisting of agricultural and urban households. Since the principal aim of the survey is to arrive at a representative pattern of household expenditures relating to wage and salary earners, it is a common practice in many countries to carry out such surveys in towns of significant size. The following table shows the scope of family budgets in other countries:-

Country	Reference Period	Type of Household	Geographical Coverage
Austria	April 1954- March 1955	All types except agricultural	40 towns with more than 10,000 inhabitants each.
Finland	1955-1956	Households of employees with children under 18 or without children	Towns only.
France	1954	Families with common budget	Paris and 17 cities.
Federal Republic of Germany	1951-1952	Households with 2 to 4 persons	Communes with more than 5,000 inhabitants.
Greece	1957-1958	All types except armed forces, police, diplomatic corps and boarders	Towns with 10,000 or more inhabitants.
Norway	October 1951- September 1952	Husband, wife and dependent children	27 towns and industrial centres.
Portugal	June 1955- May 1956	Households of workers and junior salaried employees with 3 or more persons	City of Evora only.
Turkey	1955	Families of Government employees	Ankara only.
Yugoslavia	1957	Households with common budget	Urban agglomerations of 15,000 or more.

While it is desirable to limit the size of the survey in order to minimise the expense involved, it would not be possible to achieve a high degree of reliability if the absolute size of the sample is too small. It was established about 9 years ago, when a similar survey was contemplated, that the sample could not be smaller than 1000 to enable valid conclusions to be drawn from the analysis of the collected data by such characteristics as size of household or income groups.

The same conclusion had been reached in May 1955 by Mr. W. P. F. Kensley who had examined standard deviations of household



expenditure in the results of the pilot survey of 46 households carried out two months earlier by the Dept. of Labour. Mr. Kamsley had shown that whilst it would be unwise to draw conclusions from a sample of 1,000 with regard to smaller sub-divisions by single locality, it would yield useful comparisons by subdividing the sample (for the localities taken together) by characteristics such as size of household or income group.

Apart from statistical considerations of the "optimum size" of a sample, it is also very important to win the confidence of the proposed Committee of Users with regard to the accuracy of the results of the enquiry. The chosen size of 1,156 households is expected to achieve that aim. It is somewhat larger than that established in 1958 and it is convenient as a perfect square, simplifying the calculation of standard errors.

#### 19. The Sample Frame

In order to ensure that every household in the thirteen largest localities, conforming to the accepted characteristics, has the same chance of being selected in the sample as every other similar household, the sample frame will have to contain all such households. It is possible to build this frame from the punched hollerith cards of the Census of Population, Housing and Employment of November 1967. The mechanically selected cards of Maltese heads of household in the given localities who are wage or salary earners, with wages not exceeding 399 shillings per week, will be listed in household reference number sequence. This list will be confronted with another existing list of households in the same sequence, showing the composition of the household and the employment status of all members. Households of 1 person only or with more than 7 members as well as those with more than 2 working members will be removed from the frame. The address of the eligible households will then be obtained from the corresponding Census Enumeration Area booklets by reference to the household serial number.

#### 20. Selection of the Sample

Knowing the sample size and the size of the frame, the sampling fraction is calculated, on the basis of which the survey households will be selected. Stratification of the frame by such characteristics as household size or number of working members, if desired, could also be achieved by a re-distribution of the households in the frame into the required "cells" for which sampling fractions would be calculated. A suitable reserve of households to substitute those who fail to cooperate will be selected at the same time as the selection of the survey households is effected.

H. A. Frendo  
Director of Statistics

lz  
12/3/69



Estimated Cost of Household Budgetary Survey

		<u>1969/70</u>		<u>1970/71</u>
		£		£
<u>Staff</u>				
1 Higher Executive Officer	(12 mths.)	1,000	500	(6 mths.)
1 Higher Clerical Officer (Special interviewer and office work)	"	775	386	"
2 C.O.s (Office work)	"	1,220	610	"
7 C.O.s (Interviewers)	(10 mths.)	3,570	1,070	(3 mths.)
6 C.T.s (Interviewers)	"	3,090	930	"
Remuneration to interview- ing staff at £2. per house- hold and to Special Inter- viewers at £20 p.m.	(9 mths.)	2,090	700	"
1 C.T. (Office work and typing)	(11 mths.)	472	258	(6 mths.)
1 C.T. (punch and verifier operator)	-	-	258	"
1 Fatiguelman	(12 mths.)	533	310	(7 mths.)
6% wage increase		636	259	
Overtime H.E.O., abstrac- tors, typists, punch opera- tors, machine operators and fatiguelman		1,030	400	
Total		<u>14,416</u>	<u>5,681</u>	
<u>Other Charges</u>				
Payments to cooperating households		2,312	1,156	
Transport		850	300	
Stationery, including cards, printing and photolitho material		450	300	
Rent		150	150	
Office furniture		600	-	
Water, Electricity, Telephone and incidentals		180	90	
Rentals of punching and verifying equipment			90	
Purchase of typewriter		120	-	
Purchase of calculating machine		300	-	
Printing of Report		-	300	
Total		<u>4,962</u>	<u>2,386</u>	
GRAND TOTAL		<u>19,378</u>	<u>8,067</u>	