

SINGAPORE GOVERNMENT PRESS STATEMENT

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TEXT OF REPLY BY THE MINISTER FOR FINANCE, MR. LIM KIM SAN, TO THE SPEECH MADE ON THE MOTION FOR ADJOURNMENT BY MR. BERNARD RODRIGUES, MEMBER FOR TELOK BLANGAH, ON "THE ISSUE OF BACK-PAY OF THE PUBLIC DAILY RATED EMPLOYEES' UNIONS FEDERATION" IN PARLIAMENT ON MONDAY, DECEMBER 13, 1965.

I had, of necessity, made a lengthy statement just now outlining the Government's fiscal and financial policies as an independent and sovereign country, and its budget for the coming year. I am therefore glad for the welcome break provided by the Member for Telok Blangah. I don't propose to make a similarly lengthy speech but will answer directly the points made by the Member.

If I might be permitted to summarise him, he made the following points:

- (1) Government acted unilaterally in formulating a scheme to implement the wage clauses in the Collective Agreement, 1961, entered into between the Government and the Public Daily Rated Employees' Unions Federation;
- (2) Due to its procrastination, Government deprived the workers of its just awards;
- (3) The demand for back-pay is nothing unusual in matters of wage increases.

Let me take the first two points together as they seem to me to be curiously linked. My first reaction is that these two points are contradictory - how can you accuse the Government of unilateral action and in the same breath also allege that it procrastinated. However, be that as it may, let me elaborate.

On the point of unilaterally formulated scheme, the facts of the matter are that after the Agreement was signed between the Union and the Government, those clauses which are clear-cut and straightforward, instructions were given to Government departments to implement them forthwith. On the clauses relating to wages, it was not all that straightforward and a number of discussions took place between the Union representatives and Treasury officials. Arising out of these discussions, Treasury presented to the Union a draft scheme setting out full details for the implementation of the wage clauses as a basis for further discussion. This action is nothing new and, in fact, is common practice in all meetings - useful and serious meetings I mean - at which draft proposals are put forth as a basis for further deliberations. This was exactly what the draft scheme sought to achieve.

After a number of meetings, agreement was reached between the Union and Treasury representatives. Indeed, a signed statement is on record in a Treasury file signifying the consent of the Union to the issue of that scheme. It is therefore highly misleading for the Union, four years after the event had taken place, to make a general allegation of unilateral action on the part of Government.

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On the question of procrastination, thereby depriving the workers of just increases in the wages, this is unfair.

The scheme referred to earlier provides for implementation with retrospective effect from January 1, 1961. Every employee received some increase in wages. In the vast majority of cases, each employee received an increase of 40 cents per day and some cases benefited up to a dollar and fifty cents per day. The annual cost for this wage revision was in the region of three quarter million dollars.

Among the actions taken by the Government to hasten the implementation of the Collective Agreement, when there were allegations by the Union that some clauses of the Agreement had not been implemented, was the establishment of a Commission of Inquiry under the Chairmanship of the Commissioner of Labour with members nominated to represent the interests of the Union. The Commission made a thorough study of the matter and made a number of specific recommendations on wage adjustments in its findings. All these specific recommendations of the Commission had been accepted and implemented by the Government with retrospective effect from January 1, 1961. There are a number of disputed grades on which even the Commission was not in a position to make direct recommendations and as the Union is aware, on the instruction of the Prime Minister, with a view to effect a speedy end to this long drawn out dispute and conclude a complete settlement of the 1961 Collective Agreement, a Job Evaluation Team with Union participation has been working for some time. The Job Evaluation Team is expected to make its recommendations soon.

Everything possible has been done to conclude the 1961 Collective Agreement and the Union is aware that Government is as anxious, if not more so, to see an end to this matter.

The third point that the Member for Telok Blangah made is of fundamental importance. The Member made the point that back-pay is not unusual, but I say that back-pay must be discouraged, if not altogether disallowed because no Government can plan its financial policies and administer them wisely if there is a sinister threat that out of nowhere some one is going to produce a bill that the Government has to make arrears for back-pay. I am, of course, aware that in certain situations, industrial courts as well as managements, had agreed to some arrears in wage increases, but this must be the exception rather than the rule.

The policy of Government on back-pay is well-known to all the Staff Unions. As Minister for Finance, I am particularly anxious to see that considerable financial resources are not frittered away by demands on back-pay when such resources are desperately needed for the financing of economic projects in the country for the general upliftment of the standard of living of the people in the country. It is only in very exceptional circumstances would I be prepared to see a departure in this ruling provided that the financial implications are not considerable.

In this connection, I am reminded by a very valid point made by the late F.C. Benham when he was entrusted to report on a revision of salaries for Government officers in 1951. In that report, the Author expressed the view that the practice of backdating, i.e. giving back-pay is erroneous in principle. He went on to say "If Government were to follow the general rule that whenever it revised any of its contracts, it should backdate

the revision in order to redress past "injustices," it would be unable at any time to make a proper estimate of its financial position, a great deal of unnecessary clerical and other work would be created, and the business of public administration would be hopelessly complicated."

There is also a question of tactics. Back-pay weakens the bargaining position in negotiations. If the Union is assured of backdating, there would be no compelling incentive for the Union to desire a quick conclusion in negotiations, as it will be assured that whatever form of agreement is ultimately reached, the benefits thereof would be backdated.

I therefore remind the Member for Telok Blangah and all other Members, who harbour similar sentiments, that this Government is committed to raise the standard of living of all its people, most of all the working-class people, but in doing so, it must plan its limited financial resources carefully and wisely and that the guiding motto to be followed should be one of looking ahead for further achievements rather than looking backward at long drawn-out disagreements that do nobody any good.

DECEMBER 13, 1965.

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