

**PUBLIC SERVICE
MANAGEMENT,
OFFICE OF THE PRESIDENT**

**CIRCULAR
MEMORANDUM**

REFERENCE NO. PS: 18^{VII}

FROM: Permanent Secretary,
Public Service Management,
Office of the President.

SUBJECT:

TO: All Permanent Secretaries,
Heads of Departments and
Regional Executive Officers.

Press Statement issued by the Minister of the Public
Service.

DATE: 1996-12-24

I forward herewith for your information copies of the press statement issued on 20th December, 1996, by the Hon. Minister of the Public Service on demands made by the four Unions for pay increases with effect from 1st January 1996, to all Public Service employees.

2. Please bring the contents of the statement to the attention of all employees in your Ministries/Departments/Regions.

R. Sivanand, A.A.,
Permanent Secretary,
Public Service Management,
Office of the President.

PRESS STATEMENT BY THE HON. GEORGE FUNG-ON, M.P., MINISTER OF THE PUBLIC SERVICE, ON THE DEMANDS MADE BY THE FOUR UNIONS FOR PAY INCREASES WITH EFFECT FROM 1ST JANUARY, 1996 TO ALL PUBLIC SERVICE EMPLOYEES.

The demands of the four Unions – the Guyana Public Service Union; the Union of Allied and Agricultural Workers; the Amalgamated Transport and General Workers' Union and the National Union of Public Service Employees are as follows:-

The payment of \$2,000 – plus a 25% salary increase to each employee in the Public Service with effect from 1st January 1996, in addition to whatever was already paid for this year.

2. As stated “The Union’s demand is based on an agreement with the Government which was signed on 20th May, 1994, following strike action by public servants for annual increases in salary based on the growth of the economy and on inflation” and in support of the demand, the Unions contend that” the Central Government’s surplus of Revenue over Expenditure for 1995 was U.S. \$51.9M and for the half year in 1996, it was U.S. \$41.5M.....” so that with an estimated cost to the Government of U.S. \$10.7M the Demand could be met, since” the economy is experience a 7% growth
3. The facts of the matter as regards the terms and conditions of the agreement of 20th May, 1994, under reference, are as follows:-
 - (i) In terms of the schedule to the Agreement which listed eight (8) paras. on items to be discussed with Unions, paragraph seven (7) provides inter alia for “annual adjustments to be made of wages and salaries of workers as a consequence of the effects of inflation, to be implemented after annual reviews
4. So that the specified commitment of the Government is to increase wages annually to cover inflation and not “growth in the economy” which is to be covered in the wages policy, now under discussion with the Unions.
But the Government, despite the delay in the formulation of the wages policy, approved from 1st January 1996, the payment of 15% increase in salaries/wages to all public service employees which increases are over and above the total inflation rate of 8.1%, and growth rate of 5.1% for 1995.
5. As regards the surplus in revenue over expenditure in 1995 and the half year in 1996 as contended by the Unions, the advice of the Ministry of Finance is that these statements are completely incorrect. The facts are that for 1995 there was a deficit of \$9.55BN and for January – June 1996 a deficit \$4.490BN.
6. The statement of the Unions that the Government has dishonoured the Agreement of 20th May, 1994, is completely inaccurate and misleading.
7. Of the matters in issue, listed for discussion in the schedule to the aforesaid Agreement, all, excepting one – the formulation of a wages policy – had already been addressed and decided, in consultation with the concerned unions.

8. It is to be admitted that there had been delays in deciding the Wages Policy, both on the part of the Government and the Unions. As for example, the meeting with the Unions which was fixed for this morning had to be cancelled at the instance of the Unions.
9. But as stated previously, the Government, in good faith had approved from 1st January 1996, the payment of increases to public servants totaling 15% across the board, which took into account not only inflation rate (8.1%) but over and above the growth rate of 5.1%.
10. As already notified, for public information, increases in salaries/wages of public service employees over the four (4) year period of the PPP/Civic Government amounted to 135% at the minimum and over 360% at the maximum.
11. The Government is committed to improving the low rates of salaries/wages which is only one of the many burdensome situations which it inherited. However, despite the difficult circumstances and other demands on the limited financial resources it will strive to remedy the situation as soon as possible.

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G.E. Fung-On,
Minister of the Public Service.