

IN THE TRADE DISPUTES PANEL )  
OF SOLOMON ISLANDS. )

Case No. L9/15 of 1994

IN THE MATTER of the Trade  
Disputes Act 1981

AND IN THE MATTER of a Referral  
of a Trade Dispute.

BETWEEN: Solomon Islands National  
Union of Workers  
Applicant

AND: Guadalcanal Provincial  
Government.  
Respondent

Enquiry: 28th February 1995, Honiara.  
Award: 8th March 1995.

Panel: A. N. Tongarutu - Chairman  
C. Karaori - Employee Member  
J. Adifaka - Employer Member

Appearance: J. Ilifanoa, Legal Officer, for the Applicant.  
A. Matanani, Provincial Treasurer for the Respondent

#### F I N D I N G S

On the 26th of September 1994 the applicant party (hereinafter referred to as the union) gave notice to the Panel pursuant to sections 4(1) and 6(1) of the Trade Disputes Act 1981 of a trade dispute between the Guadalcanal Provincial Government (hereinafter referred to as the employer) and its employees who are members of the union. The issue in dispute was centred on a wage increase for the year 1994. The union requested an 8% increase and the employer's counter offer was 3%. This was rejected by the union which referred the matter to the Panel for determination on whether the 3% increase was sufficient to cover the cost-of-living increases for the year 1994.

The basis of the union's case was that in the last quarter of 1994 the Retail Price Index was 12.5% and that in the case of Solomon Islands National Union of Workers Vs Hasting Limited (1994) concerning a wage claim the Panel awarded the employees an 8% wage increase. In the recent case of SINUW V Solomon Kitano Mendana Hotel Limited the Panel also awarded an 8% increase across the board in favour of the union against the hotel's offer of 5.5%. The Minister however varied the award to 7.5% without giving reasons. For the above reasons the 3% wage increase would not adequately cover the rise in the cost of living as indicated in the Retail Price Index.

The employer's counter offer is premised firstly on its poor financial standing. Currently the cashflow is poor. Written submissions on the financial status of the Province showed that for the period between October to December 1994 the employer recorded a deficit of \$65,493.00. If they were to agree to the increase

of 8% backdated to 1st April 1994 it would have an adverse effect on the functions of the Province in that all it would do would be to pay salaries and debts. In so doing it would reduce its capacity to maintain a reasonable essential services to the populace it serves. Secondly in 1994, the Provincial Government approved a 20% increase on Provincial Assembly members allowances which was backdated to 1st April 1994. Due to this increase the Province also gave a 20% increase on wages to its employees. This led to a higher placement on the wage structure of its employees comparatively to SIG employees. Any justification for an increase on salaries must also be compared with the salaries of SIG employees. Thirdly, that due to oversight, wage increase was not budgetted for in the annual budget.

After having considered the submissions of the parties the majority was of the opinion that in view of the financial position of the employer and in the light of the recent increase in wages a reasonable and fair increase would be that of 3% whilst the minority opinion was in favour of 6%. In any deliberations of this nature the Panel must take cognisance of Section 6(4) of the Trade Disputes Act 1981 which states and I quote; **" The Panel shall in considering what award to make in any trade dispute, take account not only of the interests of the parties to the dispute but also of the likely effect of the award on other persons and on the economy as a whole"**. The provincial government as shown by the documents appears to be in financial trouble and any major increase would affect its major function which is that of providing and maintaining public services to the populace it serves. Under the circumstances any wage increase award by the Panel cannot solely be premised on Panel precedents. Each case must be considered in its own merits. After having said this, it must be borne in mind that national and provincial governments are not money making institutions and cannot be treated on the same par with money making institutions.

#### Award

The respondent is to pay to its employees who are members of the union a 3% wage increase for the year 1994 and backdated to 1st April 1994.

#### Appeal

The parties have a right of appeal to the High Court on a question of law only under the Trade Disputes Act 1981.

**Panel Expenses**

Pursuant to Section 11 of the Trade Disputes Act 1981 the parties are to equally pay panel expenses in the sum of \$50.00 to the Ministry of Commerce, Employment & Trade within fourteen days of receipt of this Findings.

On behalf of the Panel

A. N. Tongarutu  
**CHAIRMAN/TRADE DISPUTES PANEL**