

## 6. Prices and Incomes

A review of local inflationary trends occurring between September 2004 and September 2005 are presented in this Chapter. Moreover, given the high degree of openness of the Maltese economy, an analysis of inflation rates in the European Union (EU) Member States is also presented. The development of wages during the same period is also analysed.

The 12-month inflation rate in Malta stood at 2.76 per cent in September 2005 as compared to 2.57 per cent in September 2004. The inflation rate remained relatively high during 2005, with the lowest level of 2.63 per cent being recorded in October 2004 while the highest level of inflation was recorded in June with a reading of 2.94 per cent. The underlying factors behind the increase in inflation are both of domestic nature and international ones, mainly reflecting higher international oil prices.

The analysis of average weekly sectoral wage rates is compiled from the collective agreements of 209 companies employing a total workforce of 30,506 persons. Of these, 15,013 were employed in direct production while the remaining 15,493 were engaged in the market services. An increase in the average wage of 3.5 per cent was recorded in various categories for the period under observation, thus an increase in wages above the Lm1.75 cost of living adjustment granted for 2005 was experienced. The highest wage rise in percentage terms was recorded in the Banking and Other Financial Institutions which registered an increase of 9.7 per cent. Wage increases in other sectors were relatively lower, ranging from 1.6 per cent to 4.4 per cent. The study also shows that the largest proportion of employees (53.3 per cent) earn an average weekly wage higher than Lm94.00.

### Inflation

Percentage changes in the 12-month moving average for the Retail Price Index (RPI) provide the official measure of inflation in Malta. This Index is based on the monthly retail prices of a large and representative selection of goods and services as derived from the Household Budgetary Survey (HBS) carried out between March 2000 and March 2001 by the National Statistics Office (NSO). The current RPI, with base December 2002, was introduced by the NSO as from January 2003, but started to be compiled as from January 2002.

## Box 6.1

### Harmonised Index of Consumer Prices (HICP)

The Harmonised Index of Consumer Prices (HICP) published by the National Statistics Office measures consumer price movements and is compiled according to the rules specified in a series of European Union Regulations developed by Eurostat in conjunction with EU Member States. This enables comparisons of inflation rates across the European Union.

The scope of the price index is determined by following National Accounts concepts of what constitutes household consumption. Consequently, the HICP uses National Accounts data sources to weigh the items in the basket of goods and services.

The Table shows inflation rates as measured by the 12-month moving average HICP with base year December 2002 for the period January 2002 to September 2005. The domestic HICP inflation rate broadly followed an upward trend during 2004 and reached the highest rate of 2.77 per cent in November 2004. During the following months, in general the HICP inflation rate decreased gradually to end at 2.18 per cent in September 2005. The decrease in the HICP inflation rate in September 2005 is mainly attributed to a decrease in the Restaurants and Hotels sub-index.

**Harmonised Index of Consumer Prices**  
**12-Month Moving Average Inflation Rate**  
(December 2002=100)

	per cent			
	2002	2003	2004	2005
January	2.77	2.34	2.09	2.65
February	2.95	2.24	2.13	2.65
March	3.06	2.18	2.11	2.68
April	3.10	2.13	2.24	2.55
May	3.11	2.08	2.34	2.50
June	3.07	2.08	2.44	2.40
July	3.00	2.03	2.56	2.28
August	2.92	1.99	2.62	2.28
September	2.84	1.95	2.75	2.18
October	2.82	1.94	2.76	
November	2.74	1.90	2.77	
December	2.61	1.93	2.72	

Source: National Statistics Office

### 12-Month Moving Inflation Rate

(December 2002=100)

Table 6.1

per cent

	2002	2003	2004	2005
January	3.27	1.79	1.57	2.74
February	3.48	1.58	1.70	2.77
March	3.62	1.46	1.75	2.83
April	3.65	1.36	1.86	2.83
May	3.64	1.26	1.95	2.92
June	3.54	1.25	2.03	2.94
July	3.39	1.20	2.23	2.77
August	3.14	1.14	2.41	2.74
September	2.89	1.10	2.57	2.76
October	2.82	1.05	2.63	
November	2.55	1.13	2.75	
December	2.19	1.30	2.79	

Source: National Statistics Office

The official inflation rates are calculated by comparing the average RPI in the 12-months leading to the month under consideration with the corresponding average in the previous 12-month period. Table 6.1 presents domestic inflation rates whilst Table 6.2 shows the monthly RPI reading for the period January 2002 and September 2005 in terms of base December 2002. Chart 6.1 provides a graphical representation of the domestic 12-month moving inflation rate for the period September 2000 to September 2005.

In September 2005, the 12-month inflation rate stood at 2.76 per cent. During the Survey period, the inflation rate fluctuated from a low of 2.63 per cent in October 2004 to a high 2.94 per cent in June 2005. The inflation rate was generally on an increasing trend from October to January, it declined in July but was practically stable in the subsequent two months. Throughout the period under review, the inflation rate was higher than that registered during the corresponding months of 2004.

An analysis of particular trends inherent in each sub-index of the RPI provides more insight of the underlying inflationary movements. The average for the twelve months to September of the 2003-2005 period for the sub-indices composing the RPI, grouped by commodities are presented in Table 6.3. During the Survey period, the inflation rate was attributable to higher average prices in all the commodity groups composing the RPI, with the exception of the Clothing

## Retail Price Index

Table 6.2

December 2002=100

	2002	2003	2004	2005
January	99.24	99.12	102.20	104.70
February	98.57	99.60	102.23	105.33
March	98.67	100.36	102.66	105.82
April	98.83	100.40	103.32	106.27
May	99.44	100.73	103.13	106.69
June	99.07	100.88	103.62	106.65
July	99.41	100.54	104.14	105.77
August	99.80	100.47	103.25	105.83
September	100.03	100.82	103.56	106.59
October	100.22	101.91	104.36	
November	100.13	101.75	104.96	
December	100.00	102.38	105.27	
Average Jan-Dec	99.45	100.75	103.56	

Source: National Statistics Office

Chart 6.1



**Index by Commodity Group**  
(Average for 12 months to September)

Table 6.3

December 2002=100

Commodity Group	Weight	2003	2004	2005
Food	23.82	101.45	102.89	103.79
Beverages and Tobacco	6.11	100.87	109.80	113.70
Clothing and Footwear	8.24	92.45	90.96	89.24
Housing	7.57	101.46	104.71	110.13
Water, Electricity, Gas and Fuels	2.25	100.00	100.38	115.08
Transport and Communications	23.13	101.19	103.80	108.00
Recreation and Culture	8.84	99.50	100.04	101.26
Household Equipment & House Maintenance				
Costs	7.65	99.36	100.48	102.97
Personal Care and Health	6.22	101.63	106.67	110.72
Other Goods and Services	6.17	101.78	109.82	114.11

*Source: National Statistics Office*

and Footwear category. In particular, the inflation rate was affected by the rise in average prices of transport, housing, water and electricity.

During the twelve months to September 2005, the Food sub-index, which carries the largest weighting within the RPI, rose by 0.87 per cent over the comparable level for 2004. This increase was slightly lower than the 1.42 per cent rise recorded during the previous year. Marginal decreases in the Food sub-index were registered in March 2005 and July 2005. This decrease was mainly attributed to a decrease in the average prices of vegetables and fish respectively. On the other hand there was an increase in the average price of fruit in May 2005 and an increase in the average prices of vegetables for the month of August.

Average prices for items falling within the Beverage and Tobacco sub-index continued to increase significantly by 3.55 per cent in the twelve months to September 2005, when compared to the same period in 2004. This increase can be attributed to a general increase in the price of non-alcoholic beverages.

The Clothing and Footwear sub-index continued to experience a decline. In fact, this sub-index registered a decrease of 1.89 per cent in 2005 over the comparable twelve-months period of 2004. As in previous years, the average prices in the Clothing and Footwear sub-index were subject to seasonal fluctuations with prices registering a decline in January, July and August due to seasonal sales while a marginal increase in prices was registered in November and May.

The general upward trend in the Housing sub-index recorded in the previous years continued during the Survey period, with a rise of 5.17 per cent being observed. In particular, higher average prices were recorded in March 2005 with respect to repair and maintenance services and construction works.

The Water, Electricity, Gas and Fuels sub-index registered a substantial increase of 14.64 per cent during the twelve months to September 2005. Average prices increased mainly due to an increase in the water and electricity charges in January 2005 reflecting the fuel surcharge of 17 per cent announced in the Budget Speech for 2005, which was introduced to mitigate the significant increase in the international price of oil.

Average prices for items falling within the Household Equipment and House Maintenance Costs sub-index increased by 2.48 per cent. This was mainly due to an increase in average cost of home decoration and that of appliances. On the other hand the average cost of household textiles and carpets registered a marginal decrease during the month of January.

Average prices for items falling within the Transport and Communications sub-index continued to increase. An increase of 4.05 per cent was registered in the twelve months to September 2005, when compared to the same period in 2004. Significant increases in the average cost of fuels were registered in April and July. This reflects the upward revision of fuel reflecting the higher oil prices on the international scene. Air transport services also registered an increase from June to August. Furthermore, average price rises in respect of motor cars also contributed to the rise in the Transport and Communications sub-index.

The Personal Care and Health sub-index continued to register an upward trend during the last 12 months to September 2005. In fact, this sub-index increased by 3.80 per cent mainly due to increases in average prices of therapeutic appliances and equipment, medical and dental services, hygiene services, and medicines during the months of February 2005 and August 2005.

The Recreation and Culture sub-sector continued to be characterised by a marginal increase in prices. In fact, in September 2005 this sub-index registered an increase of 1.22 per cent. The main price increases were recorded in January mainly due to higher average prices of various items of expenditure. On the other hand, a slight decrease in the average prices of audio visual equipment and sport equipment was registered in February 2005 and March 2005.

**European Union Inflation Rates**  
(Harmonised Index of Consumer Prices)

Table 6.4

per cent

	2002	2003	2004	2005 <sup>(1)</sup>
Austria*	1.7	1.3	2.0	2.3
Belgium	1.6	1.5	1.9	2.5
Cyprus	2.8	4.0	1.9	2.3
Czech Republic	1.4	-0.1	2.6	1.7
Denmark	2.4	2.0	0.9	1.5
Estonia	3.6	1.4	3.0	4.2
Finland	2.0	1.3	0.1	0.6
France*	1.9	2.2	2.3	2.0
Germany	1.3	1.0	1.8	1.9
Greece	3.9	3.4	3.0	3.4
Hungary	5.2	4.7	6.8	4.1
Ireland	4.7	4.0	2.3	2.3
Italy	2.6	2.8	2.3	2.2
Latvia	2.0	2.9	6.2	6.8
Lithuania	0.4	-1.1	1.1	2.7
Luxembourg	2.1	2.5	3.2	3.7
Netherlands*	3.9	2.2	1.4	1.4
Poland	1.9	0.7	3.6	3.0
Portugal	3.7	3.3	2.5	2.1
Slovakia	3.5	8.5	7.4	3.4
Slovenia	7.5	5.7	3.6	2.7
Spain	3.6	3.1	3.1	3.4
Sweden	2.0	2.3	1.2	0.8
United Kingdom	1.3	1.4	1.3	...
EU 25*	2.1	2.0	2.0	2.1
Malta	2.6	1.9	2.7	2.2

\* Provisional for September 2005

<sup>(1)</sup> For 2005, figures relate to September

Source: Eurostat  
National Statistics Office

Average prices for items falling within the Other Goods and Services sub-index increased by 3.91 per cent. A significant rise was registered in January 2005 and July 2005, mainly attributed to higher average prices for jewellery, watches and clocks, and insurance.

## International Comparison

Table 6.4 presents data on the inflation rates for EU Members States as at September 2005. The inflation rate is based on an estimation of the 12-month moving average of the Harmonised Index for Consumer Prices (HICP). This

common methodology used to compile this Index facilitates comparison between Member States.

The lowest inflation rates in September 2005 were recorded in Finland and Sweden, standing at 0.6 per cent and 0.8 per cent respectively. On the other hand, the highest inflation rates were observed in the Baltic region with Latvia registering an inflation rate of 6.8 per cent and Estonia registering a rate of 4.2 per cent. Hungary had an inflation rate of 4.1 per cent. The average inflation rate for the 25 EU Member States has remained basically unchanged since 2002 and stood at 2.1 per cent in September 2005. Inflation in the EU Member States in the last 12 months was mainly due to an increase in the average cost of Alcohol and Tobacco (5.5 per cent), Transport (4.3 per cent), and Housing (4.3 per cent), while there was a drop in the registered value of Communication (-2.2 per cent) and Recreation and Culture (-0.1 per cent). The comparable measure of inflation in Malta based on the HICP decreased from 2.7 per cent in September 2004 to 2.2 per cent in September 2005, thus being marginally above the average EU inflation rate.

## **Sectoral Wages**

This section analyses changes and developments in sectoral average weekly wage rates recorded between September 2004 and September 2005 on the basis of collective agreements finalised and deposited within the Department of Industrial and Employment Relations up to September 2005. The sample under review is made up of 209 firms employing 30,506 employees. Of these, 99 firms are engaged in direct production and employ 15,013. The remaining 110 firms operate in the market services and have a workforce of 15,493. The study looks at data for different job grades divided into four major employment categories namely labourers, skilled tradesmen, clerical and managerial grades. Definite contracts of employment are not considered in this analysis. The data also excludes employment benefits over and above the basic wage, such as production bonuses, overtime payments, social security and allowances, and other non-wage income. This implies that the employees' actual average weekly remuneration is higher than that reported in this study. Moreover, since the information in this Chapter is based on a sample of collective agreements and includes only the basic weekly wage, the results reported are not directly comparable to data based on the gainfully occupied population included in other Chapters of this Economic Survey.

Moreover, the tables and data presented in this chapter are not directly comparable to those published in previous issues of the Economic Survey. This

is due to the methodology and sampling procedure adopted, mainly because of the introduction of additional firms and changes in employment levels of the enterprises, which alter the individual firm's respective weightings in each category. Furthermore, in the case of new collective agreements reclassification of grades may occur. This may also lead to instances where new trainees are paid the entry level of any given wage scale, hence lowering the reported average remuneration level even if the compensation level of existing employees would have remained unchanged.

Collective agreements included in the sample are grouped according to their respective sub-sector of economic activity. The average of the minimum and maximum wage scales for each individual collective agreement is then calculated. This gives the sub-sectoral mean wage. The figures obtained are then increased by the cost of living adjustments, which stood at Lm0.75 and Lm1.75 for 2004 and 2005 respectively.

Sectoral average weekly wages as at September 2004 are shown in Table 6.5. The overall weighted average wage of all firms stood at Lm96.38. Whereas the weighted average wage for those employed in direct production stood at Lm87.43, the average wage for those employed in services stood at Lm105.05, implying a wage gap of Lm17.62. The highest average weekly wage rates were recorded in the Banking and Other Financial Institutions sub-sector (Lm124.97), the Transport sub-sector (Lm115.28), and the Tobacco sub-sector (Lm104.98). On the other hand the lowest paid sub-sectors were the Leather & Leather Goods sub-sector (Lm60.49), the Textiles, Footwear and Clothing sub-sector (Lm68.78), and the Insurance and Real Estate sub-sector (Lm69.55). The lowest weekly average wage rate in September 2004 amounted to Lm59.07 and was earned by the Labourer grade in the Leather and Leather Goods sub-sector. This was Lm5.19 or 9.6 per cent higher than the 2004 national minimum wage which stood at Lm53.88. On the other hand the highest weekly average wage rate was earned by the managerial grade in the Transport sub-sector (Lm177.72) and the Banking and OFI sub-sector (Lm176.91).

The average weekly wage rate for the various employment categories as at September 2005 is illustrated in Table 6.6. It should be noted that both Table 6.5 and Table 6.6 are directly comparable since the same firms and the same employment weighting structures are used. Hence, the changes in the respective wage rates reflect the actual change in the nominal wage occurring during the twelve months to September 2005. The weighted average weekly wage for all firms as at September 2005 stood at Lm99.75. This represents a weekly increase of Lm3.37, of which Lm1.75 comprised the cost of living adjustment for 2005.

### Average Weekly Wages - September 2004

Table 6.5

Lm

	Labourer	Skilled Tradesman	Clerical/ Executive	Managerial	Weighted Average
Oil Drilling	87.50	88.00	84.50	93.50	87.56
Food	86.16	89.04	88.58	97.49	87.80
Beverages	93.38	102.91	97.00	106.18	97.46
Tobacco	87.83	111.24	94.13	157.25	104.98
Textiles, Footwear and Clothing	66.74	88.92	80.25	87.53	68.78
Furniture	79.56	99.96	100.00	102.70	91.80
Paper & Printing	95.67	105.54	93.80	101.32	99.30
Leather & Leather Goods	59.07	66.33	74.25	85.00	60.49
Chemicals	91.70	101.57	102.13	108.47	95.75
Non-Metallic Products	72.25	91.75	-	95.50	85.00
Metal Products	83.38	87.19	85.81	95.47	85.26
Machinery	66.82	83.33	76.26	89.94	75.46
Electrical Machinery	77.16	98.12	86.55	107.72	86.90
Transport Equipment	79.38	89.02	90.35	106.40	91.53
Miscellaneous	84.78	100.07	99.25	109.88	90.71
Electricity & Gas Services	85.91	99.85	98.12	111.37	94.38
Construction	77.12	98.77	101.31	-	84.47
Wholesale & Retail Trade	77.50	93.77	84.95	107.36	87.75
Banking & OFI	90.00	108.99	116.79	176.91	124.97
Insurance & Real Estate	69.55	-	-	-	69.55
Transport	98.90	115.94	101.47	177.72	115.28
Storage and Warehousing	88.10	95.46	108.35	103.68	93.13
Communications	94.12	106.38	90.34	128.90	99.38
Community & Business	82.77	104.54	88.63	115.24	97.57
Recreation Services	92.39	100.07	98.30	102.71	97.53
Hotels & Catering Ests	87.06	92.79	92.06	92.22	89.54
All Firms	82.22	99.58	100.92	123.27	96.38
Direct Production	79.81	97.82	92.33	106.69	87.43
Market Services	87.86	102.25	102.23	133.67	105.05

*Compiled from data provided by the Department of Industrial and Employment Relations and Employment and Training Corporation*

The best performing sub-sectors as at September 2005 remained unchanged from those in September 2004, namely Banking and Other Financial Institutions sub-sector which had a weekly average weighted remuneration of Lm137.12, the Transport sub-sector with Lm117.13 and the Tobacco sub-sector with a weekly average wage of Lm108.86. Similarly, the least remunerated sub-sectors in the sample were the Leather and Leather Goods sub-sector (Lm62.25), the Textile, Footwear and Clothing sub-sector (Lm70.56), and the Insurance and Real Estate sub-sector (Lm71.30). The lowest reported wage was still Lm6.62 or 11.9 per cent over the National Minimum wage for 2005 which stood at Lm55.63 per week. The highest average wage related to the managerial grade in the Banking and other Financial Institutions sub-sector at Lm188.79, while

### Average Weekly Wages - September 2005

Table 6.6

Lm

	Labourer	Skilled Tradesman	Clerical/ Executive	Managerial	Weighted Average
Oil Drilling	89.25	89.75	86.25	95.25	89.31
Food	88.36	90.79	90.85	100.34	90.05
Beverages	95.89	105.34	99.45	108.57	99.94
Tobacco	91.25	115.20	97.49	162.74	108.86
Textiles, Footwear and Clothing	68.41	91.95	83.11	89.69	70.56
Furniture	81.64	101.88	101.75	104.89	93.80
Paper & Printing	97.60	107.34	95.58	103.09	101.14
Leather & Leather Goods	60.82	68.08	76.00	87.13	62.25
Chemicals	93.98	103.75	104.23	110.37	97.95
Non-Metallic Products	74.00	93.50	-	97.25	86.75
Metal Products	87.63	90.46	88.87	97.22	89.01
Machinery	68.57	85.08	78.01	91.69	77.21
Electrical Machinery	79.28	100.14	88.88	109.72	88.99
Transport Equipment	82.02	91.43	93.50	109.97	94.47
Miscellaneous	86.50	101.82	101.00	111.62	92.44
Electricity & Gas Services	89.41	103.35	101.62	114.87	97.88
Construction	78.87	100.52	103.06	-	86.22
Wholesale & Retail Trade	80.37	96.71	87.50	110.23	90.58
Banking & OFI	92.33	112.35	130.19	188.79	137.12
Insurance & Real Estate	71.30	-	-	-	71.30
Transport	100.79	117.75	103.33	179.49	117.13
Storage and Warehousing	89.85	97.21	110.10	105.43	94.88
Communications	97.57	109.98	92.66	131.95	102.31
Community & Business	85.32	106.89	90.71	117.46	99.83
Recreation Services	94.25	101.82	100.13	104.69	99.35
Hotels & Catering Ests	88.95	94.70	93.99	94.20	91.45
All Firms	84.43	102.07	106.87	126.60	99.75
Direct Production	81.98	100.22	94.84	108.94	89.68
Market Services	90.16	104.88	108.71	137.67	109.50

*Compiled from data provided by the Department of Industrial and Employment Relations and Employment and Training Corporation*

other relatively high wages were those for the managerial grade in the Transport sub-sector (Lm179.49) and the Tobacco sub-sector (Lm162.74).

Table 6.7 shows percentage changes in average weekly wage occurring between September 2004 and September 2005. During that period, the wage increase registered in the market services was higher than that recorded in the direct production sector. Whilst the average wage in the direct production increased by Lm2.25 or 2.6 per cent to reach Lm89.68 in September 2005, the average weekly wage rate in the market services sector increased by Lm4.45 or 4.2 per cent, thus reaching Lm109.50 in September 2005. Here, it is relevant to highlight that the best performing sub-sectors as at September 2005 were the

### Changes in Average Weekly Wages

September 2005 - September 2004

Table 6.7

per cent

	Labourer	Skilled Tradesman	Clerical/ Executive	Managerial	Weighted Average
Oil Drilling	2.0	2.0	2.1	1.9	2.0
Food	2.6	2.0	2.6	2.9	2.6
Beverages	2.7	2.4	2.5	2.3	2.5
Tobacco	3.9	3.6	3.6	3.5	3.7
Textiles, Footwear and Clothing	2.5	3.4	3.6	2.5	2.6
Furniture	2.6	1.9	1.8	2.1	2.2
Paper & Printing	2.0	1.7	1.9	1.7	1.9
Leather & Leather Goods	3.0	2.6	2.4	2.5	2.9
Chemicals	2.5	2.2	2.1	1.8	2.3
Non-Metallic Products	2.4	1.9	-	1.8	2.1
Metal Products	5.1	3.8	3.6	1.8	4.4
Machinery	2.6	2.1	2.3	1.9	2.3
Electrical Machinery	2.7	2.1	2.7	1.9	2.4
Transport Equipment	3.3	2.7	3.5	3.4	3.2
Miscellaneous	2.0	1.7	1.8	1.6	1.9
Electricity & Gas Services	4.1	3.5	3.6	3.1	3.7
Construction	2.3	1.8	1.7	-	2.1
Wholesale & Retail Trade	3.7	3.1	3.0	2.7	3.2
Banking & OFI	2.6	3.1	11.5	6.7	9.7
Insurance & Real Estate	2.5	-	-	-	2.5
Transport	1.9	1.6	1.8	1.0	1.6
Storage and Warehousing	2.0	1.8	1.6	1.7	1.9
Communications	3.7	3.4	2.6	2.4	3.0
Community & Business	3.1	2.2	2.4	1.9	2.3
Recreation Services	2.0	1.7	1.9	1.9	1.9
Hotels & Catering Ests	2.2	2.1	2.1	2.1	2.1
All Firms	2.7	2.5	5.9	2.7	3.5
Direct Production	2.7	2.5	2.7	2.1	2.6
Market Services	2.6	2.6	6.3	3.0	4.2

*Compiled from data provided by the Department of Industrial and Employment Relations and Employment and Training Corporation*

Banking and Other Financial Institutions sub-sector which registered an increase of 9.7 per cent, the Metal Products sub-sector with an increase of 4.4 per cent, and the Tobacco sub-sector with an increase of 3.7 per cent. The relatively high rise registered in the Banking and other Financial Institutions sub-sector was significantly influenced by a new collective agreement signed by a firm in this sub-sector which resulted in substantial increases in the averages for the Clerical/Executive category and the Managerial category. This advance had a notable effect on the average wage for the market services sector as well as the overall average wage for all firms.

### Proportion of Sampled Employees in Wage Ranges

Table 6.8 per cent

Sector \ Wage Range	Up to Lm63.99	Lm64.00- Lm73.99	Lm74.00- Lm83.99	Lm84.00- Lm93.99	Over Lm94.00
Oil Drilling	0.0	0.0	0.0	96.1	3.9
Food	0.0	0.0	15.7	67.7	16.6
Beverages	0.0	0.0	10.5	4.5	84.9
Tobacco	3.8	3.0	0.0	51.9	41.4
Textiles, Footwear & Clothing	22.9	59.8	9.9	4.7	2.6
Furniture & Fixtures	4.8	2.7	15.0	21.8	55.8
Paper & Printing	0.0	1.2	10.9	24.0	63.9
Leather & Leather Goods	88.0	7.2	1.6	3.2	0.0
Chemicals	0.0	2.7	1.1	33.5	62.7
Non-Metallic Products	0.0	0.0	36.4	54.5	9.1
Metal Products	0.0	12.4	7.5	63.3	16.8
Machinery	7.2	33.5	9.3	42.5	7.5
Electrical Machinery	4.4	4.3	53.9	3.5	33.9
Transport Equipment	0.0	0.0	12.1	54.6	33.3
Miscellaneous	5.1	18.5	3.8	1.1	71.5
Electricity & Gas	0.0	0.0	0.0	47.7	52.3
Construction	0.0	0.0	66.4	0.0	33.6
Wholesale & Retail Trade	5.7	0.3	25.9	33.5	34.5
Banking & OFI	0.0	0.0	3.6	0.9	95.5
Insurance & Real Estate	0.0	100.0	0.0	0.0	0.0
Transport	0.0	0.6	0.0	7.5	92.0
Storage and Warehousing	0.0	18.4	5.3	10.5	65.8
Communications	0.0	1.9	5.2	31.9	60.9
Community & Business	1.2	4.6	17.9	19.2	57.1
Recreation Services	0.0	0.0	13.3	12.4	74.3
Hotels & Catering Ests.	1.1	1.5	10.4	60.0	27.0
All Firms	3.4	7.5	15.2	20.5	53.3
Direct Production	6.2	13.2	21.0	19.9	39.8
Market Services	0.8	2.0	9.6	21.2	66.4

*Compiled from data provided by the Department of Industrial and Employment Relations and Employment and Training Corporation*

Table 6.8 provides information about the distribution of average weekly wages along different brackets as at September 2005. This dispersion is closely related to the relative skill-level and specialised expertise requested by each sub-sector. In general, sub-sectors that necessitate specialised skills are more willing to pay higher remuneration to their workers. The largest share of employees (53.3 per cent) for all firms earned on average a weekly wage that fell within the highest weekly wage bracket of Lm94.00 and above. The second largest proportion (20.5 per cent) fell within the Lm84.00 – Lm93.99 bracket. Only 3.5 per cent of all employees fell within the lowest bracket (below Lm63.99). It is of interest to note that while 66.4 per cent of those employed in the services sector fell in the highest wage bracket, only 39.8 per cent of those employed in the direct production earned more than Lm94.00 weekly. The percentage of

employees earning up to Lm63.99 per week stood at 3.4 per cent, the majority of which were engaged in the Leather and Leather sub-sector (88.0 per cent) and Textile, Footwear & Clothing sub-sector (22.9 per cent). On the other hand 95.5 per cent of those employed in the Banking and Other Financial Institutions sub-sector and 92.0 per cent of those employed in the Transport sub-sector earned more than Lm94.00 per week.

The dispersion in average weekly wage rates between the different sub-sectors and between firms engaged in direct production and those in the market services is indicative of the different types and levels of skills and expertise required and the different operational structures. In fact, it is well-known that the actual take-home pay of a large number of workers in the direct production sector is higher than the basic wage mainly due to production bonuses and allowances.