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Media Release

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This year's ILO conference is taking place six years after the financial crisis crippled many of the world's leading economies, and from which the global economy has not fully recovered. Looking back at the discussions that led to the establishment of the Global Jobs Pact in 2009, it is evident that a sustained jobs-led recovery has been elusive in many countries, with mounting disillusionment in the ability of international institutions to develop effective strategies to reverse the situation.

During this period, Malta has experienced a rapid transformation of its labour market, and is responding well to the country specific recommendations set by the European Union to reach specific targets. The employment rate has increased to 63.2% from a level of 55% a few years ago. Our female participation rate has surged from 32% to 47% within ten years. The female participation rate for the 25-30 cohort has reached 70%, which is higher than the EU average of 66%. An increasing proportion of our working population is employed in an expanding services sector. More employees are seeking and being offered flexible contracts of employment. There is also a marked increase in the number of persons who have remained in employment beyond retirement age. These supply side trends have been possible in part because employers have responded by generating employment opportunities, and have also adapted themselves to the changing requirements of the labour market and domestic and global competitive forces.

There are other, more challenging shortcomings which need to be addressed in the coming years. Amongst them is the reduction in early school leaving and educational reforms to address skills gaps and strengthen the apprenticeship system. The recently launched National Employment policy by Government includes a number of positive measures to reduce labour market frictions and to improve the skills content of the Maltese human resource, amongst them the provision of free child care which has been welcomed by employers. The Thematic Country Review for Apprenticeships conducted by CEDEFOP which was launched this week also promises to upgrade Malta's apprenticeship programmes.

We urge caution in dealing with the social dimension of employment in Malta. Malta has been one of the first countries to establish a minimum wage as per ILO Convention No.131. Moreover, Malta goes beyond the requirements of this convention through an indexation system that upgrades all wages by an automatic annual cost of living increase.

Tampering with this mechanism – which is already more generous compared to many other countries - carries a serious risk of disturbing labour market relativities and cause wage inflation at a time when international competitiveness in many industries depends on a fragile balance, and concurrent with efforts in competing countries towards wage moderation. In recent years, some EU countries have frozen and even reduced the minimum wage to maintain international competitiveness. The best strategy to reduce the incidence of working poor is to have as few people as possible on the minimum wage through upgrading of skills and being sufficiently competitive to generate higher quality jobs.

We support the concept of ‘making work pay’ insofar as it is taken to mean that fair remuneration is paid in return for productive work. In a country which boasts a union membership in excess of 55%, this is achieved in most cases through the collective bargaining mechanism. Yet, an emerging view of this concept is that a decent wage is one that enables people to afford their aspirations, or a level of income that makes it worthwhile to abandon a lifestyle of living off social benefits. This is the reason why employers have serious reservations about the idea of tapering social benefits over a number of years to those who have been unemployed for more than two years. Taking up employment should never be considered as an opportunity cost to living on social benefits. Another worrying trend is the increase in employment in the public sector over the past two years. The attractiveness of some areas of public sector employment - perceived as being permanent, not so involving work - is draining labour from the private sector, and causing persons on the unemployment register to refuse productive job opportunities in the private sector. This phenomenon has contributed to the increase in foreign workers in recent years to address skills shortages in many areas in the private sector.

The Director-General’s report has emphasised the impact of global migration and as such it has a direct relevance to Malta, where 9% of our labour force is foreign, consisting of European Union citizens and Third Country Nationals from all parts of the world. We fully support the principle that labour legislation should apply equally to all employees irrespective of nationality, as recommended in the report.

In Malta the current discussion about union recognition is critical in shaping the state of industrial relations. Employers are very concerned that they are being drawn into territorial disputes between unions, and that such conflict is having an adverse impact on industrial relations stability and collective bargaining outcomes. Our position is that union recognition has to be based exclusively on tangible proof of membership by a majority of employees in one trade union. Fiddling with this fundamental principle will risk negative repercussions on investment and job creation.

In Malta, we are currently facing a situation of creeping unemployment. Yet, throughout the recession we have managed to maintain unemployment levels that still rank among the lowest in Europe. For an open economy with no natural resources, this is a great accomplishment which has been possible because of the strength of our social dialogue structures, and which can only be maintained in future through improving an enabling environment for sustainable enterprises that are the source of generation of wealth in our society.