



MALTA EMPLOYERS' ASSOCIATION

35/1, South Street, Valletta VLT 1100, Malta.

Tel: (+356) 21 237585, 21 222992

Fax: (+356) 21 230227

E-mail: admin@maltaemployers.com

Web Site: <http://www.maltaemployers.com>

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Press Release

Budget induced wage increases should not go beyond COLA - MEA

The Malta Employers' Association is insisting that budget induced labour costs should not be higher than COLA increases. Many companies are already committed to increase wage costs through collective agreements and labour market forces are also leading to wage inflation in various sectors because of labour shortages and rapid mobility. The Association stated that many employers are already facing substantial increases in the wage bill because of the pro rata benefits to part timers.

Ignoring the COLA mechanism will set a dangerous precedent and introduce instability in collective bargaining. Government must acknowledge that although the economy is showing a positive overall performance, there are also companies that are struggling for survival, and government should not push them over the edge. Moreover, it appears that some budget measures are being negotiated outside of the MCESD, which is the proper forum where such matters are discussed by the social partners. Private sector employers should not be subjected to politically inspired wage increases without appropriate consultation.

The MEA urged government not to give in to pressures to abandon the established channels of social dialogue. Employers have always honoured their obligations and paid the COLA irrespective of the amount. COLA awards must respect current agreed rules and mechanisms. The fact that the official statistics confirm that the country is passing through a phase of low inflation should not be a pretext to create artificial means of wage inflation. As Government is claiming merit for containing inflation it must stay consistent and approve a corresponding contained COLA. Government must respect and sustain the validity of official statistics as these are reflected in the Retail Price Index.

MEA reminded Government that when the employers attempted to negotiate alternative means of giving wage increases, which linked wage increases to productivity rather than prices, these ideas were shot down by the unions side, although there was agreement between government and employer bodies. It appears that unions are realising the mistake of not signing the social pact and

are trying to exert pressure on government to implement that part of the package that, in hindsight would have worked in their favour. Employers find this pick and choose attitude unacceptable as it goes against the spirit of social dialogue, and underscored the need for any discussions about national measures to take place at the MCESD rather than through private lobbying.