



## **MALTA EMPLOYERS' ASSOCIATION**

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### **Media Release**

#### **MEA: Priority should be to Safeguard Jobs**

In its reaction to the measures announced by Government to tackle the issue of energy prices, the Malta Employers' Association stated that these measures can result in considerable increases in costs for employers.

MEA acknowledges that the increases in energy prices are the result of exogenous factors on which the government has little control. The decision taken whereby the government will cover as much as LM30million of the total deficit is a gesture to dampen the shocks to the economy. However, the Association warned that this will have repercussions on the fiscal deficit. The MEA called for a more long term strategy to enable the economy to be better prepared for possible further increases in energy prices.

Enemalta must be run on leaner and more efficient lines to minimize the costs of producing energy, and eradicate energy theft, which has been estimated to run in the millions. Consumers and industry have been paying for the inefficiencies of Enemalta for far too long. The country also needs to take the matter of alternative energy sources more seriously. MEA has been suggesting for years to explore the possibility of building solar panels in Malta for a better diffusion of such technologies. There should be a determined effort to implement the recommendations that are included in the report by the Malta Resources Authority.

The Association also called for an educational campaign to educate the public about the prudent use of energy. In a country where even the water supply depends on energy, there is no room for waste, and the public must be made aware of this fact. Government can also set an example through reduced consumption in its own buildings through less wastage and the installation of energy saving devices.

The Government has shifted a substantial burden on employers through increased costs through the higher surcharge and the compensatory adjustment in the cost of living increase which will be applicable as from 1<sup>st</sup> January 2006. MEA holds that employers should not be taken for granted. Many firms will not afford to pay for the higher rates, cost of living, cost of living supplement and also collective agreement increases. MEA suggested that any increases above that for inflation for 2005 announced in the budgeted will be incorporated as part of collective agreement increases

where these are in force. They should also be applicable only to persons earning below the social wage.

The Association also insisted that any increase in labour cost to compensate in advance for fuel increases during 2006 will be deducted from the cost of living adjustment for 2007, as otherwise there will be double counting. In principle, MEA said that it would have been better to subsidise production, rather than consumption. Even from a social aspect, it is better to keep people in employment rather than offer them subsidised energy bills if they lose their jobs. Ultimately, it is only through increased production, and not through subsidising consumption, that the country will be able to absorb increased fuel prices.