



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>

21st March 2007

Media Release

MEA Position paper on MCESD structure

The scope of this document is to assess the effectiveness of MCESD and to propose any changes to improve its effectiveness.

Any evaluation about MCESD has to be conducted within the context of its objectives, since frequently statements are made, even by MCESD members themselves, which shed serious doubt about whether there is actual agreement about its functions. Examples are when there are public pronouncements that Government should not act on any issue unless there is agreement at MCESD, or that matters raised at MCESD should be subject to a vote.

Therefore, for the purpose of this paper, the MCESD's main role shall be taken to be that of a consultative body, in which the concept of tri-partite social dialogue is promoted and practiced.

There is no question that consensus on any issue has been a rare occasion, and this is the source of frequent misplaced criticism and disillusionment about MCESD. However, two questions arise on this matter:

1. Does the lack of consensus arise because of the MCESD structure?
2. Should the extent of consensus or otherwise be a yardstick with which to measure MCESD's effectiveness?

With respect to the first question, no structure in itself can guarantee consensus, since this would depend on the issue in question, and the disposition of the social partners to reach consensus. Therefore it is not believed that the failure to reach consensus emerges from the MCESD structure. Perhaps the biggest challenge in this respect was the social pact a couple of years ago. The MCESD provided an excellent forum for discussion and debate to bring about a social pact. The fact that the talks were interminable, and ultimately, inconclusive, certainly cannot be blamed on the MCESD structure.

Secondly, it is clear and understandable that social partners, and indeed, different organizations within the same camp, may have their own agenda which make consensus unlikely on hot issues. If the MCESD's role is taken to be that of a consultative body, then consensus is not a necessary condition for its effectiveness. A more realistic approach will seek to achieve convergence among the social partners, not consensus. One can maintain that although consensus has indeed been lacking on most issues, the debates

have managed to bring parties closer to each other. The outcome of this is that, even in disagreement, there is a mutual understanding of divergent positions. One may add that, as with the social pact, there was indeed consensus on many points, but not on the final package. Therefore, although there was no agreement at national level, this has had a considerable impact on negotiations of collective agreements at company level.

The above does not mean that the MCESD should be happy with a status quo, and the following are some recommendations to improve its effectiveness.

1. A defined procedural approach

Discussions need to be more structured to avoid having members shooting from the hip. For example, rather than having everybody commenting at the same time on national budget proposals, each organisation can be allotted a 20 min. space to deliver a presentation with its proposals, and each presentation will be followed by questions from the other members, including government representatives and experts who may be present.

2. Position papers – commissioning of reports

Organisations should be encouraged to present position papers on issues that are going to be discussed at MCESD. These can be circulated before a meeting on the related topic is held and should prove to be a basis for discussion. MCESD should also commission reports by experts on specific issues. It is frequently the case that members speak emotively and utter statements that are not backed by any factual information. MCESD should allocate more resources to commission research where necessary to prepare technical documents, which serve as a basis on which members can formulate their own proposals. The research can be conducted in-house by the MCESD staff, or else outsourced, especially where particular specializations are required. The current budget needs to be reviewed to determine whether additional resources may be required for MCESD to reach this objective.

The preparation of technical documents can be instigated by the Chairperson or else at the request of MCESD members.

3. Reports on outcomes

MCESD can prepare a report on the outcome of discussions. Even in case of lack of consensus, a report can be prepared that specifies the stand adopted by different organizations. MCESD members can be asked to sign such reports to endorse its contents, and the report can serve as a consultation document for government on which to base its decisions. Members can opt not to have a position on an issue, and this will also be stated in the report.

This would be a better alternative than deciding by vote. Voting on issues carries the danger of redefining MCESD's true role as that of a consultative body. MCESD's duty is to present opinions and recommendations (which may differ between different organizations, or groups of organizations) to government to consider in taking decisions. MEA believes that MCESD should not aspire to be accountable for government's decision making. MCESD members are not appointed through general elections, and thus it is the MEA's view that the question of majority voting has no relevance to MCESD's functioning. MCESD should not abandon its role as a '*consultative and advisory body*', since this is its greatest strength.

Government is not bound to abide by the recommendations of the social partners, even if there is consensus among the non-government members at MCESD. However, in such instances, MCESD members, individually or collectively, can publicly voice their concern and mount pressure on the

government, even in the media, to react otherwise. After all, MCESD is composed of a number of lobby groups.

Government is also free to decide to adopt the recommendations of a minority of MCESD members, if it considers such recommendations to work better in the national interest.

4. PR

MCESD needs to boost its public image. The media is only interested in MCESD when there is some form of national dispute and this has led to the perception that MCESD is a 'talking shop' and that nothing ever gets done at MCESD. Although it is true that at times there are protracted discussions that frequently lead to no solutions, a lot of good comes out of MCESD and its role as a forum for social dialogue is overshadowed by public perception that social partners never agree on anything, and that MCESD, through such procrastination, hinders government from taking decisions. The oil price crisis is a case in point. When MCESD members were presented with the situation about oil prices at the eleventh hour before the national budget, members still participated in a healthy debate and also managed to offer an alternative to the ones that were being proposed by the government, as being the one that would have the least negative repercussions. The alternative was, in fact, implemented.

MCESD needs to live up to its role, and to be more effective by setting deadlines where necessary to present its recommendations to government. MCESD can also generate its own reports, consisting of its members' position papers on specific issues, and release such reports to the media where necessary.

5. Civil Society participation

MEA proposes that there should be the participation of the civil society in MCESD. This will lead to a healthier and more participative dialogue between different stakeholders on various issues. It is recommended that there should be two seats on the MCESD allocated to representatives appointed from among the Civil Society organizations. The appointees may not be fixed, but can be selected from among the Civil Society Committee depending on the issues that are being discussed.

6. Government Representation

MEA believes that the practice of social dialogue should continue to be based on the tri-partite model, and government should therefore continue to be represented on MCESD. Indeed, the presence of a Parliamentary Secretary, or Minister during MCESD sessions has often proven to be a positive factor. One cannot blame members of parliament for not attending or to be frustrated when discussions deteriorate into idle banter.

7. If it ain't broke.....

The general gist of this paper is that, as the saying goes: 'if it ain't broke, don't fix it'. There is a lot of good that comes out of MCESD and there is considerable untapped potential even if the current structures are retained. Much of the shortcomings of the institution do not result from its structure or function, but frequently from its member's reluctance to abandon purely sectoral interests. Unless there is a change in this attitude, any changes in its structure will not result in more favorable outcomes.