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MEA's reaction to National Employment Policy Document

The Malta Employers' Association described The National Employment Policy document as providing a professional analysis of labour market issues in Malta, with concrete actions to address labour market deficiencies.

The main strengths of the document are that it contains a comprehensive list of tangible measures that are all aimed at increasing the supply side of the labour market through a set of active labour market policies that target specific segments of the population. Enhancing the activity rate of the Maltese - together with the increase in foreign employees - is essential for economic growth, which ultimately depends on an increase in productive hours and the value added of such effort. Most of the measures listed in the document are the result of consultations undertaken at the Jobs Plus committee and the MCESD with the involvement of the social partners.

The acid test of the document will depend on whether the programmes within the policy will be actioned, and more importantly, whether the demand side of the economy will generate sufficient investment to absorb the potential increase in the labour supply. In this respect, the document is optimistic that by realising the full potential of the Maltese human resource through a set of targeted incentives, employment opportunities will increase correspondingly. Also, some proposals – such as free child care – are already in force and yielding positive results in terms of increased female participation.

The Association raised three issues related to the document. Firstly, the proposal concerning payment for maternity leave by government which will be offset by an increase in employers' national insurance contributions was a last minute addition and needs further consultation with employers before it is decided to go ahead with implementation. Secondly, in spite of benefits to employers in terms of subsidised labour costs, the Association still has reservations about the impact on the labour market about the idea of tapered benefits for those who have been unemployed for more than two years. Unless accompanied with strict enforcement, this could be potentially abused by having unemployed stretch their stay on the unemployment register to qualify for the benefits once they find employment.

Thirdly and more importantly, the document omits to address the matter of employment levels in the public sector. In its memorandum which was presented to political parties prior to the last elections, the Association had stressed the need for a more rationalised public sector. During the

past thirteen months, employment in the public sector has increased by 1,400 persons. The Association expressed concern that one reason for the shortage of manpower in the private sector – particularly in low-skilled jobs – is the preference that many people on the unemployment register have for jobs in the public sector.

In conclusion, the MEA said that overall the policy document contains a number of positive points which, through the sustained involvement of the social partners, could stimulate a higher participation rate to reach the EU target of 70% by 2020.