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Media Release

Employer Organisations call for caution over raising the Minimum Wage

Malta's private sector organisations represented on MCESD (MEA, Malta Chamber, and GRTU) jointly express their concern on the direction taken with regard to discussions on poverty and the minimum wage. The Employer Bodies believe that the country's efforts should be targeted specifically at eradicating poverty whilst safeguarding competitiveness and long-term economic growth.

In the current economic scenario, the employer bodies believe that it is unacceptable to find certain cohorts of the population that are still beset by poverty and deprivation. They believe that it is the joint responsibility of government, politicians, social partners, employers, employees and civil society to ensure dignity for the entire population. All stakeholders have a role to play and important responsibilities to carry.

A professional report commissioned by the MCESD was recently presented to social partners. This report sheds doubt as to whether raising the minimum wage is the ideal measure to solve. The report, in fact, suggests that it would be more meaningful to use more direct and targeted action.

Besides, Malta has an extremely positive track record of wage-bargaining at enterprise level which is a rarity in the context of the EU. Through this system, wages are determined fairly on the basis of social considerations but also on the basis of productive and competitive constraints. This established and recognised structure explains why only a small percentage of the workforce in Malta earns a minimum wage.

The issue of employers is not in fact with raising the minimum wage, but rather on the spiral effect this will trigger on wages across the board and because of this, raising the minimum wage has serious consequences on national competitiveness. It is the duty of all social partners to act responsibly on this matter. All stakeholders must understand that these consequences are well understood by all. Private business is the motor of our economy and it is the private sector which finances the country's social security system. Endangering the private's sector's competitiveness and the Malta's export potential may indeed harm the very basis of our economy and with it the potential to sustain the country's safety net.

Lip service by both the political parties on raising the minimum wage without consultation with employer representatives and pre-empting the discussion process seriously prejudices the situation and does not bode well for discussions in which the social partners have now been invited to participate. These tactics are short-sighted, irresponsible and unacceptable. Employer bodies appeal to all stakeholders to refrain from political games that risk the livelihood of employees and the country's long-term economic and social development.