

8th June 2016

Media Release

105th Session of the International Labour Conference

Address by Mr. Joseph Farrugia Employers' Delegate – Malta

Tuesday 7th June 2016

The report of the Director General focuses upon a fundamental global challenge which lies at the heart of ILO's mandate. The eradication of poverty is certainly a challenge that has existed throughout human history, and one that calls for the shared vision of governments, workers and employers through the practice of social dialogue, through the design of effective strategies and programmes that address the four major pillars of the Decent Work Agenda, namely job creation and enterprise development, standards and rights at work, social protection and social dialogue. This objective is clearly articulated in the 2030 Agenda for Sustainable development which establishes that: 'between now and 2030, to end poverty and hunger everywhere, and to create conditions for sustainable, inclusive and sustained economic growth, shared prosperity and decent work for all'.

This global ambition is reflected in the committees of this year's conference. The transition to peace is undoubtedly a requisite for decent work and prosperity, and the ILO is extending the issue of supply chains beyond that of integrating supply and demand management within and across companies to include also the perspective of managing social responsibility particularly among those supply chains with global reach. The Social Justice Declaration of 2008 is being revisited in this year's conference in light of a changing global environment.

All this is of relevance to social partners at both global and at national level, including small economies like Malta. The success that Malta has experienced over the past decades has been achieved through fast economic transition, a strong work ethic and positive reputation with our trading partners. Foreign investment has been attracted to Malta because of a keen entrepreneurial spirit; a hard-working, flexible labour force and stable industrial relations. Our financial services sector has flourished as a result of years of strategic reputation building. Any actions that tarnish our reputation, or that ignore the need for long term sustainability may result in the undoing of many years of intensive work.

In an economy that is passing through a phase of very low unemployment, balancing the three key elements of sustainable development, namely the economic growth, social and environmental dimensions is an imperative for continued growth. Careful planning in

our environmental policies, which is essential in a country where land resources are limited, becomes crucial. Also, in a diversified, open economy, the disparities in sectoral gross value added, for example between the gaming and low value added services sectors, could result in widening income differentials, with segments of the population falling behind.

However, in tackling such issues, the social partners need to base arguments and recommendations that are more evidence based to strengthen the quality of social dialogue. It is unfortunate that the debate on precarious work and the emerging discussion on the minimum wage have been fuelled more by emotional pressures and political expediency than by rational argumentation.

While some unions and civil society are lobbying for an increase in the national minimum wage, employers favour the implementation of focused policies to minimise the number of persons living off the minimum wage, rather than raising the minimum wage itself which carries the risk of destabilising the labour market. Such policies can include a number of measures such as raising educational standards to push more persons into better paid employment opportunities. This approach will be more effective given that the most vulnerable groups at risk of poverty that have been identified in Malta are pensioners and single parent families. Article 34 of the Director General's report states that: 'income poverty is strongly correlated with all its other expressions, such as educational poverty, poverty of opportunity and exposure to unhealthy or dangerous living and working conditions'. Simply raising the minimum wage is a quick fix which will not help its intended audience.

On the positive side, the discussions on union recognition issues, the reform of the Industrial Tribunal and amendments to labour legislation at the Employment Relations Board have been constructive and convergence, if not consensus, was reached on many points raised by the social partners.

Employers fully endorse the principle underlying Goal 8 of the 2030 agenda, which states that the reduction in poverty is dependent on private investment as a driver of job creation and economic growth. In Malta, employers in both large companies and SMEs, continued to generate productive employment even when the going got tough during the years of international recession. This momentum has prevailed over the past three years and, in spite of an increase in the activity rate of the population, the current demand for labour outstrips domestic supply, leading to an increase in the number of foreign employees in Malta, which currently stands at 16% of the total labour force. This is the reason why employers are pressing government to remove excessive bureaucratic barriers to employ third country nationals in sectors where labour shortages are evident.

The goals of the 2030 agenda, as quoted in Article 32 of the Director General's report may seem to many to be idealistic, and perhaps overly ambitious, coming from an institution fast approaching its

35/1, South Street,
Valletta VLT 1100, Malta
t: (+356) 21 237585, 21 222992
f: (+356) 21 230227
e: admin@maltaemployers.com
www.maltaemployers.com



centenary from the date of its foundation. Yet, it is good to have youthful idealism at the age of a hundred, especially if backed by so many achievements through the collective experience of tripartite dialogue. It is the essence of the positive side of humanity to aspire, as mentioned in the agenda, to 'eradicate poverty, combat inequality, preserve the planet and foster social inclusion'. For the ILO, this is clear evidence that it will remain youthful and relevant up till 2030 and beyond.