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Media Release

## **104<sup>th</sup> Session of the International Labour Conference**

### **Address by Mr. Joseph Farrugia Employers' Delegate – Malta**

The Report of the Director General, which focuses on 'The Future of Work Centenary Initiative' is a refreshing attempt to address contemporary issues facing the world of work, while projecting a pathway that should guide the discussions between the social partners within the ILO and also with their constituents at national level in the years to come. The need for transformational change underscores the reality of an ever-changing global labour market, and the Report appropriately accentuates that embracing innovation - through technology, work organisation, and flexible forms of work - is essential to provide decent job opportunities for an expanding global labour force.

The four conversations that are mentioned in the report, namely work and society; decent jobs for all; the organisation of work and production and the governance of work form a challenging invitation to apply tri-partite social dialogue, possibly through a departure from traditional perspectives, to seek novel, more effective solutions to labour market issues.

Another important development in this year's conference has been the committee on SMEs and employment creation, which builds on the Job Creation in Small and Medium-Sized Enterprises Recommendation (NO.189) of 1998. This certainly allows the ILO to expand its vision and influence through an acceptance that social dialogue is not restricted to large employers and multinational companies, but is equally active, albeit in different ways, in SMEs. This is particularly relevant to countries like Malta where more than 90% of jobs in the private sector are generated by companies with less than 250 employees.

The future of work is a central theme in my country whose livelihood is fully dependent on the output of its human resource. This theme has been selected for the conference which is part of the activities to commemorate the Malta Employers' Association's 50<sup>th</sup> Anniversary this year. During this

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half century, social dialogue has been active in Malta and has evolved hand in hand with the country's post-independence economic and social progress. Currently, Malta has among the lowest unemployment rates in the European Union, and the labour participation rate is increasing steadily, partially as a result of precision engineered active labour market policies. There is hardly any slack in our labour market and labour demand is being met through an influx of foreign labour, currently standing at 13% of the labour force. This is one reason why the increase in public sector employment and persistent skills mismatches are of concern to employers.

During the crisis years the economy remained fairly buoyant and presently our GDP growth – at 3.5% in 2014 - outperforms many economies within the Eurozone. This solid performance rests on critical fault lines which may undermine these achievements. Amongst them the fact that three quarters of our manufacturing exports are generated by a handful of companies facing aggressive global and internal competition; and that tourism, which is another major pillar of the economy, is a volatile industry which is highly dependent on external forces, including political stability in the Mediterranean region. We also seem to have a dual speed economy, with some sectors, like tourism and financial services compensating for a fall in exports. The message here is that there is no room for complacency, entrepreneurs have to be vigilant and innovative to retain their competitive edge, and unions have to manage their members' expectations to safeguard their jobs.

Recently, the European Commission has issued country specific recommendations for Malta that highlight the need for further fiscal adjustment, pension reform, an enhancement of the educational system and to improve SMEs access to finance. These areas offer opportunity for constructive social dialogue as all of them connect to the medium and long-term sustainability of our society.

Employers fully endorse the need for diversification of employment models and relationships to ensure an enabling environment for business, as mentioned in the Report. We have launched a discussion at our national social dialogue fora on the need to modernise our employment and industrial relations legislation. An emerging issue which is worrying employers is that industrial unrest is frequently being caused by conflict between unions, rather than between unions and employers. Inter-union rivalry is – as has recently been publicly admitted by a senior trade union official – leading to situations whereby

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unions are making claims for improved working conditions based on what rival unions are promising their membership, rather than on the sustainability of the enterprise. This is why employers are persisting on establishing a transparent and efficient system to determine union recognition, and on reforming the Industrial Tribunal.

The fact that the Director General's report acknowledges that: *'a lifelong attachment to a single enterprise have become outdated in today's world of work'*, and that the working relationship *'may be taking one of a variety of non-standard forms, including part-time, fixed-term, and flexible contracts'* is reflective of the current needs of the labour market. Non-standard jobs increase labour participation rates – and can also be of high quality. It is wrong to equate these forms of employment with precarious work. In Malta, the vast majority of persons engaged in non-standard forms of employment do so voluntarily. Non-standard employment is also instrumental in social inclusion.

Since the dawn of civilisation, Malta has been a small island with a big role in the course of history. We are witnessing first-hand the tragic events of migration in the Mediterranean, where thousands of people are dying in pursuit of a dream of a better life. This highlights the ILO's mission to seek solutions to be a catalyst of decent job creation in societies where people are giving up hope. Transformational social dialogue, both at global and national level, depends on hope, trust and commitment among the social partners through an openness to change and new ideas, and a belief that such innovations can work to the mutual benefit of all society.