

Interview:
Joe Farrugia


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MEA pushing to replace COLA increase with one-off bonus

Karl Stagno-Navarra

The Malta Employers Association (MEA) has proposed to government that employees should be given part of the COLA increase as a bonus for 2010 without having their income affected.

Interviewed by Business Today (See page 9), MEA Director-General Joe Farrugia explained that the proposal "should not be an issue for the unions," and added that the MEA is also recommending that should real GDP growth be positive during the second and third quarters of 2010, which will probably be the case, the amount given as a bonus will be added to the COLA for 2011.

"In this way, employees' earnings will not be affected at all. We are stressing that this is a short term measure that will give a slight

breather to employers during 2010, which as explained earlier is a critical time for businesses," he said.

Government would be shouldering almost half of the cost-of-living compensation next year if the proposal by employers to share the burden is taken up in the next budget.

In a survey compiled by the MEA, about 20 per cent of companies are expected to cut jobs if the cost-of-living adjustment (COLA) ranges between €5 and €7 weekly in 2010.

The survey was conducted among the association's members and dealt with the impact of COLA on businesses during a recession.

"Numerous companies will find it difficult to match the projected increase per week for each employee, and it will open the

floodgates to mass unemployment," Farrugia warned.

The MEA - he said - was against the current mechanism that linked wage increases to inflation and was only proposing the arrangement to tackle what it described as the "destabilising effect" of COLA in times of recession.

"The fact that government has not replied positively to MEA's recommendation does not put us on a confrontation path," he said, while adding that during the coming weeks, "MEA will work hard, as an Association and also through its input at MCESD, to convince government that our proposal is in the best national interest, and that, given the current circumstances, it will work in the interest of all social partners."

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MHRA President warns "many hotels already planning to close this winter"

Charlot Zahra

Malta Hotels and Restaurants' Association (MHRA) President Kevin de Cesare warned that the fuel increases announced by Enemalta last week will have disastrous consequences on the tourism industry in Malta, which is already facing the brunt of the global recession.

"These increases will add more pressure on hotels and restaurants, most of whom are unable to pass on any increases whatsoever to the consumer," de Cesare said.

"We have warned the government of dire consequences to the industry if any more taxes or costs are added to our already high taxes."

The latest increase in the price of Thin Fuel Oil (TFO), which is used in the tourism industry for heating, is an average of 40 euro cents per litre.

Asked about what kind of compensation could hoteliers and restaurant owners get in view of these price hikes, de Cesare explained how MHRA members "are competing internationally and government has to understand that every time there is a government-induced cost the industry suffers as it becomes less competitive."

"If the matter of competitiveness is not addressed, there will be reached a stage when the industry will start contracting," the MHRA President told Business Today.



MHRA President Kevin de Cesare

"We have had a weak 10 months with dropping occupancies with rates plummeting as much as 30 per cent in some instances," he complained.

"We just cannot afford any increases of any kind during the next 12 months as many hotels are already planning to close this winter both in the north and the Sliema/St. Julian's area," de Cesare told Business Today.

"Any sort of new taxes will just see some of hotels over the edge and then we will see serious job losses."

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Read de Cesare's comments together with those of the other social partners on Pages 6-7

Co-operative for remaining shipyard workers being studied

The General Workers Union Metal and Construction Section President Sammy Meilaq is insisting with government that the remaining 360 workers at the Malta Shipyards should be grouped under a cooperative.

Business Today is informed that a number of meetings between Meilaq and senior government ministers have already been held, and the latter are reportedly "in favour" of the proposal.

But informed sources have told this paper that only a few of the remaining shipyard workers are in favour of forming a cooperative, in spite of Sammy Meilaq's insistence that this is the way forward.

Meilaq - who is the former Chairman of Malta Drydocks - is said to be in constant contact with former Prime Minister Karmenu Mifsud Bonnici on the matter, who is reportedly the man behind the proposal.

According to sources, Meilaq has told government that his idea is to have the different trade sections form "unit cooperatives" that will then fall under the umbrella of a



Former Drydocks Chairman Sammy Meilaq

"general cooperative."

Meilaq believes that while the Malta Shipyards will be privatised, the cooperative will be subcontracted for works to be carried out on ships.

But Meilaq has been warned by his fellow workers that the shipyards order books are bare, and work is

minimal.

He has been warned that his style of politics is antiquated and is putting their livelihoods in jeopardy as forming a cooperative is a commercial decision which will strike off all workers from government books, leaving them alone to fend for their own survival.

Government has been positively looking into the proposal and has also encouraged Meilaq to look for similar cooperative models in other shipyards.

So far no such model has been found, however trips to Spain have been made and paid for by government.

Asked to comment on this proposal, a former Malta Shipyards director told this paper that government should be happy with such a proposal, as "it is a golden opportunity for government to give Meilaq and the remaining workers the rope they ask for to hang themselves."



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