



THE MALTA CHAMBER

## PRESS RELEASE

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### **Airmalta saga: taxpayers foot the bill – The Malta Chamber**

*Cut down on the extravagance at other Government entities to prevent more superfluous spending*

The Malta Chamber of Commerce, Enterprise and Industry reiterates the strategic importance of having a national airline that is run efficiently to ensure its long-term viability. It is clear that there is no other way that this can be achieved without shedding hundreds of Airmalta's employees. It is also clear that the starting negotiating position of guaranteeing their inflated take-home pay, which was a contributing factor to Airmalta's failure, makes it virtually impossible for them to be employed anywhere where their pay can be justified. The Malta Chamber is cognisant that in these circumstances, severance payments may very well work out cheaper for the country than burdening the public sector with hundreds of superfluous overpaid reluctant workers indefinitely. What needs to be clarified is the basis on which the amounts being offered have been arrived at. The Malta Chamber believes that these amounts appear to be absurdly high and illustrative of how the bargaining power of overly protected groups results in unfair outcomes for the country as a whole.

Reports of the severance packages for Airmalta employees negotiated by unions with Government have understandably provoked anger in taxpayers and private sector operators who uphold performance-based standards for compensation. The salary expectation of hundreds of Airmalta employees are not commensurate with their competence and willingness to be productive. They therefore could not be absorbed by the public sector and would not fit in the private sector either. Following years of being paid hefty salaries for questionable output at the national airline that bled millions every year they are now being given a six-figure golden handshake costing the country around €50 million

The Malta Chamber believes that the Airmalta saga is the culmination of decades of unsustainable employment practices and vitiated political interference in the running of the national airline. Other Government-owned entities are susceptible to similar extravagances, and are unlikely to ever be brought to the reckoning by the European Commission, as Airmalta has been. The Malta Chamber is particularly concerned that we will continue paying millions in hefty salaries and superfluous spending at other entities unless a credible framework for the monitoring of the performance of such entities that is ringfenced from political interference is put in place.

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