

Philippe Ortelli: "Certain sectors do indeed have difficulty recruiting"

By Milena Radoman

For Philippe Ortelli, President of the Monaco Business Federation (FEDEM), if working in Monaco remains financially attractive for employees, "the main obstacles to attractiveness remain access to Monaco and housing for working people nearby."

EMPLOYMENT

You once stated that Monaco was a "salary paradise". Is this still the case in your opinion and why?

Yes, Monaco still remains attractive for employees in terms of salaries, social

and medical benefits, as well as for the stimulating work environment of a small- and medium-sized business network, where you know and can interact directly with your boss who often owns the company. Employees benefit from a higher net salary than in the

neighbouring economic region, significantly higher family allowances, right from the first child, better health cover, a more advantageous basic pension for identical careers and for an equal contribution period.

The government is organising a new employment forum to boost certain sectors which are struggling to recruit. Do you see a decline in the attractiveness of the Monaco marketplace in a post-Covid and major-resignation context?

Yes and no. Even though Monaco has exceeded 55,000 jobs in the private sector, certain sectors do indeed have difficulty recruiting. The hotel and catering industry, construction, digital technology and certain other industries are particularly impacted. Our relationship with work has been profoundly changed by the health crisis and this is even more true for the younger generations who are more mobile, demanding more remote work, and who do not want to waste more than two hours a day in traffic jams or frequently-disrupted public transport to get to Monaco!

This employment forum is a good initiative, which has generated great enthusiasm, but it is not enough. The relaxation of certain hiring conditions is another, as is the development of teleworking. At the end of 2022, 4,324 employees, or around 8% of private sector staff*, had used it. It is necessary to relax the legal framework to facilitate its use in a company, without exceeding two days per week, but allowing these to be freely chosen to adapt to the constraints of the moment. This involves an evolution of Law N° 1,429 governing teleworking in Monaco and in particular the procedure to be respected. Training is also a factor of attractiveness: creating specific courses in Monaco for certain sectors in shortage would make it possible to create pools of young talent. As we regularly warn, the main obstacles to attractiveness remain access to Monaco and housing for working people nearby.



ZOOM

Due to high housing prices, our companies have to recruit people from further and further away, which causes them to lose valuable candidates who refuse to spend more than two hours a day getting to their workplace and back. These are the fundamental problems to be resolved urgently so that Monaco can continue its economic growth and develop employment.

What do you think are the reasons for this?

Savings accumulated during the Covid period and time to think, or rather to dream. This will only last for a while before the reality of the world, and of the degraded economic situation in Europe, will come back as a rude awakening for some sweet dreamers. We are being strangled by the price of oil (gas and consequently energy in general) and our continent is becoming poorer. For example, France saw its GDP/capita ranking move from 13th in the world in 1980 to 19th in 2005 and to 24th in 2022...The development of Artificial Intelligence (AI) must also be taken into account. Recent examples show that AI is expected to reshuffle the job market in the years to come. In France, a media monitoring company is set to lay off more than 200 people in favour of AI** - and for the first time an AI has piloted a plane for more than 17 hours during a test***!

With 60,000 employees, the job market in Monaco seems very dynamic but previous projections were counting on 100,000 employees to maintain the current social model. What are the projections according to actuarial studies for the coming years (2030? 2050?)

If the economic system is preserved, pension funds should not experience any major problems within a generation (30 years). Of course, adding new constraints on businesses, attacks on freedom of enterprise, or even increasing business charges, would have a disastrous effect for everyone.

Is the permanent contract the principle today and the fixed-term contract the exception? What is the breakdown of permanent, fixed-term and temporary contracts? What is the current trend and evolution of employment contracts?

I repeat myself because the facts are plain: fixed-term contracts and temporary work in Monaco are in the minority and more than

80% of employees are hired on permanent contracts. The construction sector naturally needs the flexibility of fixed-term contracts and temporary work, which offer better remuneration to the employees concerned.

Are government funds doing well? Any reforms on the horizon?

It seems important to us to work on the basis of health insurance and workplace accidents. Benefits should be based on the base salary and any 13th month bonus but not on overtime or specific non-contractual bonuses. Some people abuse it and fall ill or take occupational accident leave just after a bonus is paid, which means they receive more sick pay than those who continue to work and receive their net salary. Work must pay more than inactivity, so as not to encourage abuse.

PENSIONS

According to the FEDEM, "for identical salaries in France and Monaco, pensions are 35 to 110% higher" in the Principality. Is this still the case since the 2012 reform?

Yes, although the numbers may have decreased a bit.

In 2010, the CAR pensions reserve fund represented €571 million, or 68.5 months of pension payments. How much is it today?

At the time, the revalued reserve fund amounted to €1 billion and today it stands at €1.4 billion, the equivalent of 56 months of pensions. We must also remember that Agirc-Arrco in France only has 11 months of reserve to pay for the supplementary pension which is a points-based system like ours.

Monaco now has its own independent supplementary pension fund. What will the rate of return be? Will it be superior to previous systems?

The rate of return will be slightly higher than that of Agirc-Arrco by joint agreement.

Are you in favour of introducing mutually-agreed termination of work contracts in Monaco?

No, because it's a bad idea. As it is drafted by the legislator, mutually-agreed termination is subject to very rigorous conditions of validity which oblige the parties to respect a complex procedure which is unsuitable for a network of small- to medium-sized businesses, and this without providing

legal certainty. Would it replace termination without cause? Dismissal without cause is constitutional in Monaco. The Supreme Court mentioned this in its decision of 2 December 2020, which notably established the freedom for the employer to hire and fire, a corollary of the contractual freedom to terminate a contract, which also applies to the employment contract. Article 6 of Law N° 729 already allows the termination of an employment contract without the employee losing unemployment benefit rights and with higher compensation. Let's keep to an efficient system instead of dreaming of a fluffy fantasy world.

In practice, how many cases of Article 6 dismissals are recorded per year?

In 2022, the Labour Court judged a total of 76 cases. Amongst these, only 10 to 15%* concerned Article 6 – in other words, on average around 10 cases per year out of some 55,000 employees in the private sector.

What do you recommend to improve the situation of employees (housing, working people, etc)?

You have pointed out the real problem facing our employees: the irrational decisions taken by our large neighbouring country have a strong impact on the lives of our employees. How can we accept that only 7% of these employees can access the state housing that is required to be built in neighbouring municipalities which, in France, on average, 70% of employees are eligible? We have created, on average, more than 1,000 jobs per year for 20 years for French residents who pay their tax there and no new transport infrastructure has been built for more than 20 years!! It is urgent to build an underground metro line from Nice Airport to Monaco, which would serve our community for the next 100 years and would very significantly – even drastically – improve air quality as well.

*Source : IMSEE, Observatoire de l'Emploi 2022, paru en avril 2023
**<https://www.capital.fr/entreprises-marches/200-salaries-français-vont-etre-licenciés-et-remplacés-par-une-intelligence-artificielle-147>
*** <https://www.lebigdata.fr/ia-pilote-un-avion>
****<https://monaco-hebdo.com/actualites/judiciaire/tribunal-du-travail-prudhommes-monaco/>