

Wage cut in Bahrain will violate contract

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Al Asala Bloc has objected to the one per cent deduction from expatriates' salaries towards the Unemployment Insurance Scheme, claiming that Bahrain would be violating its contract with them.

"If we charge the expatriates, then we are violating the contracts made with them, under which Bahrain is a tax-free country," deputy and chief of foreign affairs committee Adel Abdulrahman Al Moawda said. "Deductions made against their will are against Shariah laws. "We made a mistake by passing the bill in parliament," Al Moawda said. "We should have studied it in greater detail. We should now amend the law as it is wrong to even make the deduction from the citizens' salaries," he added. According to Islamic rules, a state may levy a tax when it is in financial doldrums. Bahrain is not in a financial mess, the deputy said. Shura Council member Jamal Mohammed Fakhro said the deduction had become mandatory as both Houses of parliament had approved it. However, a meeting is likely with the Prime Minister, Shaikh Khalifa bin Salman Al Khalifa. Some of the suggestions that could be taken up at the meeting include continuing with the deduction with a one per cent increase in salary, "which I think is impractical," he said. "The Royal Decree was not studied thoroughly. It is important for a Council member to initiate a debate again and either have it amended or withdrawn which is a possible step," he said.

"If we look at the facts," he said, "as much as BD36 million is estimated to be raised for the scheme. Considering that payouts begin at BD120 and move up to BD500, an estimated 31,000 unemployed will benefit for six months. But where are the 31,000? This is an overestimation," he said.

The scheme stipulates one per cent deduction from employees' wages and as much contribution by the government and the employer. "If we withdraw one per cent deduction from the employees' wages, we still have two per cent which is more than enough. In addition, we are to get the Labour Fund. This is more than enough," he said. It is the responsibility of the authorities in the public and private sectors to create jobs, he said. It must also be borne in mind that the dinar has depreciated and hit the purchasing power of the people. The plan to introduce the deduction came at the wrong time, he added. "We should look at training more Bahrainis and making them vocationally qualified to enter the labour market," added Fakhro.

Shura Council second deputy chairperson Alice Thomas Sema'an has different views. "I was upset to hear that MPs have been excluded from the scheme. It is important that those with high salaries contribute more. The low-income population, earning from BD150 to BD500 must be excluded. It is already difficult for them to make both ends meet. The deduction will only stretch that limit further, she said. However, Al Wefaq vice-chairman Khaleel Ibrahim Marzooq said, "We want an alternative to the deduction from the employees' wages. The government can pay for the private sector. The Labour Fund is already paying for the employers. Another option is to request the Prime Minister to establish a follow-up committee and an alternative immediately. For the low-paid, it is important to increase their pay," Marzooq added. Lateefa Al Gaoud, Al Mustaqbal MP, said the law had been approved by the Houses and the deduction would help the unemployed. "When MPs speak against it, the idea is to appease the people," she added. She said this was a way for people to help each other. Shura Council member, Dr Ayesha Salem Mubarak, agreed with Al Gaoud, but stressed that

the Ministry of Labour should maintain transparency in fund disbursement. Gosi Director General Shaikh Mohammed bin Isa Al Khalifa said the deduction was part of the unemployment insurance scheme to provide an added safety coverage for both Bahrainis and expatriates.

Jassim Hussain, Al Wefaq economic thinktank, supported the scheme saying that it would benefit the jobless. He said the problems were with financing. With the public wanting the government to take the responsibility, the deduction must now be reverted to the former two per cent. "The cost of living is increasing and the financial position of most people even in the middle income levels is too stretched," Hussain added.