Malta: Developments in working life 2016

Developments in working life in Europe: EurWORK annual review 2016
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Eurofound reference number: WPEF17025

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Political context affecting working life aspects

The government(s) in office during 2016

<table>
<thead>
<tr>
<th>Government 1</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>In office since / to</td>
<td>10th March 2013 – Five year Term of office ends in 2018.</td>
</tr>
<tr>
<td>Name of the head of government (prime minister / chancellor / …)</td>
<td>Prime Minister. Dr Joseph Muscat</td>
</tr>
</tbody>
</table>
| Name all the parties that are forming this government | Partit Laburista (PL - Labour Party)  
Partit Nazzjonalista (PN) |
| List the changes in the composition of the government in 2016 | No changes in the government |
| Additional comments | A court case was instituted by the Partit Nazzjonalista (PN) over a pack of votes which was mislaid during the counting process. In its ruling the court awarded two extra seats to the PN. This means that the seven seat majority in parliament of the party in office was reduced to five. |

Elections and referenda

<table>
<thead>
<tr>
<th>Election 1</th>
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<tbody>
<tr>
<td>When did the elections take place?</td>
<td>9th March 2013</td>
</tr>
<tr>
<td>What kind of election it was? (parliamentary / presidential / referendum / local / …)</td>
<td>A Parliamentary General Election.</td>
</tr>
<tr>
<td>Outcomes of the election (mention also % of the votes achieved by the major participants in the election)</td>
<td>Partit Laburista (PL), party in opposition, obtained 54.83% of the votes while the Partit Nazzjonalista (PN), the party in office, obtained 43.34%. AlternattivaDemokratika (AD), the green party with 1.8% of the vote, did not manage to win any seat in parliament. By virtue of this vote the PL had a seven seat majority in a 71 member parliamentary assembly.</td>
</tr>
<tr>
<td>Additional comments</td>
<td>A seven seat majority in a small island state with a 71 member parliamentary assembly is considered to be a large majority.</td>
</tr>
</tbody>
</table>

Forthcoming significant elections or political events in 2017

For the first time since its accession to EU membership in 2004, Malta is playing the role of President of the Council of the EU from 1st January to 30th June 2017.

Reactions from the social partners on new government’s working life policies

No reactions.
Developments in social dialogue and collective bargaining 2016

Major developments in national/peak-level social dialogue 2016

Changes affecting the social dialogue actors and institutions in 2016

Representativeness
None

Major developments affecting the main actors

According to the latest Report by the Registrar of Trade Unions (2014-2015) the General Workers Union (GWU) increased its membership over the previous year by 1,620 while the other general trade union organisation, Union, Haddiema Magħqudin (UĦM), registered a slight decrease of 547 in membership. These two trade unions represent 80% of the Maltese unionised workforce.

Legislative or institutional changes to the main social dialogue institutions
None

Changes in the social dialogue processes

Through the amendments made in the Employment and Industrial Relations Act (EIRA) on 28th June 2016 the Employment Relations Board (ERB), a tripartite institution set up in accordance with the provisions of the Employment and Industrial Relations Act, became heavily involved in the appointment of the Industrial Tribunal members and chairpersons. According to these amendments the chairperson can be removed by the Prime Minister while the simple member can be removed by the minister. In both cases of dismissal, the ERB may be consulted. The re-appointment of chairpersons has to be approved by two thirds of the ERB members. The persons appointed by the trade unions and those appointed by the employers’ association shall not be made if two thirds of the ERB members are against such appointments. The Industrial tribunal has the same powers as a civil court, with the right to summon witnesses and to ask those involved to take an oath. These amendments were necessary following a ruling by the Constitutional Court, which stated that the appointment of members and chairpersons of the industrial tribunal did not offer a guarantee that the tribunal is independent and impartial. The ruling of the Constitutional Court stated that the power given to the minister to make ad hoc appointments, combined with lack of security of tenure for any of the tribunal members and chairpersons, calls into question the impartiality and independence of the industrial tribunals. The provision in the law obliging the minister to consult the tripartite institution (MCESD) still gave the minister wide discretionary power. Indeed in spite of this consultation the social partners were often critical of the appointments made by the minister. The Minister for Social Dialogue, Helena Dalli, did not heed the proposal of the UĦM and the leader of the opposition Simon Busuttil, to appoint a magistrate as the chairperson of the industrial tribunal. Instead in the bill she presented in parliament the ERB was given the right of veto in the appointments of members and chairpersons of the industrial tribunal. Perhaps the Minister acted on the belief that chairpersons whose approval is sanctioned by the ERB might provide a more practical handling of labour related issues than a magistrate bogged down in the overburdened civil court. These amendments have enhanced the profile of ERB and at the same time raised the degree of legitimacy to the process of social dialogue at national level.
### Main social dialogue topics and outcomes in 2016

<table>
<thead>
<tr>
<th>Themes</th>
<th>Description of issue</th>
<th>Main result</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General labour market topics</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Job creation, reduction of unemployment</td>
<td>No major issues debated in this area</td>
<td>Consultation is ongoing but there seems to be no prospects of a radical change. Some changes to this effect were announced in the 2016 budget (see below ‘Social Dialogue’).</td>
</tr>
<tr>
<td>Active labour market policies</td>
<td>No major issues debated in this area</td>
<td></td>
</tr>
<tr>
<td>Benefits (unemployment, sickness schemes)</td>
<td>No major issues debated in this area</td>
<td></td>
</tr>
<tr>
<td>Taxation and non-wage related labour costs</td>
<td>No major issues debated in this area</td>
<td></td>
</tr>
<tr>
<td>Pension reforms</td>
<td>No major issues debated. n.b. This was a topical issue in 2015</td>
<td></td>
</tr>
<tr>
<td>Labour market participation of different groups</td>
<td>An Equality Bill was presented in parliament to prohibit any form of discrimination in spheres of life including the labour market</td>
<td>Prior to being presented in parliament for the first reading the bill was discussed at the MCESD</td>
</tr>
<tr>
<td><strong>Working life related themes</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wage setting systems, including the setting of minimum wages</td>
<td>Malta Council for Economic and Social Dialogue (MCESD) has been urged by the prime minister to discuss and make proposals about a rise in the minimum pay</td>
<td>Two reports by economists commissioned by MCESD were presented during a MCESD meeting. These two reports are to be discussed during a meeting due to be held in February 2017.</td>
</tr>
<tr>
<td>Working time regulations</td>
<td>No major issues debated in this area</td>
<td></td>
</tr>
<tr>
<td>Terms and conditions of employment, including different forms of contracts</td>
<td>No major issues debated in this area</td>
<td></td>
</tr>
<tr>
<td>Health, safety and well-being at work</td>
<td>No major issues debated in this area</td>
<td></td>
</tr>
<tr>
<td>Work-life balance related themes, incl. family leaves</td>
<td>No major issues debated in this area</td>
<td></td>
</tr>
<tr>
<td>Skills, training and employability</td>
<td>No major issues debated in this area</td>
<td></td>
</tr>
<tr>
<td><strong>Any other relevant themes/topics addressed in</strong></td>
<td>A pre-budget consultative meeting between the social</td>
<td>Some of the proposals made by the social</td>
</tr>
</tbody>
</table>
Examples of selected significant social dialogue debates

Social Partners Discuss the Minimum Wage

Following the pressure being placed on government by various social justice NGOs to raise the minimum wage, the prime minister expressed his agreement to this proposal. He asked the Malta Council for Economic and Social Development (MCESD) to discuss and propose adjustments to the minimum wage. In response to this invitation MCESD commissioned two Maltese economists to conduct a study on the feasibility of a rise in minimum pay. The two reports on this study, presented to MCESD during a meeting held on 14th December 2016, proposed that the minimum wage should be determined by fixing a ratio which is pegged to a percentage of the average wage. At the same time this upward minimum pay must be accompanied by measures to safeguard the competitiveness of the Maltese economy. The Minister for Social Dialogue, Helena Dalli, who was present at the meeting, stated that this debate on minimum wage was taking place in the context of the robust economic growth being registered. Consultative meetings with the social partners are scheduled to be held in the first half of 2017. The employers’ associations warned the government of the damaging effects such a rise in minimum wage would have on industry and the business community. The Malta Employers’ Association (MEA) accused the government of pandering to populism. The Maltese government has been very wary of the adverse effects which a rise in minimum wage might have on the competitiveness of the Maltese economy. Rather than raising the minimum wage it had opted to take measures that would increase the pay packet of the low income worker such as raising income tax threshold and giving in-work benefits to low pay workers. It seems that finally government has succumbed to the demands being made by the NGOs. The unions expressed themselves in favour of an increase of the minimum wage. Unlike Caritas Malta they did not have any empirical data to back up their claim. Hence they were not as vocal in their exhortations as the NGOs who under the leadership of Caritas Malta formed a pressure group to increase the minimum pay. The unions were reduced to be part of the chorus in which they had to play second fiddle. The question now is when and how the minimum wage would be raised. The MCESD may have a vital role to play in this decision.

Pre-Budget Consultation with social partners.

During the pre-budget consultation with social partners, the Chamber of Commerce and the Malta Employers’ Association, urged government to revise the Cost of Living Allowance (COLA) which is a mandatory wage increase given to all workers. They have been consistently arguing that COLA has been abolished in almost all the European countries and is therefore making Malta lose its competitive edge. They use the word ‘revise’ rather than ‘abolish’ or ‘change’ implying that provisions could be made for the increase to be given to workers employed in the low pay sector. The government however did not heed the
employers’ pleas about COLA and decided to retain it, as this wage mechanism is perceived to be a contributory factor to harmonious industrial relations.

The Chamber of Commerce warned government of the repercussions of extending sick leave for parents taking care of children who fall ill. The Chamber thinks that such a measure could lead to abuses.

Overall, the trade unions were satisfied that their proposal to increase the minimum pension was included in the budget. The UĦM would however have preferred a higher commitment by the government to introduce the second pillar.

The Equality Bill.

Before being presented to parliament for the first reading an Equality Bill was discussed at MCESD. This bill aims at prohibiting discrimination in various spheres of life, including the place of work. While there was hardly any reaction from the trade unions, the Malta Employers’ Association was very vocal in its criticism of this bill. It claimed that this bill gives excessive power to the Commissioner of Labour and could give rise to frivolous litigations and orchestrated persecutions of employers. The president of MEA stated that through this bill government was pandering to the extreme fringes of feminists and gay lobbies.

Sectoral and company level social dialogue 2016

The social dialogue process between government and the four unions representing the various categories of Air Malta employees has been ongoing since 2011, when the company, on the insistence of the EU Commission, had to undergo a restructuring exercise to become economically viable by 2016 and no longer dependent on state subsidy. The unions have often expressed their fear that this restructuring exercise may lead to redundancies. However during the meetings held between Air Malta officials, the Ministry of Tourism and the respective trade unions, assurances were given by the minister that none of the employees on the Air Malta payroll would be dismissed. As by the end of 2016 Air Malta was still registering losses, its management started to seek a strategic partner who was ready to inject new capital in the company. The four unions which have been biding their time to conclude a new collective agreement threatened to take industrial action. However an amicable settlement was reached and industrial action was averted following conciliatory meetings held between the company and the four unions. These meetings were chaired by a former president of Malta who was appointed by government, with the consent of the four unions, to act as a facilitator. On 22nd December 2016, the Minister of Tourism held a briefing session with the MCESD members to inform them of the new developments. However some of the social partners present at this meeting stated that no concrete details were given about the negotiations between Air Malta officials and the strategic partner.

Main developments - other than wages and working time - from important collective agreements or bargaining rounds

None to report

Examples of innovative collective agreements (at any level) made during 2016

Corporate vice-president of a multi-national company comes to Malta to negotiate a collective agreement.

The negotiation process about a new collective agreement between the General Workers Union (GWU) and the management of ST Microelectronics, a French–Italian multinational company, came to a halt due to lack of agreement. The GWU stated that it would resume negotiations only with top officials representing this multinational company. This request by the GWU was granted when the management representing the local branch of the company in Malta informed the GWU that the corporate vice president of the manufacturing sector of the company, George Auguste, had accepted to come to Malta to conduct the negotiations with
the union. The final talks were conducted by delegations headed by the corporate vice president, Georg Auguste and the deputy secretary – general of the GWU, Josef Bugeja. A new collective agreement was signed on 19th September 2015

Policies and actions to address pay-inequalities

The recent public debate on pay gaps at the workplace

Gender Gap

The public debate about pay inequalities takes place in the press, sometimes sustained by statistics and/or reports. This debate focuses exclusively on gender and foreigners. Issues about fixed term contracts, temporary work agencies, posted workers and self-employed do not feature in this debate.

According to the latest Eurostat statistics (November 2016) the gender pay gap in Malta stands at 10.6% which is 6.1% lower than the average gender gap (16.7%) in the EU member states. The Maltese gender gap has to be contextualised in the relatively low ratio of female participation in the labour market, even though lately it has registered a substantial increase. Indeed the chairperson of the Centre for Labour Studies, Anna Borg, maintains that this gender pay is artificially low as it is due more to the low female participation rate in the labour market than to high principled values or policies of equality. The gender gap amongst 25 years old is 2.5% in contrast to 8% for the 35-40 age cohort. This difference is due to the fact that women in this age group are burdened with additional familial responsibilities. The gender gap decreases among the 42-55 age group and becomes almost insignificant among the 55+ year olds. The explanation given for this phenomenon by the statistician from the National Office of Statistics is that the women in this latter age group have persisted in their employment and/or are employed in family friendly jobs that could enable them to continue their work career without compromising their family obligations. To address this issue government offers free child care service. The debate about this issue centres on the motherhood mandate which is deeply ingrained in the Maltese culture. The statistics in the Labour Force Survey for the third quarter of 2016 published by the Malta National Office of Statistics (NSO) confirms this diffused motherhood mandate. According to this survey (Table 20 page 10) 26.8% of women are inactive in the labour market because they have reached retirement age whereas 24.6% are not in gainful employment due to personal or family responsibilities.

The gender pay gap only appears to have been debated in the media. Gender gaps which could ultimately influence pay gaps however have recently been debated in a series of meetings. One meeting, organised by the National Forum of Trade Unions, analysed and debated how unions could play a role in facilitating family friendly measures by means of collective agreements. Additionally, a conference organised by the Times of Malta in collaboration with the Centre for Labour Studies and KPMG which was open to the general public presented research findings on the gender gap in women’s participation in senior management positions. Findings suggested that women in executive management positions are better educated than their male colleagues, but are still failing to occupy top board positions. This conference led to a debate on introducing boardroom gender quotas in the general media. Further research on this topic is to be conducted.

As regards foreigners there has been anecdotal evidence that foreigners, especially the asylum seekers from sub Saharan Africa, are being paid less than the minimum wage. These are likely to be found in the construction and catering industries. An investigative report, ‘Struggling to Survive’ published by the Jesuits Refugee Service Malta (JRS) in 2015 tends to confirm this anecdotal evidence. This report states that the average asylum seeker earns €4,823 per year, falling well below Malta’s 2014 at-risk poverty threshold of €7,672 and even further when comparing it to €24,730 Maltese average. The debate in the press about this issue centred on the proposal made by the Maltese Prime Minister about the obligatory
registration of short-term migrant workers, with strict sanctions for employers who persistently fail to comply. The employers and the trade unions agreed with this proposal.

**Positions regarding the posted workers directive**

*Positions of trade unions*
No comments made by trade unions.

*Positions of employers organisations*
No comments made by employers’ associations.

*Position of the government*
No comments made by government.

**Pay gaps at the workplace**

*Evidence*
No major national studies and research on pay gaps have been conducted.
Nothing to report in this regard.

*Policies to address pay inequalities at the workplace*

**Equal Pay for Equal work of Equal Value**
In the speech for the 2015 budget, the Finance Minister announced that workers employed with a contractor who is engaged in a government contract of work must be paid the same basic rate as the civil service employees. Through this measure implemented by a National Standard Order under the Employment and Industrial Relations Act, regulating conditions of work the workers employed with a contractor who has been awarded a tender to carry out work for the government will have their pay adjusted to be equivalent to that paid to government employees performing the same type of work. Pay in government service is governed by a salary scale. This new wage policy affected workers such as cleaners, healthcare workers and rubbish sorters. This type of work is generally outsourced by government. The GWU expressed its satisfaction about this measure. In accordance with the collective agreement for the civil service employees covering the period 2011-2016, in January 2016 the pay of these workers was increased to €5.6 per hour.

Overall the inequality index shows that pay inequality has been on the increase in Malta. The minimum monthly wage purchasing power standard in Malta has increased by 32% over a 28 year period. In contrast to other countries such as UK (46%) and Poland (167%) this is relatively low. This wider minimum wage gap is mainly due to the re-dimension of the Maltese economy from low-cost manufacturing industry to services particularly financial services, that pay above-average salaries. This is borne by the fact that the total salaries paid to professional and associated professionals as a proportion of total salaries paid in the whole economy rose from 32.4% in 2005 to 36.1% in 2011 (‘Higher Minimum Wages’ Times of Malta 31st May 2016)

**Social partner’s involvement in addressing pay inequalities at the workplace**
Nothing to report in this regard.
Promoting the reconciliation of working families and caregivers

Recent policies
According to the Report 6th EWCS (page 31) Malta has one of the lowest percentage (40%) of full time dual earner households. Only three other countries namely: Montenegro, Albania and Turkey have a lower percentage. The five years unpaid parent leave, which employees in the public sector can avail themselves of, may be a contributory factor to this relative low percentage. This family friendly measure encourages women workers to withdraw temporarily from the labour market.

The Maltese workers who reported a good fit between work and commitments outside work is 81%. This is close to the EU average (Report 6th EWCS page 114 Figure 109). In contrast, in work-family enrichment, Malta scores very highly (75%) being surpassed only by Romania and Macedonia (ibid page 117 Figure 115).

Rights to request special working time arrangements, place of work etc.
There have been no legislative changes or non-legislative policies aimed at helping families with care responsibilities to reconcile work and family life. A measure not targeted specifically at workers was the introduction in the last budget of tax credits for persons taking care of people in need, such as disabled and elderly persons.

The role of collective agreements
In the issue of work-life balance measures, the government has acted a role model. The collective agreement for employees in the Public Service is signed by top government officials and representatives of six unions representing various categories of employees in the public sector. This agreement which is renewed every six years applies to all employees in the public sector. The last collective agreement, signed in 2012, covers the period – 1st January 2011 to 31st December 2016. To date it has not been renewed. The family friendly measures in this agreement include: five years unpaid parental leave and the possibility of employees working on a reduced time-table until the child reaches the age of twelve years. The term ‘child’ refers to both natural and adopted children. Where they are deemed to be feasible and appropriate, arrangements can be made for employees to avail of flexitime, job sharing and tele-working. Apart from these concessions there are no specific provisions in the agreement as regards to nursing care duties or an elderly person. Changes with respect to appropriate work schedules need to be thoroughly discussed between the Employer and the union/s. The issue about family friendly measures bring into focus the difference in working conditions between the public and the private sector. The latter generally provide the minimal measures set by the law.