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European Foundation for the Improvement of Living and Working Conditions

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Political context affecting working life aspects

A general election was held on 3rd June 2017. This was a snap election as it was held one year ahead of the five-year term which the constitution grants to the party in office. The Labour Party (Partit Laburista – PL) which was the party in office won this election by polling 55.4% of the votes. The party in opposition – the Nationalist Party (Partit Nazzjonalista-PN) polled 43.8% of the votes cast. Through this overwhelming vote in its favour, the PL won a seven seat majority in the House of Representatives where the present number of members is 67.

Social partners reactions following changes in governments

The General Workers’ Union, which since its foundation in 1943 has consistently shown an affinity to the Labour Party, congratulated the Prime Minister for his victory at the polls and expressed its feeling that this victory “gives a mandate to the government to lead with positive politics, so that the Maltese standard of living will be kept as high”. The Malta Chamber of Commerce urged the new government “to focus its attention on building on the successes achieved in the last years and maintaining a vigilant eye on the country’s competitiveness” (The Malta Independent, 2017).

No public messages were issued by the other social partners.

Labour market reforms or major packages of working life regulations

The increase, real rather than nominal, in the minimum wage was an ongoing issue in first half of year 2017. The increase, to be staggered over two years, was unanimously agreed by the social partners and endorsed by the Government in May 2017. Another topic during the third quarter of 2017 was the compensation of the public holidays falling on Saturday and Sunday. The government expressed its intention of entitling workers to additional leave to compensate for these public holidays falling on a weekend as was the case prior to January 2005.

Sunday shopping restrictions were lifted with effect on 1st January 2017 in accordance with Subsidiary Legislation 441.07 and Legal Order 177/2017 of the Trading Licence Regulations (Chapter 441 of the Malta Laws. This means that retail outlets can now open their shops on Sunday at no extra cost provided they remain closed on any other day. Businesses opting to open seven days a week are obliged to pay an annual €700 fee. Government through Consumer Minister, Helena Dalli, stated that shop assistants whose contract of employment does not oblige them to work on Sunday could refuse to work on Sunday. The General Workers Union stated that due to changes in the values and tendencies of consumers it had to accept this reform. In the meantime, it informed workers who accept to work on Sunday that they would still be entitled to be paid double the normal rate of pay. However, this pay entitlement might not be included in the contract of work of new entrants in the labour market (Micallef, 2017).
Developments in industrial relations 2017

Changes affecting the national-level actors and institutions of industrial relations and social dialogue in 2017

Representativeness

There has been no change in the way in which representativeness of social partners is regulated or assessed.

Actors

No major changes were registered which affect nation-level actors and institutions of industrial relations and social dialogue in 2017.

The Maltese trade unions are holding to their core constituency as they fail to recruit membership from new industries being set up in the service industry notable financial and online gaming. The latest report on trade union membership for the year 2015/2016 was published in March 2017. The report for the year 2016/2017 will presumably be published later this year. According to this report an increase of 2,400 union members was added to the tally of 94,200 members. This increase, recorded between July 2015 and June 2016, was due to the setting up of two trade unions representing members of the police and other disciplined force who through an amendment made in the law in 2015 were, for the first time, granted the right to join a trade union. This implies that the other trade unions did not register any increase in their membership. It is to be noted that in the three years up to June 2016 an additional 24,350 persons entered the labour market as full-time employees. The largest increases in employment occurred in online-gaming, financial intermediation, personal care, catering, hospitality and construction. The report published by the Registrar of Trade Unions indicate that the Maltese trade unions have recruited, few, if any, of these new entrants into the labour market. Compounding the issue is the large number of foreign workers – over 32,000 in part-time and full-time employment and self-employment. Many of these do not seem to be inclined to join a trade union (Baldacchino, 2017). No changes are noticeable in the figures for the employers’ associations. The number of Registered employers associations is 14 (same as in previous year) while a slight decrease in membership is registered - from 9,547 to 9,446.

Institutions

Any major legislative or institutional changes to the main social dialogue institutions;

No major or institutional legislative or institutional changes were made to the main social dialogue institutions.

Changes in the social dialogue processes

The tripartite national institution for social dialogue played a vital part in the decision by government to increase the minimum wage.

Malta Council for Economic and Social Development (MCESD), the tripartite institution for social dialogue at national level, was directed by the prime minister to discuss the issue of minimum wage and come to an agreement about its increase. The agreement was to be on how and when this increase was to be effected. The Prime Minister stated that should the social partners represented in this national organisation fail to come to an agreement, government would take a unilateral decision on this increase. Eventually the social partners managed to reach an agreement which was formalised by the signatures of the representatives of the trade unions, the employers’ associations and the civil society. What makes this agreement different from other agreements is that it includes the signature of the Prime Minister and the Leader of the Opposition. This may be defined as a change in the process of social dialogue at national level as it reflects the widespread consensus reached over this issue.
Normally government while taking note of the points raised by the social partners at the MCESD meeting would act or decide without being bound by the MCESD decision.

The government seems to be intent of adopting the same policy about the compensation of leave for the public holidays falling on Saturday and Sunday. It has put the onus on MCESD to reach an amicable settlement on this issue. The discussion is ongoing.
National social dialogue in 2017 – Scope and Contribution

Main social dialogue topics and outcomes in 2017

<table>
<thead>
<tr>
<th>Themes</th>
<th>Description of issue</th>
<th>Code(s)-interaction</th>
<th>Type of Interaction</th>
<th>Code(s)-Outcome</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>General labour market topics</td>
<td>Job creation, reduction of unemployment, active labour market policies, labour market participation of different groups</td>
<td></td>
<td></td>
<td>1</td>
<td>The MEA paper was presented to the cabinet of ministers. The influx of foreign workers seeking accommodation may have partially contributed to a high spiral increase in the rates of rent of apartments and other modes of accommodations. This can act as a deterrent to foreigners to work in Malta and it may be one of the causes why many of them return to their homeland after a brief stay on the island. Government pledged that it would try to address this issue.</td>
</tr>
<tr>
<td></td>
<td>The Malta Employers Association (MEA) expressed its belief that due to the labour shortages in various sectors of the Maltese labour market, foreign workers – whether EU citizens or third country nationals (TNCs) are being perceived as positive contributors to the Maltese economy. On this basis MEA appealed to government to make it easier for employers to recruit TCNs.</td>
<td></td>
<td>A paper by MEA on “Malta’s Demographic Challenges” which addresses the issue of immigration from EU and recruitment of third country national was presented to the MCESD members.</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Skills, training and employability</td>
<td></td>
<td>It formed one of the issues in the tripartite debate of the above paper by MEA.</td>
<td>8</td>
<td>There was no concrete outcome as MCESD members are aware of and often approve the various initiatives by Job Plus, the public Employment Service Agency in Malta to address this issue.</td>
</tr>
<tr>
<td>Themes</td>
<td>Description of issue</td>
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<td>Code(s)-Outcome</td>
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<tr>
<td>Benefits (unemployment, sickness schemes, minimum income)</td>
<td>Entitling workers to take sick leave when one of their children is ill.</td>
<td>1</td>
<td>During the debate at MCESD about this issue the sharp divisions between the employers and the trade unions emerged.</td>
<td>7</td>
<td>No concrete outcome about this issue seems to be in sight.</td>
</tr>
<tr>
<td>Pension reforms</td>
<td>The Union Haddiema Maghqudin (UHM) has been insisting for the introduction of second pillar of pensions which would entail new contributions by employers and workers. This would complement the first pillar defined as the Pay As You Go system.</td>
<td>8</td>
<td>Was brought up as a topic for discussion by UHM</td>
<td>7</td>
<td>Government seems to be lukewarm and cautious about the introduction of this second pillar as it fears that the additional financial burdens to employers and employees might have an adverse effect on the economy.</td>
</tr>
</tbody>
</table>

**Working life related themes**

| Wage setting systems, including the setting of minimum wages (but excluding the ‘regular’ annual debates about the determination of the level of the new minimum wage) | The minimum wage which has always been increased nominally in accordance with the Retail Price Index has over the years not kept pace with the average wage. | 2                   | MCESD was given the onus by the Prime Minister to agree about how and when the minimum wage should be increased. Two economists were commissioned by MCESD to conduct a study on this issue | 4               | A tripartite agreement was reached to increase the minimum wage with effect from 1st January 2017. The agreement was signed by the Prime Minister, the Leader of the Opposition and the representatives of the social partners at MCESD level. This wage is to be reviewed in |
### Malta: Developments in working life 2017

#### Themes

<table>
<thead>
<tr>
<th>Themes</th>
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<th>Type of Interaction</th>
<th>Code(s)-Outcome</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Any other relevant themes/topics addressed in the national level/peak level social dialogue</td>
<td>Government expressed its intention of entitling workers to additional leave to compensate for public holidays falling on Saturday and Sunday as was the case before 2005.</td>
<td>2</td>
<td>The government put the onus on the MCESD to reach an agreement about this issue.</td>
<td>7</td>
<td>As was announced in the budget speech for the year 2018 workers were given an extra day of vacation leave during this year. This implies that while the government is adamant to introduce this compensatory measure it has opted to adopt a gradualist policy in order to reach the highest possible level of consensus among the social partners.</td>
</tr>
</tbody>
</table>

No major social dialogue debates were held on the following themes: Taxation and non-wage related labour costs; Working time regulations; Terms and conditions of employment, including different forms of contracts; Health, safety and well-being at work; Work-life balance related themes, incl. family leaves

**Note:**

Codes for ‘Type of interaction’: 1 - Tripartite debate; 2 - Tripartite negotiation; 3 - Formal consultation of both social partners; 4 - Formal consultation of trade unions; 5 - Formal consultation of employers organisations; 6 - Bipartite debate; 7 - Bipartite formal negotiations; 8 - Lobbying from at least one side; 9 – Type of interaction unknown.

Codes for ‘Outcome as per 1.1. 2018’: 1 - Unilateral decision by government; 2 - Legislation passed; 3 - Legislation prepared (in legislative process, not concluded); 4 - Tripartite agreement or joint position reached; 5 - Bipartite agreement reached; 6 - Joint opinion of social partners reached; 7 - Issue not closed, ongoing exchange; 8 - Issue dropped, no concrete outcome, no further exchange; 9 – Outcome unknown, none of these types.
Selected major social dialogue debates

Consensus among social partners about Increase of the Minimum Wage
The social partners under pressure from the Prime Minister reached an agreement about the increase in minimum wage. Since its inception in 1974 the minimum wage has only been increased through the mandatory annual cost of living adjustment (COLA). As the unionised workers were getting a wage increase through collective bargaining over and above COLA the disparity between the average wage and the minimum wage became wider. Due to this disparity in wages it was claimed that minimum wage earners had been living below subsistence level. This precariousness of wages gave rise to a Decent Wage Campaign, initiated by Caritas Malta, and sustained by a group of NGOs. Following this pressure, the Prime Minister decided to increase the minimum wage and he called on the social partners represented at MCESD to find a consensus about how and when this increase should come into effect. Following two separate studies commissioned by MCESD an agreement was reached to raise the minimum wage over a two-year period. This gradualism was aimed at enabling the employers to absorb the shockwaves of this increase. Through this agreement minimum wage earners after completing the first year of employment are entitled to a mandatory €3 weekly increase in the second year and another €3 weekly increase in the second year. The agreement also stipulates a €1 weekly increase in 2017 and 2018 to apply to all workers. By January 2018 through this staggered process the minimum wage was increased by €8 weekly. This increase fell below the expectation of the NGOs involved in the decent wage campaign. However, these NGOs were satisfied that through their campaign things have started to move As a provision not to let the wage minimum wage fall behind the average wage it was agreed to set up a low wage commission composed of MCESD members with the remit of making recommendations to government based on scientific evidence by 2020 and 2023.

Compensation for Public Holidays falling on Weekend
Employers have been vocal in their disapproval about the proposed measure by the government to compensate workers for public holidays falling on weekend. Through an amendment made to the National Holidays and Other Public Holidays Act (Chapter 252 of the Laws of Malta) which came into force on 1st January 2005, workers were no longer entitled to additional leave to compensate for the public holidays that fall on Saturday and Sunday. In September of 2017 government expressed its intention of giving back this entitlement to the workers. While this proposed measure was welcomed by the General Workers’ Union, it was criticised by the employers who maintained that this measure would increase the operating cost of the Maltese business community. They demanded real compensation to protect competitiveness and to ensure that the implementation of this measure is kept cost neutral. While the government seems to be committed to implement this measure it has hesitated to act quickly on this matter. During the 2018 budget speech in the Maltese parliament on 10th October 2017, the Minister of Finance stated that workers would be given an extra day’s vacation leave as part of this intended measure by the government. Meanwhile, the minister urged the social partners to come to an agreement about this matter. The implementation of this measure will be debated at MCESD level.

Unilateral government actions – without social dialogue

Disclaimer: This working paper has not been subject to the full Eurofound evaluation, editorial and publication process.
gives wide powers to this Commissioner as in parallel with the Industrial Tribunal he/she is attributed wide and arbitrary authority to investigate, prosecute and judge an accused employer. The MEA expressed it fears that the number of definitions, and offences and protected characteristics included in the amendments may give rise to orchestrated persecutions of employers. The Church Schools, which provide 40% of teaching posts in Malta whose salaries are financed by the state, expressed their concern as they fear that the requisite to be a practising Catholic to be employed in a Church school may, according to these amendments, be interpreted as being discriminatory. There was no reaction from the trade unions (Muscat, 2016).

Changes affecting the sectoral and company level social dialogue 2017

No changes were effected

**Innovation in collective bargaining**

Almost all collective agreements in Malta are signed at company level. The collective agreement signed between the government and seven trade unions representing various categories of public sector employees is the only sectoral agreement to be signed in Malta. This agreement, signed in April 2017, covers an eight year period. This is the first collective agreement to cover such a long period of time. The agreement stipulates that those employees who opt to continue working past the retirement age will still be entitled to the pre-retirement leave which all civil servants are entitled to. The pre-retirement leave is a three month leave granted to public sector employees. To emphasise the importance of lifelong learning the agreement rewards the employees who hold additional qualifications to the pre-requisites of their post an increase in their qualification allowance. **This collective agreement, as the prime minister stated, is to serve as a model to other agreements** (The Malta Independent, 2017).

**Collective labour disputes in 2017**

Amendments were made to the Employment and Industrial Relations Act to stop unions getting involved in recognition disputes. There have been many of these disputes, generally just before the expiry of a collective agreement. The amendments provide a clear definition of tradeunion membership and guidelines for the arbitration of such disputes. An employee, whose payment in arrears is not more than three months, will according to the amendment, be considered a union member. In the case of two unions requesting recognition, with each claiming to have more than 50% of the employees as members, a secret ballot will be held to determine which of the contesting unions receives the majority of valid votes. Only members of contestingunions, who are employees in the enterprise are eligible to vote. **Any verification exercise (including the ballot) has to be concluded within 28 days from the date of the request** (Eurofound, 2017).

The Medical Association of Malta (MAM) registered an industrial dispute with government over the privatisation of three of the main hospitals in Malta. A foreign private company, Vitals Global Healthcare (VGH), following a contract signed with government was to take over the management of the three main Maltese hospitals. The MAM, while expressing serious concern about the privatisation of these three hospitals, demanded that the agreement should be published in its entirety. **It threatened industrial action if the conditions of work of any of its members were changed to satisfy the exigencies of the company taking over the running of the hospitals.** This industrial action was put on hold following a meeting between MAM officials and the Health minister. The union asked from a commitment from the minister that there would be no further health-care privatisation. Following these
communications between the minister and MAM an amicable settlement was reached (Micallef, 2017).

**Working time 2017**

The working time setting of employees in the retail sector might have been changed by the lifting of Sunday shopping restriction which came into effect on 1st January 2017 (See “Sunday Shopping Restrictions Lifted” on page 5 of this report). However according to a provision in the legislation, employees whose contract of employment does not oblige them to work on Sunday can refuse to work on Sunday. Presumably employers would make sure not to include such a clause in the contract of employment of the new recruits.

No other major changes were made.

**Health and well-being at work 2017**

**Physical working environment**

This could include new legislation, major collective agreements or major social dialogue debates.

No major changes or developments were registered.

**Psychosocial working environment**

No major changes or developments were registered.

### Employment status 2017

<table>
<thead>
<tr>
<th>Type of contracts</th>
<th>Changes made during 2017.</th>
</tr>
</thead>
<tbody>
<tr>
<td>‘Standard’ employment contracts</td>
<td>Discussions were held at Employment Relations Board (ERB) on the establishment of Contract Templates. The ERB is a tripartite institution set up according to the provisions laid down in the Employment and Industrial Relations Act. One of its functions is to make recommendations to the Minister to any minimum standard conditions of employment. The law provides for the publication of these contract templates by the Department of Industrial and Employment Relations. The social partners represented at ERB agreed to make all categories of workers, especially those who are not unionised, aware of these contract templates.</td>
</tr>
<tr>
<td>Self-employed</td>
<td>No major changes made during 2017</td>
</tr>
<tr>
<td>Fixed term contracts</td>
<td>No major changes made during 2017</td>
</tr>
<tr>
<td>Temporary agency workers</td>
<td>No major changes made during 2017</td>
</tr>
<tr>
<td>Posted workers</td>
<td>No major changes made during 2017</td>
</tr>
<tr>
<td>Seasonal workers</td>
<td>No major changes made during 2017</td>
</tr>
<tr>
<td>Zero hour contracts</td>
<td>No major changes made during 2017</td>
</tr>
</tbody>
</table>
References

Baldachino, G. (2017, 14/03/2017 Times of Malta) Closer look at trade union figures. Times of Malta:


The Malta Independent. (2017)
(i) Unions, social partners congratulate Labour Party for election win 6th June 2017

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