



Industrial relations and social dialogue
**Malta: Working life in the
COVID-19 pandemic 2020**

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Introduction

Malta like all other countries was adversely impacted by the COVID-19 pandemic and went through the same phases and trends experienced in other European countries. With respect to numbers of infections and policy the months of March and April 2020 mark the first phase of COVID-19 in Malta. During the early part of this first phase the figures of infections were comparatively low. However, a surge in numbers of infections became noticeable towards the end of March.

In order to gain control of the precarious situation government was forced to take action by introducing a number of restrictive measures. The implementation of these measures marked the second phase of the crisis. These measures included the closure of schools and educational institutions, the outlets performing non-essential services such as hair dressing salons, the banning of sport events, political and religious activities. The lock down was underscored by the closure of the airport.

The sector that was most adversely impacted by the lockdown measures was the Hospitality industry. Even before the lockdown had been announced, catering establishments, restaurants and bars had been reporting a significant drop in revenue while hotels were practicably non-operational. The implementation of the lockdown measures brought this sector to a complete standstill.

To mitigate the financial losses which the firms were reporting the government offered a package of relief measures aimed at enhancing viability of the industry and business community. Mainly these measures consisted of supplementing the wages, deferrals of payments of taxes and social security insurance contributions and a 45% refund on tele-working equipment. The implementation of these measures by providing a lifeline to the ailing industries helped to sustain the economy.

Impacts of the pandemic on working life

Although home-based teleworking has very often featured in the agenda of the social partners attempts to implement it had been few and far between. Empirical data clearly point out that the onset of COVID-19 pandemic accelerated its developments. The Malta National Office of Statistics (NSO) in its finding of the survey of the labour market¹ noted that many employers had made the necessary arrangements for their employees to work remotely from home. Indeed, the NSO data indicate that in the last two weeks of March 2020 about one third (33%) of the employed persons were working from home. This marks an increase of 21% over the same period in 2019 (NSO News Release 107/2020).

The increase of this trend of work was also confirmed by another survey conducted by PwC Malta in May 2020. According to the data of this survey the majority (71%) of the 850 respondents confirmed that they were working remotely while 61% stated that this was their first experience of remote working (PwC Malta 2020). Two out of three employees taking part in this survey expressed positive views about teleworking.

In order to encourage the practice of this remote working teleworking government issued a scheme to assist employers to invest in technology to provide teleworking arrangements for their employees. The benefits of this scheme could be availed of by all the undertakings which had employees who did not have an active teleworking agreement prior to 15 February 2020. The benefit to employers consisted of a grant of up to €500 per teleworking agreement limited to a maximum of €4,000 per undertaking.

These measures form part of the toll which government had consented to pay in order to address the adverse effects of the new reality brought about by COVID-19. One of the most palpable signs of this new economic reality was the almost total inactivity in the tourism sector which is one of the mainstays of the Maltese economy. Total inbound visitors for July 2020 recorded a decrease of 84% when compared to the corresponding month in 2019 (NSO News Release 146/2020). This trend persisted in spite of the reopening of the airport in July 2020. In October 2020 the number of tourists visiting Malta registered a decrease of 83.7% when compared to same month of 2019 (NSO News Release 196/2020). As a result of these measures the businesses connected to the hospitality industry such as hotels, accommodation and schools teaching English to foreigners were rendered non-operational

Another sector, highly active in the Maltese economy, which showed visible signs of a drastic decline in activity was the construction sector. This decline can be evidenced by the reduction in applications for new development which had been in decline since the outbreak of Covid-19. The official figures for the year 2020 supplied by the Planning Authority indicate a drop of 18% for March and 29% in April compared to the same months in 2019 (Times of Malta, 2020a). This downward trend implies that this consistently booming industry, considered by many commentators to be one of the barometers of economic development has not been immune to the general economic level.

The Central Bank of Malta in its Economic Update of May 2020 recorded that a fall, similar to that of the construction industry, was also visible in other service sectors such as the retail (Central Bank of

¹ The Labour Force Survey is carried out on an ongoing basis using a quarterly sample of 3,200 households.

Malta -News -Economic Update 2020). The ones who seem to feel the whole impact of this crisis have been the SMEs. In a survey conducted by the Malta Chambers of SMEs a fifth of the respondents stated that they were facing difficulties to pay wages. On the other five percent stated that they had already resorted to redundancies or put employees on unpaid leave (Malta Chamber of SMEs, 2020).

The apparent forebodings of the economic indicators did not however have a devastating effect on employment. The seasonal adjusted unemployed rate for August 2020 – five weeks after the outbreak of the virus in Malta - stood at 4.1% up by 0.5 percentage point when compared to August 2019 (NSO News Release 154/2020). This relatively small increase in unemployment may be due to the fact that foreign workers acted as a buffer for the reduced economic activity, with thousands of third country nationals being repatriated (Times of Malta, 2020b). Indeed, the first category of vulnerable workers who had to bear the brunt of this crisis were the foreigners. In March 2020 when the crisis was in its first stage 4,200 EU nationals were provided with assistance to return home. By the end of May 5,400 foreign workers had either applied or sought help to return to their homeland. In May 2020 the foreign Minister, Evarist Bartolo, announced the repatriation of 500 foreigners who had lost their job in Malta (Times of Malta, 2020c). It is also to be noted that a sizeable number of these foreigners may have been in employment without registering for work. Thus, their exit from the labour market might not have been recorded.

Still in spite of these minor distortions in the registered number of workers the employment figures provide compelling evidence of the resilience of the Maltese economy. The reports by rating agencies confirm this resilience. Fitch's expected Malta' economy to contract by 5.9% this year and 3.6% growth in 2021. On the other hand, Moody noted that Malta had a relatively well diversified economy in terms of trade partners and sectors. This would help it to cushion the pandemic blow. Fitch changed Malta's position from 'positive' to 'stable' (Times of Malta, 2020d). Malta had its A- credit rating confirmed by Standard and Poor which expressed optimism in the government's emergency measures to cushion the economic downturn would help minimize economic disruptions (Times of Malta, 2020e). The Central Bank of Malta in its report 'Business Conditions Index' which tries to give a snapshot of how easy it is to do business on the island, stated that business in Malta in August and September had improved slightly when compared with the previous months, indicating that economic conditions were bottoming up. However, the index continued to signal low levels of economic activity. The 'Economic Sentiment Indicator' set by the Central Bank of Malta which gives an idea of how willing people are to spend money, edged up in September, but remained well below the pre pandemic level (Times of Malta, 2020f).

Political context

Although no elections at general or local level were held during 2020 the political landscape was not completely unchanged. During the year 2020 the two dominant political Maltese movements were forced to hold an election among their members to elect a new leader to their respective parties. The Malta Labour Party (PL - Partit Laburista), the party in office since 2013, had to elect a new leader following the resignation of Joseph Muscat, the PL leader and Prime Minister of Malta. Following an election among the PL candidates, Robert Abela, a backbencher acting as a legal consultant to the prime minister and cabinet of ministers, was elected party leader and subsequently appointed a new prime minister on 11 January 2020. On the other hand, the Nationalist Party (PN - Partit Nazzjonalista) the party in opposition, following a vote of no confidence in its leader, Adrian Delia, held an election among its members. In this election PN members were asked either to confirm the incumbent leader or elect a new one. This party leadership election, held on 3 October 2020, was overwhelmingly won by Bernard Grech who had not held any official position within the party. Once this election at party level was over the co-option protocol and procedures were set in motion to enable Bernard Grech to be co-opted as a member of parliament and subsequently appointed Leader of the Opposition.

Thus, the outbreak of this virus occurred at a time when an incoming prime minister was still at an early stage of asserting his newly won credentials. He kept a very high profile throughout the whole period of the crisis by his constant appearances on the media to assure the public that the situation was under control. To enhance the legitimacy of the measures aimed at giving a lifeline to the ailing industries he sought the approval of the social partners. Indeed, members representing the social partners were physically present during the announcement of the second aid package. On the other hand, the leader of the opposition, a complete outsider to ministerial duties, assumed his leadership when the crisis was in its third phase. His predicament was more or less like that of the new prime minister. He kept on urging the government to adopt a more coordinated policy and heed the advice of the health authorities besides that of the commercial sector.

Governments and social partners response to cushion the effects

In order to cushion the effects of the pandemic, the social partners engaged themselves in a continuous tripartite negotiation about schemes aimed at sustaining the Maltese economy by helping the economic sectors which have been adversely affected by the crisis. On three different occasions during this negotiation process government announced three aid packages aimed at mitigating the negative effects of the pandemic.

The first packet of measures announced by the Prime Minister in the second week of March 2020 consisted mainly of tax deferralsⁱⁱⁱ, loan guaranteesⁱⁱⁱ and a grant to the health authorities to combat the devastating effect of the virus. Employers were given €350 for every employee who had been forced to be quarantined^{iv}. The social partners criticised this aid packet as they contended that it did not go far enough to address the root of the problems which COVID-19 had caused to industry. The Chamber of Commerce expressed its disappointment as it contended that this packet of measures fell short of its expectations. The Chamber noted that the rate set to cover quarantined leave is equivalent to the minimum pay. The Malta Employers Association (MEA) stated that the subsidies offered by the government were not sufficient to curb the layoffs being envisaged in many firms. The two main trade union organisations, namely the General Workers Union (GWU) and the Union Haddiema Maghqudin-Voice of the Workers (UHM), were also critical of the measures. The GWU secretary-general, Josef Bugeja said that the measures were not likely to be effective in combatting job losses. The UHM secretary general, Josef Vella, stated that the focus of the measures was on the employer rather than the vulnerable workers who were likely to suffer most from this pandemic. The unions and the employers complained about the lack of consultation (Times of Malta, 2020g),

Following these complaints meetings were held between the government and the social partners at the Malta Council for Economic and Social Development (MCESD), which is the national tripartite institution at national level. During these meetings a consensus among the social partners was reached about a new packet of measures which was announced by the Prime Minister on 24 March 2020. This packet was unanimously approved by the Cabinet of Ministers.

These new measures included a grant of €800 per month to the employees operating in those sectors that had been suffering drastically during the crisis or had to temporarily suspend their operations. Part-time employees were given a sum not exceeding €500 per month^v.

The employer was bound to pay the remaining amount (not less than €400) to ensure a wage level higher than the minimum pay. The parent worker who had been forced to stay to home to look after the children was also eligible to the monthly payment of €800. Even the private sector employees who had been laid off before the announcement of these measures were also to benefit from this monthly grant of €800. Through this measure many workers who would have been dismissed were retained on the pay roll. It is estimated that about 60,000 workers who represent about 25% of the Maltese workforce were eligible to benefit from this subsidy (GVZH Advocates, 2020).

In order to help companies maintain their liquidity, the package offered a two month deferral to enterprises to pay provisional tax related to VAT and National Insurance contributions. This incentive is primarily aimed but not exclusively intended to the tourism and hospitality, entertainment,

transport and manufacturing industries^{vi}. Moreover, companies were given a three-month moratorium for business or personal loans^{vii}. Finally, government offered a €900 million in bank guarantees for companies requesting operational loans with low interest rate and longer repayment periods^{viii}. As regards foreign workers, Jobsplus, the State Employment Service agency in Malta, was bound to assist third country nationals to find alternative jobs. In order to address the abuse of hire and fire policy which some employers may have been tempted to adopt during this period of crisis it was laid down that companies who terminate an active employment contract were not allowed the possibility of recruiting other third country nationals to replace the employee who has been laid off.

The government first package to cushion the adverse effects of COVID-19 on the economy consisted of measures aimed at providing a semblance of a lifeline to industry. The social partners had expected more drastic measures to mitigate the negative effects of the virus. The second packet of measures announced by the prime minister was much more in line with these expectations as it provided a stronger form of anchorage to enhance the resilience of industry.

The third set of these mitigating measures was announced in the Budget 2021 speech delivered by the Minister of Finance in parliament on 19 October 2020. These measures included an extension of two previous measures. One was the extension of the wage supplement to March 2021. The second was another set of €100 vouchers to be sent to all Maltese residents over the age of 16 during the year 2021. These vouchers are to be spent locally to the extent of 60% at accommodation and restaurant and 40% at retail outlets^{ix}. The Finance Minister in his budget speech contended that the first batch of vouchers in summer of 2020 were effective in boosting demand at local level. It is to be noted that two of the measures proposed by the Chamber of Commerce during the pre-budget consultative process were a new issue of vouchers and an extension of wage supplement (The Malta Independent, 2020a).

ⁱⁱ Eurofound (2020), [Deferral of payment of taxes](#), case MT-2020-12/278 (measures in Malta), COVID-19 EU PolicyWatch, Dublin.

ⁱⁱⁱ Eurofound (2020), [Malta Development Bank COVID-19 Guarantee Scheme](#), case MT-2020-14/931 (measures in Malta), COVID-19 EU PolicyWatch, Dublin

^{iv} Eurofound (2020), [Quarantine leave - Grants for employers](#), case MT-2020-12/276 (measures in Malta), COVID-19 EU PolicyWatch, Dublin.

^v Eurofound (2020), [COVID-19 wage supplement](#), case MT-2020-13/264 (measures in Malta), COVID-19 EU PolicyWatch, Dublin.

^{vi} Eurofound (2020), [Deferral of payment of taxes](#), case MT-2020-12/278 (measures in Malta), COVID-19 EU PolicyWatch, Dublin.

^{vii} Eurofound (2020), [Moratorium on loan repayments](#), case MT-2020-16/932 (measures in Malta), COVID-19 EU PolicyWatch, Dublin.

^{viii} Eurofound (2020), [Malta Development Bank COVID-19 Guarantee Scheme](#), case MT-2020-14/931 (measures in Malta), COVID-19 EU PolicyWatch, Dublin.

^{ix} Eurofound (2020), [Vouchers for use in businesses affected by COVID-19](#), case MT-2020-24/938 (measures in Malta), COVID-19 EU PolicyWatch, Dublin.

How COVID-19 accelerated and disrupted working life policies and impacted social dialogue

Accelerated developments

As the government adopted the policy of giving financial aid to employers and grants to employees the culture of entitlement came more to the fore. Through this culture, which has taken root in modern society, individuals and agencies stress whatever they believe they have a right to receive or expect from government. During such a time of crisis people through their representatives in social and economic organisations tend to exercise this repertoire of existing and democratic rights more intensely. This has lately been the case of in Malta as various organisations active in civil society joined those in the economic sector in demanding financial aid from government. An apt example of this phenomenon may be the demand made by the Malta Federation of Professionals (MFPA). This federation made a plea to government to list the professionals registered with this association as eligible beneficiaries to the financial aid scheme announced by the Prime Minister (MFPA 2020). This demand by MFPA implies that by becoming widely diffused the intensity of this culture of entitlement offers to society an alternative model of democratic solidarity.

Disrupted developments

The disruptive elements caused by the COVID-19 on industry were widespread. One of the areas which showed tangible signs of this disruption were the gaming industry.

The Gaming Industry is the third largest private sector, employing over 7,000 workers (2.69% of the Maltese labour force). According to a survey conducted by Malta Gaming Authority (MGA) in April 2020 the Gaming revenue was predicted to be 40% lower than that projected in earlier budgets for 2020 (mga.org/mt). It further reported that the schemes projected towards investment have been indefinitely postponed.

A state-sponsored online training scheme for workers of the tourism industry announced in May 2020 at a cost of €5 million was financed by money that had originally been allocated by the Malta Authority for Tourism for other purposes which were cancelled in light of the pandemic and the standstill of the industry (Cassar, 2020, May 5). No information is available regarding how the money was originally to be spent but highlights how budget on this sector were re-allocated.

Impacts on the social dialogue and collective bargaining

During this pandemic concessionary collective bargaining emerged as a practice in the negotiation process among the social. In this type of collective bargaining employees are generally asked to forfeit some of the benefits listed in the collective agreement in exchange for protection against layoffs. Given the precarious situation of Air Malta, due to the closure of the airport, the government assured the pilots and the cabin crew that their job would be retained if they were to acquiesce to the benchmark wage of €1,200 per month which other workers in the same precarious employment had accepted. The unions accepted to be part of this concessionary bargaining with the exception of Malta Airline Pilots Association (ALPA) which kept on insisting that the provisions of the last collective

agreement should be honoured. This conflict resulted in the sacking of half the number of the pilots on the Air Malta payroll. (See 'Labour Disputes in the Context of the Pandemic')

Other important policy developments

One of the most glaring changes in the Maltese labour market brought about by the pandemic was the acceleration of the digitalization process at the workplace and in the daily life of the Maltese citizens. An apt example of this highly increasing rate of digitalization was the restructuring exercise of the two leading banks which closed a number of their branches and/or made them tellerless. Another evidence of this phenomenon has been the increase in the number of persons engaged in remote home working. This type of remote work is not a completely new phenomenon in the Maltese labour market. However, the labour statistics issued by the Malta National Office of Statistics and the data emanating from empirical studies show unequivocal signs of a highly increasing number of employees working remotely from home since the outbreak of the virus.

Labour disputes in the context of the pandemic

A notable trend in industrial relations has been that the cause of the trade disputes tended to be about procedural rather than substantive issues. In 2020 this trend became more visible as most of the trade disputes were about the policies being adopted or the measures taken to control the spread of the pandemic. The most active in this regard were the trade unions representing workers who due to the social interaction that characterises their work are exposed to greater risks of being infected with the virus. These were Medical Association of Malta (MAM) representing the doctors, the Malta Midwives and Nurses Association (MUMN) and the Malta Union of Teachers. The industrial actions taken by these trade unions, very often partial, do not lend themselves to measurement in terms of workdays or hours of work lost. The disruption of the primary health clinics caused by the industrial action taken by MAM may be as an apt example of an industrial action which cannot be measured in statistical terms such as workdays or hours of work lost. Nevertheless, in spite of this lack of statistical figures the indications are that during 2020, due to the ramification of the COVID-19, the working days or hours of work lost in 2020 as a result of industrial action were more numerous than those of 2019.

Dispute with Airline Pilots

The lock down policy announced by the government proved to be a cause for a trade dispute between government and Air Malta employees. As the operations by Air Malta dwindled to a mere two flights a day in contrast with the normal 20 a day the pilots were asked to accept a reduction in their pay. However, an agreement with the Malta Airline Pilots Association (ALPA) could not be reached. The union while insisting that the burden must be borne by all employees stated that it wanted to know the airline's plans for a post COVID-19 future. In the meantime, Government announced that an agreement was reached with the union representing the cabin crew which waived all rights listed in the 2016 collective agreement. As part of the agreement the cabin crew agreed to be paid on the basis of the hours flown. Another agreement was reached with the engineers which stipulated that a review of the situation will take place every 28 days. This mood of compromise was lacking between ALPA and the government. Air Malta stated that it was not in a position accept the "unreasonable demands" made by ALPA. On sixth June 2020 the government announced that half (69 out of 134) of Air Malta pilots have been declared redundant. The economy minister, Silvio Schembri, accused ALPA of attempting to place a stronghold on Air Malta's existence" at a time when it operations had been dealt a severe blow by the pandemic (Times of Malta, 2020h). On the other hand, ALPA accused the airline that it used the pandemic as an excuse to settle all scores and bring to a premature end the collective agreement which was due to expire at the end of 2022.

Reopening of Schools and the Malta Union of Teachers

As the school reopening time in September was approaching, the Ministry of Education and the Malta Union of Teachers (MUT) were engaged in a dispute. The MUT insisted that on-line schooling adopted during the second phase of the pandemic should continue to be the practice for the 2020/2021 scholastic year. The Minister for Education, Owen Bonnici, did not agree with this suggestion and declared that schools were to reopen during the last week of September. The MUT stated that it would oppose this reopening unless the restrictive measures and their enforcement are guaranteed. Following intense discussions between the Ministry of Education, MUT officials and the Superintendent of Health an agreement was reached on the protocol which schools were obliged to follow. This protocol included clauses related to wearing of masks, physical distance, sport activities

and alternating timetables (Office of Superintendent of Public Health, 2020). Following an agreement about the provisions of this protocol the opening was delayed by a week and staggered over a seven-day period. Church schools were bound to follow the same protocol.

Major developments in working time regulation as a result of the pandemic

Legislation on working time

The new work practices introduced during the pandemic prompted the Minister at the office of the Prime Minister, Carmelo Abela, to propose an amendments in the labour law which would give the right to employees to disconnect from the communication line of the workplace. This amendment which is being proposed is aimed at ensuring that employees working remotely from home are not subjected to a work schedule which may force them to be on the alert for 24 hours a day (Maltatoday, 2020a)

Collective bargaining on working time

There has been no collective bargaining on working time.

Ongoing debates on working time

There have been no debates about working time. The data emanating from the Labour Force Survey conducted by the Malta National Office of Statistics (NSO) in May 2020 which made observations on the working hours during the pandemic did not arouse a public debate about working time.

According to the data of this survey the average actual number of hours worked per week decreased from an annual average of 37 hours in 2019 to a mean 23 hours during the second week of March 2020. Four out of every ten persons experienced a reduction in the number of working hours during the latter half of March. Conversely for 7% of the employed COVID-19 materialised in more hours of work, an average of 48 hours per week during the month of April (NSO, 077/2020).

The annual working time may be decreasing following the government measure to give additional leave to compensate for public measures falling on weekends. According to the Malta Employers Association (MEA) the cost of this additional annual leave is approximately 1.25% of annual working time. The MEA maintains that this measure increases the labour cost (MEA 2020).

Impacts of the crisis on wages and wage setting

The edition by MISCO of 'Salaries and Benefits Report' as reported in The Malta Independent (2020b), notes that during 2020 the average compensation per employee has decreased. This does not necessarily follow that contractual remuneration packages have been lowered. Actual income may have been affected by factors such as shorter working week.

The Labour Force Survey issued by the Malta National Office of Statistics (NSO), in June 2020, notes that during the month of April 2020 the employed worked an average of 29 hours per week, down by eight hours when compared to the average actual weekly hours of 2019. Slack work brought about by economic circumstances that resulted after the implementation of a number of health measures made up 39% of all reasons for working less hours than usual (NSO, 107/2020). While this data lays bare the impact of the pandemic on wages MISCO notes that the adverse impact on the labour market has been somewhat mitigated by the wage supplement measure implemented by government. It is to be noted that when compared to November 2019 the working-day adjusted index of industrial production decreased by 2.6% (NSO, 2/2021).

The decrease in average compensation per employee may have also been affected by the new wage benchmark proposed by government in the second aid package announced the Prime Minister towards the end of March 2020. One of the measures included in this aid package was a grant of €800 per month to employees operating in sectors that had been suffering drastically during the crisis or had to temporarily suspend their operations. The employer was bound to pay the remaining amount (not less than €400) to ensure a higher level than the statutory minimum which for the year 2020 was €724,32 per four weeks. This measure by government constituted a benchmark of a monthly wage packet of €1,200 (€800 + €400) which was to be applied in the collective bargaining process throughout the period of the pandemic. This benchmark wage although not statutory was used by government with workers who had been working in companies such as Air Malta, which due to the crisis, had become non-operational. The Malta Airline Pilots Association (ALPA) refused to accept this benchmark wage packet.

What is new in working life in the country?

One of the most glaring changes in the Maltese labour market brought about by the pandemic was the acceleration of the digitalization process at the workplace and in the daily life of the Maltese citizens. An apt example of this highly increasing rate of digitalization was the restructuring exercise of the two leading banks which closed a number of their branches and/or made them tellerless. Another evidence of this phenomenon has been the increase in the number of persons engaged in remote home working. This type of remote work is not a completely new phenomenon in the Maltese labour market. However, the labour statistics issued by the Malta National Office of Statistics and the data emanating from empirical studies show unequivocal signs of a highly increasing number of employees working remotely from home since the outbreak of the virus.

During the pandemic crisis the trade unions which made their presence strongly felt were those representing frontline workers, including the Malta Union of Midwives and Nurses, the Malta Union of Teachers and the Medical Association of Malta. In their actions and vocal protests these trade unions tried to gain political weight by brandishing the professional know-how of their members and setting themselves apart from the other trade unions with which they are affiliated. The policy adopted by government to incorporate the social partners within its decision making set up in order to enhance the legitimacy of its actions prompted these trade unions to demand a higher form of consultation about anticipatory measures.

Conversely the lack of these skills among the immigrant workers, especially the third country national, rendered them expendable. These foreigners were the first category of workers who had to bear the brunt of the COVID-19 crisis. Many of them had to be repatriated to their homeland. At one time these foreigners made up 25% of the Maltese labour force. The drastic decrease of these foreign workers caused by this repatriation is likely to affect the multi-cultural set up of the Maltese labour market which had become a visible feature of the Maltese society. The relatively small decrease registered in the unemployment figures suggest that the adverse effects of the epidemic have created a reserve army of Maltese workers who have been pushed to fill the gaps caused by the departure of foreign workers.

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