



Industrial relations and social dialogue  
**Malta: Developments in  
working life 2023**

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## Introduction

There were clear signs that the Maltese economy was recovering in 2023 from the negative effects of the pandemic that prevailed during the previous two years. This recovery was manifest by Malta National Office of Statistics (NSO) figures. By July 2023 the employment rate increased by 5.3 per cent when compared to 2022 (National Statistics Office [NSO], 2023a). This increase was sustained as the Labour Force Survey for the third quarter of 2023 estimated that the total number of persons in employment during the third quarter of 2023 was 5.9 per cent higher when compared to that of the previous year (NSO, 2023b).

In this post-pandemic year, tourism, one of the main pillars of the Maltese economy, has consolidated its recovery. The downward trend in the number of tourists in the previous two years has been halted and reversed. The number of inbound tourists in the first eight months of 2023 was 33.5% higher than in 2022 (Malta Business Weekly, 2023). Another tangible sign of the economic recovery was the rise of the Gross Domestic Product (GDP) which rose by 7.1 per cent in volume terms. Foreign trade contributed positively to this growth in GDP which was mainly attributable to an increase in export goods and services and a decrease in imports (NSO, 2023c).

These encouraging signs were however being seriously tempered by inflation. National surveys consistently revealed that coping with the effects of inflation had become a major preoccupation of the population (Malta today, 2023a). The Retail Price Index which serves as a measuring rod of inflation, recorded its highest ever level (12.81%) during the period January- September 2023. The business community, quite aware of the measures being contemplated by trade unions and possibly the government to enable worker in Malta to cope adequately with this rise in the cost of living, could not hide its alarm about the repercussions of such remedial measures. This concern proved to be well founded as the trade unions publicly stated that the mandatory wage increase provided to all workers via the Cost of Living Allowance (COLA) mechanism should be given in full to the workers. Employers could not hide their preoccupation about this hefty rise in wages to compensate for inflation. However, they were not highly vocal in their protestation. They seemed to accept the fact that this increase, based on an indexation exercise in which the social partners are involved, has become ingrained in the dynamics of the industrial relations system. Perhaps the compromising mood, instilled by the consensual mechanism of social dialogue during the two years of the pandemic, had a salutary effect. The much more solid foundation of social dialogue at company and national level has elevated the level of bargaining to a mature level that has enabled the social partners to enhance their consensual ethic.

## Political context

No elections were held in 2023 at national or local level. During this year, the parties started gearing themselves for the European Parliamentary election and the local council elections. These two elections are due to be held in June 2024.

Nominations have been submitted for the European Parliament election by high-profile candidates who are active in the political scene. Malta is allocated six seats in this European parliament. At present, four of these seats are held by Partit Laburista (PL), the party in office, and two by the Partit Nazzjonalista (PN), the party in opposition.

As far as recruitment is concerned, the scenario is different for local councillors. The Times of Malta reported that the two major political parties are struggling to recruit candidates for the local council elections. According to the report, both parties are suffering from considerable demotivation and apathy in their ranks towards this election (Times of Malta, 2023a).

## Actors and institutions

### Social partners

In the Maltese industrial relations system, collective bargaining at the sectoral level is only conducted by trade unions which represent public sector employees. In the private sector, collective bargaining takes place at the enterprise level. Generally, the trade union which claims, and can prove, to have the majority of members among the workforce at the enterprise, is given the legal right to negotiate the new collective agreement. Joint decision-making between the trade unions hardly ever features during the negotiation process. Naturally, this state of affairs has been a source of litigation and inter-trade union disputes.

Given this scenario, a collective agreement for the employees at the Malta International Airport (MIA) jointly signed by officials of two trade unions, which are often vying with each other about membership and representation, has some significance in the industrial relations scenario. During the signing ceremony, the chief financial Officer of the company thanked the two trade unions, namely the General Workers' Union (GWU) and the Union Haddiema Maghqudin (UHM), for their cooperation (GWU, 2023a).

As regards signs of development, some slight changes are noticeable in trade union membership. According to the annual report published by the Registrar of Trade Unions covering the period between June 2022 and July 2023, trade union membership increased from 107,920 to 109,259, a 1.24 per cent increase. This percentage increase in trade union membership lags behind the increase in the number of people in employment, which rose by 3.3 % in the same period. It is to be noted that the two largest trade unions, namely the General Workers Union (GWU) and the Union Haddiema Maghqudin (UHM) among their membership include a section of pensioners which amounts to 12,820 persons (Registrar of Trade Unions, 2023). As some of these pensioners are not active in the labour market, their inclusion might distort the trade union density. In terms of employer associations, the same report indicates that the overall number of members dropped from 9,277 to 9,173 when compared to the previous year. The change, however, appears to be secondary to missing data, with the Association of Catering Establishments (ACE) which reported 487 members in 2021/2 failing to submit data on membership. It is likely that otherwise an increase in the number of employers that are members of associations would have been recorded.

### Social dialogue bodies or frameworks

The ideals of social dialogue were put into practice through a Legal Notice that established the Low Wage Commission in 2023. A 2017 national tripartite agreement on the minimum wage committed to setting up a Low Wage Commission (LWC) by 2020 (Government of Malta and MCESD, 2017). The LWC was, in actual fact, set up through a legal notice in 2023 (Low Wage Commission Regulations, 2023). The Government cited the COVID-19 pandemic and the resulting impact on employment as the reason for the delay in establishing this commission. The Legal Notice states that this commission should be composed of representatives from the trade unions, the associations representing the employers and government appointees. Within this tripartite structure, the Commission engaged E-cubed, a consultancy firm, to gather data and make recommendations on the revision of the minimum wage. This mode of consultancy facilitated in-depth discussions

between the social partners at the national level and in the process enabled them to formulate a historic agreement about the annual increases in national minimum wage. Through this agreement, the minimum wage, which in 2023 stood at €192 per week, equivalent to €4.81 per hour, will be adjusted to €200.73 per week together with the mandatory increase prescribed in the Cost of Living Adjustment (Parliament of Malta, 2023). This means that by January 2024, the minimum weekly wage will increase from the current 192.37 Euros to 213.54 Euros per week.

## Other working life related institutions

No changes.

# Developments in collective bargaining

## Changes to the collective bargaining structures and frameworks

No changes.

## Data on collective bargaining

No official data on collective bargaining exists. In view of the upcoming EU Directive on adequate minimum wages which also includes clauses about national collective bargaining coverage, Malta has commenced an exercise to determine the level of collective bargaining coverage. As of the end of 2023, no formal news on this process or its initial findings had been published.

Despite the lack of official data about collective bargaining, the collective agreements as reported in the press provide an indication of the changes occurring in the Maltese labour market. These reports confirm the inroads the trade unions have successfully made in sectors dominated by white collar workers who traditionally have been non-unionised. The following are some examples of the collective agreements signed in 2023 that confirm this trend in the industrial relations scenario.

- A new collective agreement was signed by the house union representing employees of the Commission for the Rights of Persons with Disability. A 25% increase was granted to the workers employed by this Commission (The Malta Independent, 2023a).
- APS Bank and the Malta Union of Bank Employees (MUBE) signed a new collective agreement for 2023-2025 that included increased salary limits, improved benefits, and provided rewards and incentives that aligned with the bank's performance. (APS Bank, 2023).
- An agreement between the Malta College of Arts, Science and Technology (MCAST) and the UHM Voice of the Workers was signed. The agreement was hailed as an important step for the non-academic staff of the college (MCAST, 2023).
- The Superintendence of the Cultural Heritage and the General Workers Union (GWU) signed a new collective agreement which besides granting a salary increase aims at encouraging progression and incentivise people to join the sector related to common heritage (GWU 2023b).

## Collectively agreed pay outcomes and wage-setting mechanism

The main wage-setting mechanism is the Cost of Living Adjustment (COLA) which provides for an increase in wages equivalent to the increase in the cost of living. This increase is measured by an indexation exercise agreed between the social partners which are represented at the Malta Council for Economic and Social Development (MCESD). This wage increase is mandatory which means that every worker is legally entitled to it and is provided to workers by their employers. The increase for 2023 based on the inflationary increase in the cost of living as recorded between the first October 2022 and the end of September 2023 was 12.81%. This is the highest rate ever recorded since the inception of this system in 1990 (Times of Malta, 2023b).

Data from the economic policy department revealed that negotiated wages in Malta had grown by 2.3% between August 2021 and August 2022. The greatest reported change was within the



transportation and storage sector (3.3), whilst the lowest growth was seen in the construction sector (1.6). In contrast to previous years, data for the real estate sector was not reported.

## Collective bargaining and inflation

The main measure used to deal with inflation is the Cost of Living Allowance (COLA) described in the section above. This is reviewed annually and is linked to the Retail Price Index. The amount to be given to employees by their employers is announced during the budget for the upcoming year.

In Malta, collective bargaining generally occurs at the enterprise level, and collective agreements are private documents which are not available for public or academic scrutiny, thus the contents of the individual agreements are generally not known. Despite this, the introduction of the COLA mechanism in 1990 has been credited with reducing industrial relations tensions in Malta. That said, during 2023, employers expressed their concern about the record amount to be passed on to workers, highlighting its impact upon businesses and that it may lead to further inflation. Employers therefore called for the mechanism to be revised (Times of Malta, 2023c). Leading trade unions however insisted that COLA needed to be given in full to employees and that the mechanism could not be modified unless there was unanimous agreement between the social partners (Times of Malta, 2023d). Previous research has also suggested that the COLA mechanism is not fine-tuned to the needs of those on the lowest incomes (Malta today, 2023b). Subsequently, the Government issued further measures to combat inflation which are discussed in the next section. Their introduction was also in line with the requests of employers who felt that the Government should also carry part of the inflation-related burden.

The General Workers' Union, which forms part of the LWC conducted a study on national living income (NLI). The study determined that the NLI should be at least €14,864 for a single person without children, €20,099 for a single parent with one child, €26,018 for a single parent with two children, €21,316 for a couple without children, €25,746 for two parents with one child and €30,734 for two parents with two children (GWU, 2022). During 2023, the union was regularly in the news highlighting the need to move beyond a minimum wage and to focus on a living wage.

# Developments in governmental responses to inflation

The fiscal flexibility adopted by the EU during the COVID-19 pandemic allowed the Maltese government to shield the economy from international energy price increases by fully absorbing the increased costs of the higher energy market prices<sup>[i]</sup>. The finance minister in the 2024 budget speech pledged to continue subsidising the prices of electricity and fuel in 2024. The Government is being urged by the EU Commission and the International Monetary Fund to withdraw these subsidies. The Malta Fiscal Advisory Council has joined this chorus by advising the Government to implement an exit strategy from its energy and fuel subsidy which according to this authority is causing a rise in the deficit that is above the projections set by the ministry. Nevertheless, the Maltese government expressed its fear that if it were to discontinue the subsidies there would be a spiral rise in inflation that would stall economic growth. In a press briefing, the finance minister said that the government will start phasing out the costly electricity subsidies when it manages to bring the unit cost of electricity down. This can be done through investing in offshore renewable supplies and the introduction of another interconnector between Malta and the EU power grid (Times of Malta, 2023e).

The COLA mechanism has been criticised academically in that it does not adequately target low earners (Malta today, 2023b) and has been criticised by employers in recent years who have felt that they have been asked to carry the burden of inflation singlehandedly. Subsequently, employers asked for Government support in this respect. The Government thus introduced a new measure termed the Additional Cost of Living Adjustment (COLA) payment<sup>[ii]</sup>. Unlike COLA, this is provided by the state and only targets workers who earn less than the average wage. The provided payment varies depending on individuals' income and the number of individuals within their household. This payment was announced in 2022 during the budget for 2023. During the 2024 budget, the payment was again announced and will range from €100 to €1,500 depending on the aforementioned criteria (Newsbook Malta, 2023a).

In a further measure that could aid households struggling with rising inflation costs, tax refund cheques<sup>[iii]</sup> were also distributed in 2023 to those earning less than €60,000. This measure was first announced during the budget for 2023 and 250,000 individuals were expected to benefit from this measure. During the budget for 2024, it was announced that these would once again be distributed in 2024 (Malta today, 2023).

<sup>[i]</sup> Eurofound (2022), *Energy prices to remain frozen in 2022, measure MT-2022-1/2177 (measures in Malta)*, EU PolicyWatch, Dublin, [https://static.eurofound.europa.eu/covid19db/cases/MT-2022-1\\_2177.html](https://static.eurofound.europa.eu/covid19db/cases/MT-2022-1_2177.html)

<sup>[ii]</sup> Eurofound (2023), *Additional Cost of Living Adjustment (COLA) payment, measure MT-2022-49/3032 (measures in Malta)*, EU PolicyWatch, Dublin, [https://static.eurofound.europa.eu/covid19db/cases/MT-2022-49\\_3032.html](https://static.eurofound.europa.eu/covid19db/cases/MT-2022-49_3032.html)

<sup>[iii]</sup> Eurofound (2022), *Distribution of one-time bonus and tax refund cheques, measure MT-2022-6/2198 (measures in Malta)*, EU PolicyWatch, Dublin, [https://static.eurofound.europa.eu/covid19db/cases/MT-2022-6\\_2198.html](https://static.eurofound.europa.eu/covid19db/cases/MT-2022-6_2198.html)

## Labour disputes and industrial action

Two of the most notable labour disputes in 2023 were over the renewal of collective agreements for nurses and teachers, while the disputes at Air Malta revolved around the restructuring that the Maltese government was forced to undertake by the EU Commission to end the policy of state aid to the company.

### Changes to the right to strike

No changes.

### Data on industrial action

There are no data on industrial action collected in Malta.

### Collective labour disputes in 2023

In 2023 the government was engaged in three trade disputes; one with the union representing the nurses, one with the union representing the Air Malta pilots and one with the union of teachers.

#### **Dispute with MUMN**

The collective agreement signed in 2018 between the Malta Union of Midwives and Nurses (MUMN) and the Ministry of Health expired in December 2022 and was due for renewal. In view of this, discussions started to renew the collective agreement. The terms that were offered by the government were considered unacceptable to the union. According to the terms presented by the Government, the nurses would reach the salary level of other comparable professions in 2027 when the latter had been enjoying this higher pay for three years. The union was also demanding a reduced 10 per cent tax rate on overtime, like that charged to the police and improved pensions. Following the deadlock reached, the union issued several directives. Under these directives, nurses were instructed to stop accompanying doctors at health centres and clinics, stop administering vaccinations related to travel and stop undertaking clerical work, including answering the phone. As the deadlock persisted, the union announced new measures by which nurses were ordered not to assist at centres such as those specialising in dermatology, neurology, paediatrics and ophthalmology. Following various conciliatory meetings, an agreement was reached. On 26 September 2023, a new collective agreement was signed between the union and the Ministry of Health that provided nurses with improved remuneration and benefits. The prime minister was present during the ceremony of the signing of the new agreement. The MUMN president, Paul Pace, highlighted that the agreement includes various incentives to encourage nurses and midwives to stay in the profession and to encourage more people to take nursing. He also hailed various incentives that would encourage nurses and midwives to specialise further (The Malta Independent, 2023d).

#### **Dispute with Air Malta Pilots**

Air Malta has been operating at a loss for years and needed government assistance to maintain its economic viability. The EU Commission has repeatedly warned the Maltese government that financial support from the state is against the principles and rules of the European Union. It has

therefore urged the Maltese government to end this subsidy policy. On the other hand, the Maltese government has argued that Malta, as a small sovereign island state with an economy heavily dependent on tourism, should be given some room for manoeuvre in dealing with its national airline. However sympathetic the EU Commission may have been, this policy of state aid could not go on forever. To overcome this impasse, it was decided to close Air Malta and establish a new airline operating under a different name. Negotiations between the Maltese government seem to have led to an amicable settlement. The new airline commenced operations in April 2024. The Prime Minister and the finance minister stated that the new airline was to be completely restructured to maximise profitability. It will also strive to partially privatise in the coming years as part of the agreement reached with the European Commission. The new organisation, under the name of KM Malta Airlines, is due to start operations in April 2024 and started taking bookings in December 2023.

The Malta Airline Pilots Association (ALPA) union representing the pilots, expressed its dissatisfaction with this new arrangement and lack of consultation. As a sign of protest to this predicament, without declaring a trade dispute (a dispute between employers and workers, or between workers and workers that is formally registered and leads to a conciliation procedure<sup>1</sup>), it ordered its members to work to rule. In line with this directive, the pilots refused a call by the airline management to replace four pilots who reported sick (Times of Malta, 2023f).

#### **Trade Dispute between Malta Union of Teacher and Ministry of Education**

The Malta Union of Teachers (MUT) declared a trade dispute with the Ministry of Education over the salary package increase offered by the Ministry of Education during the negotiation process for the renewal of the collective agreement. According to the MUT, the differences between what the government offered and what the union demanded were too great. On the other hand, the ministry insisted that the increases it offered were higher than those agreed in the previous 2018 collective agreement. The MUT insisted that the increase offered was insufficient. Following this disagreement, the MUT resorted to partial industrial action, instructing teachers not to conduct class evaluations, hold parent-teacher meetings or submit attendance sheets. As there appeared to be no new developments in the negotiation process, the MUT announced a one-day strike by teachers at state and church schools. The negotiation process was brought to a halt as government officials stated that they would not enter negotiation until the MUT directives were in place. The one-day strike by MUT was held on 27 November 2023. The MUT claimed that 97 per cent of the teachers did not report for work (Newsbook Malta, 2023b). On the following day, MUT announced a suspension of its directives after an informal meeting identified priority areas for further talks. It was presumed that this lull would serve as a cooling period that would eventually lead to an amicable settlement and the signing of a new collective agreement. However, by the end of May 2024, an agreement still seemed to be elusive.

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<sup>1</sup> [Malta - Right to strike in the public sector - updated 2021.pdf \(epsu.org\)](#)

# Developments in working time

## Changes to legislation

The Digital Platform Delivery Wages Council Wage Regulation Order (2022) came into force in January 2023. This innovative legislation mainly aims to tackle bogus self-employment by making those carrying out deliveries via a digital platform, employees by default. This is done via a legal presumption of an employment relationship. The law allows for indefinite or definite employment as well as employment both on a whole-time or part-time basis. However, the law does not allow such employers to enter into whole-time agreements with those who are already in whole-time employment with another employer. The legislation makes several working-time related clauses, including the payment of overtime, with the law stating that workers who work more than 40 hours in one week must be paid at a rate of time-and-a-half, whereas when working on a day of rest, should be paid at a rate of double time. The law also provides platform workers with sick leave (for whole-timers, two working weeks on full pay, less an amount equal to the sum set for sickness benefit entitlement at the rate established by the Social Security Act), one working day of bereavement leave, two working days of marriage leave, up to one year of injury leave, jury service leave as needed, and quarantine leave as determined by the Superintendent of Public Health. Workers also have a right to be informed about automated decision-making systems that are used to take or support decisions that significantly affect their working time (amongst others). The reaction to the introduction of this legislation was covered in the 2022 Developments in Working Life report.

## Debates on duration and organisation

A member of parliament suggested that a menstrual cycle leave should feature prominently in the agenda of social dialogue at the national level. The General Workers Union (GWU) expressed its approval of this proposal, stating that it has always been in favour of a discussion about new benefits and rights. The UHM Voice of the Workers stated that menstrual leave forms part of the entitlement for sick leave. Employer associations were not keen on the proposal but also highlighted that a special form of leave was unnecessary, as menstrual pain was already covered by regular sick leave (The Malta Independent, 2023b). The debate on the topic does not appear to be ongoing, however, WFDM, a local recruitment agency, decided to grant its female employees 12 days of menstrual leave per calendar year. The leave will not be counted as part of their sick or vacation leave entitlement. A WFDM spokesperson said that all female workers, including those subcontracted to other companies, are entitled to this leave. However, subcontracted employees for other companies need the approval of management to have access to this special leave (Malta today, 2023e).

## Other important policy developments

### Regulations on employment status and contracts

The Digital Platform Delivery Wages Council Wage Regulation Order, 2022 came into force in January 2023. As discussed above, this regulation aims to tackle bogus self-employment by making digital platform delivery people employees by default. This is via a legal presumption of an employment relationship with either the digital labour platform for whom the platform work is provided or the work agency that places such a person at the disposal of a digital labour platform. Where one of these organisations claims that they are not the employer of such an individual, the burden of proof rests with the digital labour platform or work agency. To do so, it must prove that at least four of the following criteria are not being fulfilled by the organisation: (i) the effective determination of the level of remuneration; (ii) the requirement that the person respects specific rules regarding appearance and conduct; (iii) the supervision of the performance of work, including via electronic means; (iv) the effective restriction of the person's freedom, including the discretion to choose one's working hours or periods of absence; (v) the effective restriction of the person's possibility to build a client base or perform work for any third party.

### Health and safety regulations and policies

There have been no notable new regulations regarding occupational health and safety, however in April the Occupational Health and Safety Authority (OHSA) released a white paper to the general public with proposals as to how the OHSA Act could be updated (OHSA, 2023). The OHSA Act was introduced in 2000 and brought fully into force in 2002 and includes several principles from the EU Framework Directive for Safety and Health at Work. Occupational injuries have reduced substantially in Malta since its introduction (Fiorini, 2019; Fiorini & LaFerla, 2021). Proposed changes included modifying the structure of the OHSA, to remove unclear provisions within the current Act and to reform the system of penalties to increase their deterrent effect. The document was open for public consultation until June 2023, however by the end of 2023, the Act was yet to be updated. This may in-part be due to the on-going public enquiry described below.

The death of a 20-year-old worker within a construction site, Jean Paul Sofia in December 2022, triggered a nationwide debate about health and safety standards at the workplace. The victims' mother, Isabelle Bonnici, pushed for a public inquiry to be conducted to uncover why the building in which the victim died had collapsed and to avoid future such construction deaths. The Government initially resisted this call, and following a parliamentary vote against a public enquiry, the victim's mother organised a vigil for her son outside the Prime Minister's office. As criticism of the Government mounted, it consented to the public enquiry. In August 2023, the terms of reference for the enquiry were published. These included investigating if the regulations and enforcement by the Government were robust enough to prevent injuries and fatalities, whilst also investigating the planning and construction process, including if any state entity had failed in its obligation to prevent the victim's death (Times of Malta, 2023g). The compilation of evidence for the public enquiry, which involved 15 sittings and 69 witnesses was completed in November 2023 and provided unprecedented public insight into how construction health and safety was regulated in Malta (TVM News, 2023). Throughout the enquiry, it emerged that several state entities that dealt with construction were understaffed, including the OHSA, and several legal loopholes were exposed.

Throughout the enquiry, many state organisations tasked with construction-related responsibilities argued that they were not legally responsible for the site where the victim died. The official findings of the public enquiry are due in April 2024.

## Work-life balance related policies

The Public Service, Malta's largest employer, introduced a new 'modern working methods' policy in the first quarter of 2023. Prior to the introduction of this policy, public service employees already had access to a range of work-life balance measures, such as remote working and reduced hours, however, the new policy has changed the applicability of these measures and introduced new measures at the same time. Regarding the reduced hours system, the new policy allows employees to apply for this benefit without any eligibility criteria. Flexitime was also introduced, whereby public officers can adjust their start and end times within agreed limits, as long as they work full hours each day. Another measure was the flexi-week, where employees can either condense their 40-hour week to a four-day week or extend it to six days. For remote working, the main difference was that employees can now work up to 20% of their weekly hours remotely without having to provide justification. This applies to work that can be done remotely, while the remote working hours must be done during the employee's normal working hours (Office Of The Principal Permanent Secretary, 2023a). All of these measures require varying levels of approval from the employees' superiors. It was stated that these measures were the result of extensive consultations with the heads of the public service and the trade unions (Office Of The Principal Permanent Secretary, 2023b).

In November, a public dispute arose between the social partners after the Children's Policy Framework for 2024-2030 (Ministry of Social Policy and Children's Rights, 2023) was released for public consultation. It recommended, among other things, that employees should be able to use their sick leave to cover days when they have to stay at home with their sick children. The issue is not new. The two main political parties had spoken out in favour of such a policy in 2017-2018 but faced stern resistance by employer associations. The Malta Employers' Association (MEA) once again pronounced itself against the proposal, mainly because it believed that this could encourage abusive practices. The MEA has previously argued that the abusive use of sick leave in Malta must be curbed. The GWU, on the other hand, was in favour of such a proposal, stating that it was necessary and that it believed that employers could control the situation (The Malta Independent, 2023e). The document remains available for public consultation until the beginning of 2024.

## Life-long learning and skills development

According to the EY Malta Attractiveness Survey shortage of skills was identified as being the second major concern that can adversely affect Malta's reputation as a potentially attractive investment destination. In response to this shortcoming, Jobplus, the Maltese public employment agency, took the initiative to partly address this problem. Towards this end, it started a scheme co-financed by the European Social Fund, the Maltese Government and the Employers. The scheme falls under Malta's Operational Programme which aims at 'fostering socio-economic wellbeing through the creation of opportunities for all and investment in human resources and skills for the 2021-2027 program period. Through this scheme, which is applicable from 18th September 2023, funds are granted to employers to upskill their workforce. The type of training which is supported by this scheme includes classroom-style training, online training, and distance learning. This Investment in

Skills is intended to promote access to the training of persons actively participating in the Maltese labour market to increase productivity and enhance adaptability (Jobplus, 2023).

Another initiative to improve workers' skills aims to help third-country nationals (TCNs) working in the hospitality industry to become more competent. The Skill Card course will aim to promote English language skills and basic training in customer service, hospitality and knowledge of Malta's tourism offerings. The Skill Card initiative will be implemented gradually. It was initially announced that from January 2024, third-country nationals applying for a visa to work in Malta's tourism sector will be required to pass an initial skills card test before their visa and work permit can be processed (Newsbook, 2023c). In reaction, whilst employers announced that they supported schemes that improved the competence of the workforce, they cautioned against schemes that would increase their operational cost or place them at a disadvantage when competing with other countries for foreign labour (Business Now, 2023). A survey by the Gozo Tourism Association found that the absolute majority of their members felt that the fee for the skill card was excessive for TCNs (€575) and were not prepared to fund the amount either (Times of Malta, 2023). Given the response to the scheme, its initial roll-out was delayed till the end of March allowing time for it to be refined (The Malta Independent, 2023).

## Other topics

### Licensing Employment Agencies

Legislation was enacted in November 2023 that provides new regulations that control the work of employment agencies which very often act as agencies to import workers from outside the EU. The aim of this law is to address the exploitative practices widely believed to be rampant in this sector of the labour market. One of the provisions of the new law is that every work agency has to have a licence to operate in the Maltese labour market. Every outsourcing agency will have to pass due diligence vetting before being granted a licence. The law prohibits the practice of agencies charging workers or deducting money from their wages in exchange for a job. Punitive measures will be taken against companies that engage workers through an unlicensed agency. The law obliges the agency to provide a bank guarantee that would be distributed to the employees in case the agency loses its licence. The law, the Employment Agencies Regulations (2023), will come into force on 1<sup>st</sup> April 2024 in order to enable the agencies to make the necessary adjustments to conform with the new provisions and criteria laid down in the new law (Times of Malta, 2023i).

### Active Ageing and Shortage of Labour

The Malta Chamber and General Workers' Union (GWU) presented research conducted on active ageing during a Malta Council for Economic and Social Development (MCESD) meeting. This highlighted that Malta is likely to be harder hit than other EU countries by dependency on those of older ages. Among the suggestions were decoupling work withdrawal and pension commencement as well as offering part-time work options for those aged 61 and over. The study also called for further analysis to identify the economic sectors which have the potential to engage 65–74-year-olds, actively (Malta today, 2023d).



## Commentary and outlook

Policies related to tackling inflation were among the most topical issues throughout 2023. The government views subsidies on energy and fuel prices as a good political lever to combat the hefty rise in inflation, which reached an unprecedented rate of 12.81%. The policy of subsidisation has been criticised by the European Commission, the International Monetary Fund (IMF) and the governor of the Malta Central Bank, who expressed concerns about the policy's impact on the high public deficit. In its 2024 pre-budget document, the General Workers Union (GWU) continued to support the government's intervention to stabilise energy and fuel prices. Employers sought clarity regarding future plans for energy subsidies. During the 2024 budget speech, the Minister of Finance announced that subsidies would continue throughout 2024.

The trade unions publicly demanded that the weekly pay increase of €12.81 as indexed by the Cost of Living Allowance (COLA) mechanism should be paid in full. The Malta Employers' Association (MEA) anticipated a record increase and in 2022 advocated a cap on the mandatory COLA wage increase. In 2023, the MEA recommended that the COLA wage increase should not be taxed, to maximise the impact on purchasing power. Although these two MEA recommendations were not taken up by the government, they confirm the prevailing view of experts in labour relations that the litigations occurring between the social partners have not stifled the voice of compromise. The presence of this compromising mood has elevated social dialogue to a more pragmatic level and a higher consensual ethic. This readiness for compromise was, however, less evident during the initial stages of the collective agreement negotiations involving the nurses and teachers. In both cases, the unions resorted to industrial action, with nurses following their union's directions to strike in March and April, while teachers engaged in a one-day strike in November. Such action has become common during negotiations, with the social partners being litigious and uncompromising initially and eventually moving towards a compromise at a later stage of the process.

In January, the Digital Platform Delivery Wages Council Wage Regulation Order, 2022, came into force. The regulation primarily aims to tackle bogus self-employment among platform workers within the delivery sector. The law was introduced following mounting pressure in previous years from trade unions, employers and platform workers themselves, with the latter organising a one-day strike in 2022. The impact of the law on improving working conditions is unclear.

In 2024, Malta is likely to experience labour shortages, and while the introduction of skill cards in the hospitality industry as well as the licensing of employment agencies are positive moves, they may exacerbate shortages. In early 2024, the findings of the first-ever public enquiry into workplace health and safety will be published. The enquiry was prompted by public outrage and demonstrations caused by the government's resistance to investigate the death of a young construction worker, Jean Paul Sofia. Evidence has consistently shown that health and safety standards in the construction industry are inadequate. The conclusions of the enquiry are expected to result in substantial pressure for reforms within the construction sector and the field of occupational safety and health at work.

The implementation of the EU directive on adequate minimum wages and its requirement to formulate national plans to increase collective bargaining coverage are likely to affect the trade union movement in Malta. Timely and accurate statistics on collective bargaining coverage in Malta

are not available, and in many sectors, there is little or no collective bargaining. Trade union membership has not kept pace with employment growth.

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