

# Malta: EIRO Annual Review - 2008

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The Nationalist Party remained in government after winning the general elections in March, whilst a new Minister for Labour was appointed. The industrial tribunal produced an interesting ruling related to work on full-time and part-time basis within companies in the same group. A four day strike called by the federation of public transport was the toughest industrial action in 2008. The government launched the privatisation exercise of the shipyards. The global financial crisis is leaving a negative impact in the manufacturing industry, while at the same time a heftier utility bills regime was announced to the discontent of trade unions and employers associations.

## 1. Political developments

On 8 March 2008, Malta held its first general elections since joining the European Union. Once again, the centre right Nationalist Party (PN) won these elections, albeit with a narrow majority of 1,200 votes over the Malta Labour Party (MLP). The PN has been in government since May 1987 apart from a 22-month period following MLP's victory in 1996.

Two more parties contested the 2008 general elections namely, Alternattiva Demokratika (The Green Party) and a newcomer Azzjoni Nazzjonali that represented the right political spectrum, focusing amongst others on illegal migration. The leaders of MLP, AD and AN resigned following the outcome of these elections. On the other hand, Mr John Dalli was appointed as the new minister responsible for Labour.

The Local Council elections were held in 23 of the 68 Maltese localities on the same day of the general elections. Over the past three years, there was a five per cent increase in votes for the PN and an increase of three per cent for MLP. The next round of Local Council elections and the elections for Members of the European Parliament are to be held in 2009.

## 2. Collective bargaining developments

According to the Economic Survey of 2008, the overall average weekly wages for the period September 2007 and September 2008 increased by €4.48 or 1.8%, reflecting a 0.2% decrease when compared to the same period between 2006 and 2007. The beverages sub-sector registered the highest increase (3.0%) whilst 59.8 per cent of all

employees gained an average weekly wage in excess of €232. The exercise was based on a sample of collective agreements deposited at the Department of Industrial and Employment Relations and involved 27,402 employees.

Further data related to the quantity and content of collective agreements is unavailable.

### **3. Legislative developments**

The Employment and Industrial Relations Act (EIRA, 2002) has been amended by the following legal notices: In November, the government introduced the Telework National Standard Order (L.N. 312 of 2008). As its name implies, the legal notice regulates teleworking practices in the private sector in Malta. In December, L.N. 339 of 2008 entitled National Minimum Wage National Standard Order, increased the minimum wage for those aged 18 years and over to €146.47; for the 17 year olds to €139.69 and for those under 17 years to €136.85. Moreover, the Wage Increase (Employees) National Standard Order (L.N. 340 of 2008) increased the wages of whole-time employees by €4.08 per week while part-timers will get the applicable pro-rata.

In October, the industrial tribunal produced an important ruling in which an employee was awarded €18,000 for unfair dismissal after being accused of failing her duties and refusing to work after hours. The employee was engaged as a full-time housekeeper in a hotel whilst after normal hours she was then employed on the same duties as a parttimer under another company in the same group. The tribunal reprimanded employers for employing workers on full-time and part-time basis within companies in the same group to avoid paying for extra work at overtime rates.

### **4. Organisation and role of the social partners**

Please provide brief details of any changes in the organisation and role of the social partners in your country during 2008. This might include trade union or employers' organisation mergers, changes to social dialogue structures, or changes in membership levels and representativeness.

In September, the Malta Chamber of Commerce and Enterprise (COC) and the Malta Federation of Industry (FOI) announced that they will merge. Following a two year exercise, the members of both organisations finally approved the merger during two separate Extraordinary General Meetings. The new organisation will be called the Malta Chamber of Commerce, Enterprise and Industry and is expected to offer a stronger representative body for business people, industrialists and investors at the local and European level. The new structure will be based on three economic groups: Manufacturers; Importers, Distributors and Retailers; and Service Operators which will encompass the financial sector, ICT and other service sectors.

### **5. Industrial action**

During 2008, 4 strikes were recorded involving around 1,522 workers. Due to these strike actions, around 1,771 working days were lost, amounting to 11 working days per 1,000 workers. The number of strikes in 2008 was lower than those recorded over the

past five years. Besides, the number of working days lost was also among the lowest recorded over the same period of time.

There were no changes in the regulatory environment concerning strikes or dispute resolution in 2008.

## **Public Transport**

In July, a four day strike paralysed the Malta's main roads. The members of the Public Transport Federation (PTF) went out on strike after the Federation objected to the government's decision to liberalize the hearse market. During the strike, buses, minibuses, taxis and hearses blocked the main roads of Malta in particular those leading to the capital Valletta. Moreover a number of violent incidents occurred, requiring police intervention. As a result, several public transport operators were brought to court. The strike ended following the intervention of a mediator who helped to reach an agreement between the government and the hearses operators. The agreement included a sum of €230,000 in compensation to the hearses association as a support against the liberalisation effects. The hearses association also resigned from the PTF. A second agreement was reached with buses, taxis and mini-vans operators which tied the parties to start a consultation process aimed to complete the liberalization process by the end of 2008.

## **ST Microelectronics**

During the second quarter of 2008, ST Microelectronics (STM), Malta's largest private employer and leading exporter, entered in dispute with the General Workers' Union (GWU) over the payment of wage increments and bonuses as agreed in the collective agreement. STM claimed that it had to resort to reconsider the payment of the said benefits due to financial difficulties. However, on the GWU insistence, STM eventually chose to honour the agreement amidst reports in the local press that it had intentions to downsize its workforce due to losses of €35.3 million a year that the company was registering. No such redundancies were effected in 2008.

## **Nurses**

In October, the Malta Union of Midwives and Nurses (MUMN) resorted to an industrial action, claiming that its members were experiencing a massive workload due to a severe shortage of staff. The union claimed that a number of nurses were being required to work an 80-hour week instead 46 hours, making it difficult for them to utilise their vacation leave. The union also estimated that at Mater Dei, Malta's main hospital, 187 more nurses were required to serve in various sensitive areas in addition to the existing 1,000. Initially, MUMN ordered its members to work to rule. However, it has later escalated its actions after no positive developments were registered. The actions included the refusal to accept new patients at Zammit Clapp Hospital and St Vincent de Paul Residence, and the refusal to treat patients at Boffa Hospital in wards that were short of staff. The union withdrew its actions after the Minister for Social Policy agreed to hold talks against the suspension of the actions.

## 6. Restructuring

### Malta Shipyards Ltd

In June, the government launched the most significant restructuring exercise in recent years by revealing its decision to privatise the state-owned Malta Shipyards Ltd, which at the time employed 1,700 workers. This decision was mostly fuelled with the failure of reaching the targets set by a restructuring programme. The aim of this programme was that of enabling the shipyards to become profitable by the end of 2008, the deadline by which direct state subsidies had to end in compliance with the EU accession derogation. The GWU condemned the government's unilateral decision to privatise the company without the necessary consultation with the union and without informing the workers as provided in Directive 2002/14/EC. Subsequently, the government held a number of meetings with the GWU which led to an agreement about the shipyards' privatization. The agreement, among others, included the provision of a budget of €58 million to cover the retirement scheme and a clause that obliges the new owners to retain the remaining workers for a number of years. The government issued a call for expressions of interest in the leading maritime publications Lloyds List and Fairplay on 11 August that was due to expire on 15 September. However, following the effectiveness of the retirement scheme that left only 150 employees the company's books, the government decided to extend the timeframe to the 3 November.

## 7. Impact of financial and economic problems

By the end on 2008, the crisis in the global financial system had not significantly affected Malta, mostly due to the conventional policies usually adopted by the local banks coupled by a well-regulated financial services sector. The liquidity of Maltese banks was abundantly above the minimum of 30%. Moreover, the local stock market is quite small and is dominated by well established listed companies. On the other hand, given Malta's open economy, the ripple effects of the crisis started being felt especially in the manufacturing sector that employs about 25,000 persons. A number of manufacturing firms had to reduce their workforce and/or adopt shorter working weeks due to a lower international demand. These measures were adopted following consultation with the trade unions representing the respective workers. In 2008, the Malta Employers' Association ([MEA](#)) stated that at least 70% of the country's export companies were being negatively affected by the crisis. The following firms were among those feeling the brunt of the international crises in the last quarter of 2008:

Toly Products Ltd, a major cosmetics packaging manufacturer made 84 employees, nearly a fourth of its labour force, redundant.

Trelleborg Dowty Malta Ltd which forms part of Trelleborg Group based in Sweden and employs around 600 persons, produces O rings for the automotive industry. The company ceased the employment of overtime whilst converting its three shift system to two. Subsequently, the situation worsened and the firm had to resort to a four-day week system and discharged 25 workers. These decisions were taken in consultation with the GWU in order to avoid further redundancies.

Method Electronics Ltd, another producer for the automotive industry, ordered its

employees to work on a four-day week basis due to a decrease in product demand. Even in this case the management consulted the GWU.

Hetronic Malta Ltd, which produces radio remote control equipment, employing 160 workers resorted to a 30-hour week in an attempt to reduce costs.

Pamargan Products Ltd, the largest of the few remaining manufacturing companies in Gozo, shifted to a four-day week, cutting down workers' income by 20%. Besides, it gave notice to 10 of its 60 plus employees. None of the employees at Pamargan are represented by a union. The online journal [Maltastar.com](http://Maltastar.com) reported that there are at least another 12 companies which are facing a difficult situation. In view of these developments, the social partners through the Malta Council for Economic and Social Development (MCESD) decided to hold monthly meetings to monitor the evolving international crisis and its effects on Malta and take instant action if deemed necessary.

## **8. Other relevant developments**

If there been any other significant industrial relations developments in 2008 that have not been mentioned above, please give brief details.

### **Trade Unions mass protest against government's proposal to increase the utility tariffs**

In November, twenty trade unions organized a collective protest march in Valletta against the government's proposal to heftily increase the utility tariffs. The event marked the participation of both general trade unions namely the GWU and the Union of United Workers (Union Haddiema Maghqudin, [UHM](#)) in a mass demonstration for the first time in Maltese history. A resolution that was approved by those present through a show of hands called for fresh dialogue with the Prime Minister in order to revise the proposed tariffs and minimize their negative impact on workers, pensioners and their families. As a result a number of meetings were held with the Prime Minister and new tariffs were proposed. These were accepted by the Confederation of Malta Trade Unions (CMTU) of which the UHM forms part, while the rest of the trade unions involved still did not commit themselves. On 5 December, a new legal notice (330 of 2008) establishing the new utility tariff regime was published and a few days' later, 11 unions wrote to the Prime Minister about discrepancies between the calculation of utility tariffs carried out by the government and those commissioned by them through an auditing company. The new tariff regime was heavily criticized by employers' associations, in particular by the Malta Chamber of SMEs ([GRTU](#)) that stated that the new utility tariffs as published in the legal notice were actually higher than the tariffs originally proposed by the government.

### **Call for the establishment of a Trade Union Council**

Following the trade union unity shown in the mass protest event, the Malta Union of Teachers ([MUT](#)) proposed the setting up of a Trade Union Council (TUC), calling all Maltese trade unions to participate in this initiative. There was a mixed reaction for the proposal, with the GWU being more positive while the UHM stating that the formation of a TUC was not on its current agenda. Moreover, the apparent trade union unity

suffered a setback after the MUT was suspended from the CMTU due to the differences about the utility tariffs. The issue started when the MUT published a statement of 'no confidence' in the CMTU and in its president, claiming that the confederation accepted the new water and electricity rates whilst the MUT and other CMTU members were still to pronounce themselves. In December, the MUT announced that it was leaving the CMTU with immediate effect.

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