

EU PolicyWatch

Database of national-level policy measures

Eurofound's EU PolicyWatch collates information on the responses of government and social partners to the COVID-19 crisis, the war in Ukraine, rising inflation, as well as gathering examples of company practices aimed at mitigating the social and economic impacts.

Factsheet for measure MT-2020-13/264 – **Updated** – measures in Malta

COVID-19 wage supplement

Country	Malta , applies nationwide
Time period	Temporary, 24 March 2020 – 31 May 2022
Context	COVID-19
Type	Tripartite agreements
Category	Employment protection and retention – Income support for people in employment (e.g., short-time work)
Author	Luke Anthony Fiorini (University of Malta) and Eurofound
Measure added	03 April 2020 (updated 01 September 2022)
	Related ERM support instrument 

Background information

This measure provides employees with a basic wage cover in view of the disruption caused by the COVID pandemic to certain industries. Funds are forwarded to employers who are in turn obliged to forward these to their employees. Full time

employees in specific sectors will receive €800 a month from the government through their employers. As part of the agreement, employers in these sectors will continue providing their workers with a further €400 a month. Employers who were too highly impacted by the pandemic and cannot afford the further €400 must register with the Department of industrial relations.

Content of measure

Full time employees working in organisations that operate in sectors severely hit by the COVID-19 pandemic, or on order of the Superintendent of Public Health had to suspend their operations are entitled up to five days salary based on a monthly wage of €800. This is also applicable to self-employed individuals. Part-time employees are eligible for €500 a month. The sectors that can apply for this supplement are under constant review and are listed on the Malta Enterprise website (Annex A).

In other sectors also thought to have been hit by the pandemic but to a lesser degree, the list of which are also available on the Malta Enterprise website (Annex B), full time and part-time employees are entitled to the equivalent of one days' salary per week, set at €160 per month and €100 per month, respectively. Those in Gozo are entitled to two days' salary per week; €320 per month for full-time and €200 per month for part-time employees.

Full-time self-employed in sectors thought to have been hit but to a lesser degree who have employees will receive €320 per month, part-time self employed €200 per month. Full-time self-employed based in Gozo in these same sectors will also be entitled to €320 per month but will rise to €480 if they employ staff, and the employees will be entitled to two days salary. Part-time self-employed in Gozo will be entitled to €200, rising to €300 if they employ staff. The employees will receive two days salary.

In July 2020, the sectors in Annex A were reviewed and reduced. Those sectors previously supported by this scheme but not included in the updated Annex A will from July 2020 receive a wage supplement of €600 for full time workers and up to €375 for part time workers, termed Annex C. It was also announced in July 2020 that pensioners and students who were registered as employed with JobsPlus since the 9 March, may now also be considered for the Wage supplement. These were previously ineligible.

Updates

The following updates to this measure have been made after it came into effect.

28 April 2022	The Malta Enterprise announced that this measure would be extended 'for the last time' in April and would end in May 2022.
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16 March 2022 The Prime Minister, Dr Robert Abela announced that the Wage Supplement would be extended to cover March and the month of April. The extension was announced in view of the fluctuating COVID-19 infections in the country. The announcement was also made during an election campaign, and in rebuttal to the suggestion of the leader of the opposition, Dr Bernard Grech, that the supplement should be replaced by a loan that is repaid once an organisation returns to profitability. The Prime Minister stated that there were no plans to replace the supplement with a mechanism that needed to be repaid by employers.

15 December 2021 The Prime Minister announced that the COVID-19 Wage Supplement will be extended for a further month, to cover January 2022, in view of the rise of the latest wave of COVID-19 infections.

28 July 2021 Following months of discussions with social partners, Government presented plans to taper the COVID-19 Wage Supplement during a confidential meeting with social partners within the Malta Council for Economic and Social Development (MCESD). Newspaper reported that those receiving the highest level of support of €800 per employee for those organisations that had experienced drops in revenue of 55% or more would continue to receive this amount. Organisations which had recorded drops which were less than this, however, would see their support drop in August/September 2021 and again in October/November 2021.

It was reported that organisations with a drop of revenue of: between 10% and 20% which receive €160 per employee, would drop to €100 in August and then to €50 in October; 25% and 34% which receive €320 will decrease to €200 and then to €100; 35% and 44% which receive €480, will drop to €290 and then to €145; 45% to 54% will have their supplement cut down from €640 to €510 and then to €250.

26 May 2021 The Maltese government notified the EU Commission that the estimated budget for this measure had rose from the initial €215 million to €750 million. Whilst the initial amount was funded through Malta's national budget, it would now be co-financed through SURE loan and REACT-EU Funds.

Furthermore, it was clarified that the managing authority, Malta Enterprise, could now accept claims from undertakings operating in any sectors that suffered losses in turnover that exceeded 10% when compared to the equivalent period pre-COVID-19.

Finally, it was clarified that undertakings operating in sectors that are ordered to suspend operations due to a health department order will be considered eligible for the aid for the entire period in which their activity is suspended, without the need of any additional evidence.

09 March 2021 The Minister for Enterprise and Sustainable Development, Miriam Dalli, announced in March that the hardest hit businesses will continue to benefit from this support measure up to the end of 2021.

04 March 2021 Bars, restaurants and snack bars were closed in Malta from March 5, 2021, and were only permitted to serve take-aways. This was announced the day prior to such establishments being closed. During the same press conference, it was also announced by the Prime Minister, that these establishments would receive the full wage supplement. Several of these establishments had begun receiving a lower amount of support in view of an analysis of their losses between 2020 and 2019.

05 January 2021	<p>Two important changes to the COVID-19 Wage Supplement were announced during a conference by Enterprise Minister Miriam Dalli.</p>
	<p>It was announced that the supplement could be used by qualifying businesses for workers who were replaced during summer 2020. Previously, the supplement could only be used for workers who had been with the organisation prior to the commencement of COVID-19. To ensure abuse does not take place, employers must provide documented evidence that an employee resigned from the job out of their own volition and that new employees were hired with the same work conditions. The measure cannot be used to replace workers who were fired.</p>
	<p>A second major change to the COVID-19 Wage Supplement is that the amount disbursed per employee will from January vary depending on the losses incurred by the organisation. Organisations which saw an increase in revenue, or a drop in revenue of 9% or less will no longer be eligible. Only organisations that saw a decrease in revenue of 55% or more will be eligible for the entire wage supplement of €800 for a full-time employee or €500 for a part-time employee. Organisations with a drop in revenue of between 45% and 54% will now receive €640 for full-time and €400 for part-time employees; those with a drop of revenue of between 35 and 44% will receive €480 for full-time and €300 for part-time employees; a drop in revenue of between 25 and 34% will result in a wage supplement of €320 for full-time and €200 for part-time workers, whilst a drop of between 10 and 24% will result in a supplement of €160 for full-time and €100 for part-time employees.</p>
	<p>It was announced that the changes to the scheme were made in consultation with social partners. Further information was not provided.</p>
12 December 2020	<p>In mid-September 2020, the measure had cost €200 million. This amounts to almost the entire €215 million budget approved by the EU Commission under the State Aid Temporary Framework adopted by the Commission on 19 March 2020. However, this figure needs to be treated with caution, as various ministers and stakeholders mentioned different sums.</p>
	<p>Malta was awarded €244 million in EU financial support in August via SURE. It is unclear however if this was used as part of the COVID-19 wage supplement as a breakdown of how this money was used is yet to be published.</p>

19 October 2020 During Budget 2021, presented on 19 October 2021, it was announced that the COVID-19 Wage Supplement would be extended to 2021. The news was welcomed by several social partners including unions such as the General Worker's Union and FOR.U.M., as well as employers' associations such as the Malta Chamber of SMEs and the Malta Hotels and Restaurants Association (MHRA).

01 July 2020 From July 2020, the sectors that were listed under Annex A, and therefore those obtain the largest wage supplement, were reduced. These now include those involved with tourist accommodation, travel agencies, language schools, event organisation and air transport.

With reference to those in Annex B, it was announced that these would continue receiving their supplement until September. Furthermore, From July 2020, 'personal services and other related activities' will benefit from the Annex B supplement.

From July 2020, sectors previously supported by this scheme but not included in the updated Annex A will receive a wage supplement of €600 for full time workers and up to €375 for part time workers, termed Annex C.

Finally, It was also announced that from July 2020, pensioners and students who were registered as employed with JobsPlus since the 9 March, may now also be considered for the Wage supplement. These were previously ineligible.

Use of measure

By the end of May it was announced that €55 million had been disbursed, saving 93,580 jobs. A further €25 million was expected to be distributed by the beginning of June.

By mid-September 2020, the Malta Enterprise CEO announced that €200 million had been spent on this measure. Furthermore, around 85% of those who benefitted from the measure were micro, small and medium enterprises.

A September 2020 study by the Malta Employers Association which was conducted amongst its members found that the COVID-19 wage supplement was rated as the most effective financial measure with 62% rating it as effective.

In mid-September 2020, the measure had cost €200 million. This amounts to almost the entire €215 million budget approved by the EU Commission under the State Aid Temporary Framework adopted by the Commission on 19 March 2020. However, this figure needs to be treated with caution, as various ministers and stakeholders mentioned different sums.

It was announced in parliament that by the end of January 2021, the Malta Enterprise had received 21,855 applications for this scheme. Most applications fell under Annex A (14,987), whilst 3,465 fell under Annex B. The remaining 3,403 were not eligible. Of the approved applications, these covered 92,443 workers, of which 54,101 were full time and 10,662 part-time in Annex A, whilst 25,020 were full-time and 2,660 part-time in Annex B. The total cost of the scheme was almost €350 million.

In May 2021 it was announced that the total budget for this measure had now been increased from the original €215 million to €750 million. It was also stated that €360 million had been spent on the measure in 2020 and that a further 70 million had been spent in the first two months of 2021, however this sum also included the cost of other measures such as the rent and electricity subsidy scheme.

During a press conference held in February 2022, it was announced by Energy Minister Miriam Dalli that the total support received by businesses via this measure had reached €700 million.

During April 2022, it was announced that 120,000 employees had received a form of wage supplement since the introduction of the measure. Of these, 71% were employees, 25% were self-employed, and 4% were classified as ‘others’. The total cost of the measure was €723 million. Of this, €531 million was provided to companies, €143 million was provided to the self-employed, and €31 million were given to ‘others’, including unregistered or registered partnerships, voluntary organisations, and cooperatives. It was also announced that the main sectors to benefit from the wage supplement were the accommodation and food service activities (30%), the wholesale, retail, and repair of motor vehicles and motorcycles (18%), administrative and support service activities (14%), transportation and storage (12%), manufacturing (9%), and the arts, entertainment, and recreation (5%) sectors.

Contents

- Employment retention
- Income protection

Target groups

Workers	Businesses	Citizens
Applies to all workers	Sector specific set of companies Other businesses	Does not apply to citizens

Actors and funding

Actors	Funding

Actors	Funding
National government	European Funds
Social partners jointly	National funds
Trade unions	
Employers' organisations	

Social partners

Social partners' role in **designing the measure** and form of involvement:

	Trade unions	Employers' organisations
Role	Consulted	Consulted
Form	Consultation through tripartite or bipartite social dialogue bodies	Consultation through tripartite or bipartite social dialogue bodies

Social partners' role in the **implementation, monitoring and assessment phase**:

- No involvement
- Main level of involvement: Unknown

Involvement

Social partners initially aired their COVID-19 related concerns both publicly and directly with the government. This led the government to announce a series of packages, with the current measure forming part of the third package. The measures that formed part of this third package were the result of tripartite negotiations between Malta's largest trade unions, employer associations, the government and the Central Bank. It was unanimously approved by the Malta Council for Economic and Social Development (MCESD). The measure is administered by the Government via the Malta Enterprise.

Views and reactions

Consultation was carried out in the Malta Council for Economic and Social Development (MCESD), a tripartite body, with the government announcing that agreement was reached in this forum.

Employer associations were vocal in the press following the official announcement stating their agreement with the new measures.

Some employers in sectors which have not been included in the measures have also been vocal in the press that their workers should also be included. These include those in marketing and real estate.

In March 2021, the outgoing President of the Malta Chamber, an employer's association, noted that the wage supplement could make 'businesses lazy' and that the money spent on this measure would only be an investment if organisations also re-engineered so as to face the new realities that COVID-19 had brought. He therefore pushed for re-engineering plans to be carried out in tandem.

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In December 2021, following the announcement that the wage supplement would be extended a further month, to cover January 2022, the association that represents English language schools, FELTCOM, stated that whilst the extension was welcome, a months extension was not enough to ensure that their businesses would survive, instead calling for the scheme to be extended until Spring. The Malta Hotels and Restaurants Association (MHRA) also spoke out against the ending of this measure, stating that an extension was needed till at least the month of March 2022. This call was also supported by Malta's main opposition party, the Nationalist Party (PN). Not all were in agreement however, the CEO of the Chamber of SMEs, spoke out against such suggestions, stating that whilst businesses may be more comfortable with the wage supplement, the government needed to meet its deficit targets. The Chamber of SMEs were therefore instead supporting their members to tap into other support measures offered by the Malta Enterprise.

In view of the Government's announcement that the Wage Supplement would be extended again for the final time until May 2020, the Association of Catering Establishments (ACE) welcomed the decision, noting that this would aid their members' recovery from the economic impacts of COVID-19, whilst also helping alleviate the impact of the war in Ukraine upon the sector.

Sectors and occupations

This case is sector-specific (only private sector)



This case is not occupation-specific.

Sources

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Citation

Eurofound (2020), *COVID-19 wage supplement, measure MT-2020-13/264 (measures in Malta)*, EU PolicyWatch, Dublin, https://static.eurofound.europa.eu/covid19db/cases/MT-2020-13_264.html

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