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Countries ▼

Types ▼

Categories ▼

Target groups ▼

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# Electricity bill refund for companies availing of the wage-subsidy scheme

*Rifuzjoni tal-kont tal-elettriku*

Country	<a href="#">Malta</a> , applies nationwide
Time period	Temporary, 08 June 2020 – 31 August 2021
Context	COVID-19
Type	<a href="#">Other initiatives or policies</a>
Category	<a href="#">Supporting businesses to stay afloat</a> – Direct subsidies (full or partial)
Author	Luke Anthony Fiorini (University of Malta) and Eurofound
Measure added	07 July 2020 (updated 20 June 2022)

## Background information

COVID-19 had a marked negative financial impact on several sectors in Malta. By means of a tripartite agreement, a package of measures to save jobs and organisations was agreed and announced by the Government on 24 March 2020. Amongst the measures in this package, wage subsidies were offered to sectors which were worst hit. During a 'mini budget' announced on the 8 June 2020, which aimed to regenerate Malta's economy, Government announced that organisations which were eligible for the wage subsidy were now also eligible to apply for an electricity bill refund.

## Content of measure

During the first months of resuming operations (July, August and September 2020) businesses eligible for the [COVID-19 Wage Supplement](#) *'will be assisted on 50% of a commercial rate account up to an amount of €1,500 per applicant.'* The measure focuses on operating costs, and thus the amount does not include the payment for the electricity meter. The total cost of this measure is expected to reach just over €30 million.

Full details of this measure were published on 27 August 2020, this highlighted that the maximum grant of €1,500 was for those with a single electricity account. Those with more agreements (up to 5), as they operate from multiple sites, could receive a grant of up to €7,500.

## Updates

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

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24 June 2021 During a related press conference it was revealed that the 2021 version of this scheme would maintain a similar level of support to the original scheme with employers able to apply for grants between €1,500 per annum and €7,500 per annum. The level of support provided depended on the number of employees receiving the wage supplement and the number of distinct electricity accounts held by the employer.

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27 April 2021 As part of a €20 million package to support industry, the Prime Minister announced that the Electricity Support Scheme will be re-issued to cover June, July and August 2021. The subsidy will cover 50% of businesses' electricity bill and will be open to organisations forced to close as detailed in Legal Notice 90 of 2021. These primarily included retail shops and businesses providing non-essential services, such as hairdressers and spas.

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## Use of measure

For July till September 2020, 6,422 applications were submitted to Malta Enterprise, covering a total of 7,274 bills.

It was announced on the 19 December 2020 that the first round of repayments as part of the electricity bill refund scheme were to be distributed. The four sectors that had applied for this refund were the Whole sale and retailers (33%), accommodation and food (27%), personal services such as hairdressers (16%) and manufacturing (8%). It was further clarified in Q1 of 2021 by the Malta Enterprise that following a verification process of applications, this scheme would be assisting 3,280 companies and 1,860 self employed individuals. The expenditure was expected to be €6 million.

During an April 2022 conference, the Minister for the Environment, Energy and Sustainable Development, Miriam Dalli, announced that a total of €7 million had been spent on this measure.

## Target groups

Workers	Businesses	Citizens
Does not apply to workers	<a href="#">Sector specific set of companies</a>	Does not apply to citizens

## Actors and funding

Actors	Funding
National government	National funds

## Social partners

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

	Trade unions	Employers' organisations
Role	Consulted	Consulted
Form	Direct consultation outside a formal body	Direct consultation outside a formal body

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

- Unknown
- Main level of involvement: Unknown

## Involvement

By means of a tripartite agreement, a package of measures to save jobs and organisations was agreed on 24th march 2020. This was the third but most significant package of measures announced by the Government. Following this agreement,

social partners remained in direct contact with the government highlighting their proposals of what was felt was still necessary to save the Maltese economy and jobs. The Malta Hotels and Restaurants Association (MHRA) had been vocal about the need for electricity subsidies during this period. In view of this, on the 8 June 2020, the government announced a 'mini budget' to help the Maltese economy to recover from the effects of the COVID-19 pandemic. Essentially, this was the fourth package of measures announced by the government. The current measure formed part of this package. Further information on the measure are yet to be published.

The re-issuing of a package of measures that included this scheme in April 2021 was said to be due to consultation between Employer Associations and the Ministry for Energy, Enterprise and Sustainable Development. The degree of consultation on each specific measure is unknown.

## **Views and reactions**

The fourth package of measures, of which the current measure formed part of, received public support from an array of social partners. Those positive and vocal about it were primarily business associations, including the Chamber of Commerce, the Chamber of SMEs, the Malta Employers' Association, the Malta Hotels and Restaurants Association (MHRA), and the Association of Catering Establishments. The MHRA had been vocal about the need for electricity subsidies prior to the announcement and expressed their support for this particular measure once announced. The Gozo Business Chamber also welcomed both the package and this specific measure.

The feedback on the overall package from unions was more mixed; The Union Haddiema Magħqudin (UHM) Voice of the Workers argued that only 6% of €900 million of this package will end up benefitting workers directly. Furthermore, they questioned why electricity subsidies were not being extended to workers too. Conversely, the General Workers' Union supported the package.

A September 2020 Malta Employers' Association survey highlighted limited satisfaction with the electricity refund measure; 16% of respondents felt that it was effective. The COVID-19 wage supplement scored highest with 62%.

In April 2021, it was announced that the electricity refund scheme as well as several other schemes were to be re-issued. Reacting to this package of measures, the Chamber for SMEs (an employers association) welcomed the new financial assistance and highlighted that the package was the result of intense consultation between their members as well as with the Ministry for Energy, Enterprise and Sustainable Development. The Malta Chamber of Commerce, Enterprise and Industry also spoke favourably of the package of measures, noting that several were ones proposed by this Employers' Association. The measures were also praised by the Malta Hotels and Restaurants Association and the Gozo Business Chamber.

Within their September 2022 pre-budget document, the Malta Chamber of SMEs requested that the Electricity Bill refund scheme was maintained beyond its current expiry date.

## **Sectors and occupations**

**This case is sector-specific (only private sector)**



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This case is not occupation-specific.

## Sources

- 27 March 2020: Malta Enterprise - Annex B
- 27 May 2020: Malta Enterprise - Annex A
- 08 June 2020: Electricity bill refund
- 31 January 2021: Malta Enterprise - Electricity Bill Refund ([covid19.maltaenterprise.com](https://covid19.maltaenterprise.com))
- 27 April 2021: Times of Malta - €20m in new COVID-19 assistance to businesses ([timesofmalta.com](https://timesofmalta.com))
- 01 July 2021: Malta Enterprise - Rent and Electricity Refund Scheme 2021 ([covid19.maltaenterprise.com](https://covid19.maltaenterprise.com))
- 27 August 2021: Rent and Electricity Refund Incentive Guidelines ([www.maltaenterprise.com](https://www.maltaenterprise.com))
- 13 September 2021: Malta Business Weekly - Malta Chamber of SMEs presents 26 budget proposals for 2022 ([maltabusinessweekly.com](https://maltabusinessweekly.com))
- 29 April 2022: Malta Business Weekly - Wage supplement scheme extended to May ([maltabusinessweekly.com](https://maltabusinessweekly.com))

### Citation

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