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[Manwel Debono,](#)
[Christine Farrugia](#)

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1. Political data

Local Council elections were held on Saturday 12 March 2005. Voting took place in 21 localities in Malta and Gozo. The Malta Labour Party (MLP), the party in opposition, won the elections with 53.2% of the votes. The Nationalist Party (NP) in Government got 44.1%. Overall, when compared to the previous year's election, PN lost ground to MLP. The turnout of voters was about 67%. In previous years, the mayor used to be elected through a vote from councillors. However, for the first time, in 2005 the elected mayor was the elected councillor with the majority of votes from the party which obtained the absolute majority of councilors in the electoral locality.

The Commonwealth Heads of Government Meeting (CHOGM) was held in Malta between 25 and 27 November 2005. This was the most important political event in Malta in 2005. The meeting brought to Malta numerous heads of state including those of the UK and Australia. There were many international media representatives present during CHOGM.

The next local council elections will be held on Saturday 11 March 2006 and will involve a third of the local councils.

2. Collective bargaining update

No statistics are available regarding the number of collective agreements negotiated in 2005

Towards the end of 2004, hopes ran high that a Social Pact would be signed. Unfortunately, the spirit of compromise, so needed to sign this pact, did not prevail ([MT0501101N](#)). What exacerbated this issue was Government's declaration in the budget that as from 2005 no vacation leave in lieu would be given for public holidays falling on weekends. The trade unions were explicit in their disapproval of this decision as they claimed it was too arbitrary and one sided. The employers associations, on their part, welcomed this decision by Government as a positive move towards enhancing competitiveness.

So the beginning of 2005 did not seem to be auspicious to a consensual ethic of industrial relations. Indeed the General Workers' Union (GWU) ordered partial industrial action to force Government to reduce the high increases in the tariffs for utilities such as electricity. The failure by GWU and Government to reach agreement about the privatization of Sea Malta added to the confrontation between Government and unions, especially the GWU which adopted a more militant approach.

On a positive note, a collective agreement was signed between Government and five Unions for the civil service. This agreement covers a period of three years instead of five years, as it used to be in the past. Additional concern to family friendly measures was manifested in this agreement. There are clauses in the agreement which go beyond the provisions set by the law, such as the one year unpaid parental leave allowed to public officers, instead of the period of three months as stipulated in the law. Other family friendly measures include allowance for public officers to a once-only maximum period of five years unpaid parental leave instead of the current once only three years. Moreover those who are in the course of a period of unpaid parental leave shall be permitted to work on a reduced time-table. This is the trend of collective bargaining in the public sector which in 2005 gathered momentum.

In the private sector things developed rather different. The competitiveness of the market, the lack of foreign direct investment and the threat of relocation, reduced the bargaining power of the unions in collective bargaining. As such, collective agreements in this sector tended to be characterized more by concessionary bargaining. The unions on some occasions had even to agree with downsizing. In contrast, in the public sector, unions have continued insisting on alternative employment in any restructuring exercises.

3. Legislative developments

There were no significant legislative developments regarding industrial relations in Malta in 2005.

4. The organisation and role of the social partners

There were no major changes in the organisation and role of the social partners during 2005.

In 2004, a group of eight trade unions called Forum of Maltese Unions (Forum Unions Maltin) joined forces to be represented on the Malta Council for Economic and Social Development ([MCESD](#)). After several failed attempts, in December 2005, the group filed a judicial protest against the Prime Minister. The group alleged that it had a right to join MCESD in order to represent its 3,000 members.

5. Industrial action

On 31 January, GWU ordered industrial action at Malta Shipyards Limited (MSL) to protest against problems that it claimed had been dragging on for many months. GWU objected to the fact that some ship-owners were subcontracting work instead of assigning it to MSL workers. The Union also demanded that Government pay arrears to workers on unplanned night shifts and those workers be paid allowances for practicing flexibility. In February 2005, MSL sued GWU for damages incurred due to industrial action, which allegedly breached the collective agreement ([MT0502104N](#)).

In mid-March, GWU ordered partial action at Maltapost after the management allegedly ignored the shortcomings that had been pointed out by the union. The management suspended 28 employees who obeyed the union directive.

In March, GWU was in disagreement with Enemalta over the legality of industrial action called by the union at Malta International Airport ([MT0504103F](#)). Government referred the issue to the Industrial Tribunal after initial talks failed to reach a compromise. On the other hand, GWU promised further action and asked the backing of the European Trade Union Confederation. In the end, meetings led to an agreement and the suspension of GWU's plans to organise sympathy action.

Government's decision to close a state-owned printing company and laying off 35 workers resulted in a dispute with GWU. In August, the union threatened nationwide industrial action in sympathy with public employees who are faced with redundancy ([MT0508101F](#)). These threats were strongly criticized by other social partners, especially employers' associations.

In August, the Public Transport Association (PTA) resorted to industrial actions and threatened to dismiss 40 employees after negotiations with Government failed to increase subsidies to its members ([MT0509102N](#)). Government inflexibly refused to consider the issue of public transport subsidies unless discussions included its proposed reform of the public transport system.

GWU organised two mass demonstrations to protest among others, against the increase in the cost of water and electricity bill announced in the budget. On 1 December, the Union issued a nation wide work to rule action. In its second mass street protest the Union threatened a general strike.

6. Employee participation

The Directive on National Information and Consultation Rights is being transposed into Maltese law. The Employee Information and Consultation Regulations will be enacted in early 2006 and will establish a general framework setting out minimum requirements for the right to information and consultation of employees at work.

There have not been any significant developments in Malta connected with European Works Councils over the past year. On the other hand, though Air Malta, the Maltese national airline, does not fall under the scope of the EU Directive due to its small size and limited geographical distribution of its workers, it decided to set up a works Council in order to increase the communication between management and workers ([MT0502102N](#)). The Council, which was created as a result of a rescue plan agreed in May 2004, started operating in January 2005.

7. Labour migration

The Malta Chamber of Small and Medium Enterprises (GRTU) argued that the proposed Services Directive will pose a huge challenge for Malta. It claimed that when the Directive is enacted it will be much easier for foreign services providers to take up work in Malta than for Maltese providers to take up work in other EU member states. According to GRTU, Maltese enterprises do not have the capability for such activities. GRTU demanded that the Maltese Government objects to the implementation of such Directive before the year 2010 as it would result in adverse economic effects for Malta.

In 2005 the issue of labour migration in Malta was a predominant one. This occurred because the country experienced large numbers of irregular political and economic migrants coming from the North African coast. On the other hand, many Maltese citizens migrated to the old Member States in search for better work opportunities. However no reliable statistics are available.

8. Corporate social responsibility

Corporate social responsibility (CSR) is still in its early phases in Malta. In a seminar that took place in July 2005 about CSR, GWU emphasised the need for a rapid implementation of the CSR culture in Malta. GWU stated that there exist no clear policies or guidelines that help in the implementation of CSR. The Malta Federation of Industry (FOI) argued that CSR should not only involve private industry but should also be introduced in the public sector. FOI argued that the larger enterprises with foreign affiliations already implement some international CSR standards. However the smaller industries are not sufficiently equipped to do so.

Occasionally some local organisations advertise CSR initiatives. For example, Island Hotels Group is giving importance to CSR by focusing on specific internal and external dimensions such as Health, Safety and Security, Social and Community Issues, Business Ethics, Legal Compliance and the Impact on the Environment. Also, Bank of Valletta (BOV), one of the main Maltese banks, aims to integrate social and environmental concerns in its business by focusing its investment in seven distinct areas, namely Arts and Culture, Heritage, Environment, Sports, Education, the Social field and support to the Business Community.

9. New forms of work

The following two sub-sections will illustrate the statistical trends regarding definite contracts and part-time employment in Malta.

a. Definite Contracts

As can be seen from the following NSO statistics, 3.9 % of the employed persons are employed on a definite contract. This percentage has remained relatively stable in the past years. A larger % of female are employed on temporary work when compared to males (6.3% and 2.8% respectively).

	% within main occupation					
	Permanent Contracts			Temporary Contracts		
	Males	Females	Total	Males	Females	Total
June 01	97.0	93.5	96.0	3.0	6.5	4.0
June 03	96.8	95.0	96.2	3.2	5.0	3.8
Jul-Sep 05	97.2	93.7	96.1	2.8	6.3	3.9

Source: NSO

b. Part-time Employment

NSO statistics reveal that around 8.4% of the working persons have a part-time job as their main occupation. There has been a considerable increase of persons in part-time jobs over the past two years. While the percentages of both men and women in full-time jobs have decreased, the decrease was higher among women. The percentage of females doing part-time work is much higher than that of males (18.1% and 4.0% respectively).

	% within main occupation					
	Full-time job			Part-time job		
	Males	Females	Total	Males	Females	Total
June 01	96.3	82.9	92.3	3.7	17.1	7.7
June 03	96.3	84.6	92.7	3.7	15.4	7.3
Jul-Sep 05	96.0	81.9	91.6	4.0	18.1	8.4

Source: NSO

10. Other relevant developments

No other significant industrial relations developments occurred in 2005.

11. Outlook

The price of oil will inevitably affect the production cost of Maltese industries through the increased price of utilities. Inflation is expected to reach 3.1% in 2006, which will create further dissatisfaction among Maltese persons.

Government will continue in its process to reduce the national debt through, among others, the privatisation of other public companies. In 2006, Government intends to privatise Maltacom, the country's main telecommunication provider, and the Bank of Valletta.

Government will also consider the privatisation of the yacht marinas. Government will liberalise the importation and distribution of energy products in January 2006 in a bid to decrease the price of energy and increase the existing products. Government decided to diversify the products of Maltapost in order to compensate for the increasing decline of land mail. For this purpose, Government will try to identify a new partner for the company in 2006.

Manwel Debono, Centre for Labour Studies