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**STUDY ON THE REPRESENTATIVENESS OF THE SOCIAL PARTNER ORGANISATIONS
IN THE SHIPBUILDING INDUSTRY**

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MALTA

1. Description of the sector

Delimitation and activities of the sector

In Malta, the activities covered by the shipbuilding industry sector correspond to the NACE classification, code DM 35.1 (Building and repairing of ships and boats).

Socio-economic features of the sector

The Maltese shipbuilding industry sector is mainly made up of one major company, namely the **Malta Shipyards Limited**, which is engaged in the maintenance, repair and alteration of ships. It is considered to be one of the largest dry-docking repair and conversion facilities in the Mediterranean basin. In September 2004, it employed 1,776 salaried workers.

This company is a merger of two companies, namely the Malta Dry-docks²¹² and the Malta Shipbuilding Company, two parastate²¹³ companies that were heavily subsidized by the government, and which were dissolved and merged into a new company in November 2003. This newly set up company, which is fully owned by the Government, absorbed around 1,700 persons out of the total workforce of 2,600 from the two entities²¹⁴. The major aim of the restructuring undertaken in both enterprises is to eliminate the need for further reliance on public funds. The plan seeks to eliminate these subsidies by the end of 2008 (This phasing out is in line with the transition period agreed during Malta's accession negotiations). To achieve this aim, a strategic plan²¹⁵ was formulated by a tripartite taskforce including management, unions and government.²¹⁶

²¹² Malta has provided shipyard services in the commercial sector since 1960 when the British naval dockyard was converted into a commercial enterprise. In 1968, through the enactment of the Drydocks Act, the Dockyard was nationalized, but a British firm was given a contract to run the yard. In 1975 a self-management system was introduced in the yard by means of an amendment to the Drydocks Act 1968, which stipulated that the members of the Board of the enterprise were to be directly elected by the workers. The profit registered in subsequent years following this amendment was very encouraging and it looked as if the self-management system was being consolidated. However, the Drydock plunged into a loss in the early 1980s. The losses registered became chronic, and the enterprise had to rely on heavy state subsidy to survive. The self-management system was dismantled by amendments to the Act made in 1997 and by negotiated agreements between the General Workers' Union (GWU) and government in 2001 and 2003.

²¹³ Actually a parastatal company is a statutory independent enterprise within the public sector.

²¹⁴ The other 900 workers were offered early retirement or voluntary redundancy schemes. Those who refused the schemes were either absorbed by a new company, Industrial Projects and Services Ltd, or seconded to the civil service and to public-private partnerships.

²¹⁵ The objectives of this strategic plan are: (1) to proceed with measures designed to rationalize administrative, marketing and other support services that should be common to the shipyards; (2) to facilitate the exchange of labour between the two shipyards, as dictated by operational requirements and as required to meet work programmes; (3) to implement training programmes in order to enhance labour flexibility within the two yards; (4) to strengthen the management capability at the two shipyards further; (5) to shift the emphasis from traditional shipbuilding to specialized metal fabrication work; (6) to move forward with the transition, which is already under way, from all kinds of ship-repairing to more complex ship conversion jobs as the principal business focus of the two yards; (7) to establish in addition the required capacity for the construction, refurbishment and servicing of super-yachts, to emerge as an additional area of specialization.

²¹⁶ Source: National Industry Policy p. 55

There are two other privately-owned ship repair yards in Malta. The first is the **Cassar Ship Repair Ltd**²¹⁷, which employs about 20 people. Its operations include: Underwater Brush Cart Cleaning, Oil Spill Recovery, Dredging, Hydroblasting, Boat Travel Lifting, and Underwater Cutting and Welding. The second is the **Bezzina Ship Repair Yard Ltd**²¹⁸, which specializes in minor repairs to coal carriers, barges and fishing craft, and employs about 50 workers. This sector also comprises other various micro-enterprises mostly engaged in the building of fishing boats, and the building, maintenance and repair of pleasure boats and sporting boats. This segment employs about 80 people, 20 of whom are self-employed. In terms of share in the national GDP, the relative weight of the shipbuilding industry sector is about 8%²¹⁹.

Summary table: Companies (2004)

Sub-sectors	Number of companies	% companies without SW	% companies with 1 to 10 SW	% companies with 10 to 100 SW	% companies with > than 100 SW
Sub-sector 35.11	3	0	0	66,6	33,4
Sub-sector 35.12	12	0	100	0	0
Total of the sector 35.1	15	0	80	13,3	6,7

SW : Salaried Workers

Sources : Data of Malta Shipyards Ltd. From Economic Survey, January–September 2004, page 115; Data of Bezzina Ship Repair Yard from General Workers' Union (GWU) – Section Secretary Charles Agius; Data on 35.12 from the Malta Boat Builders' Association.

Summary table: Workers (2004)

Sub-sectors	Number of workers	Number of SW	Number of SW / number of SW in the country (%) **	Number of SW in companies < 10 SW / number of SW in the sector (%)	Number of SW in companies 10-100 SW / number of SW in the sector (%)	Number of SW in companies > 100 SW / number of SW in the sector (%)
Sub-sector 35.11	1,846	1,846	1,34	0	3,8	96,2
Sub-sector 35.12	80*	60	0,04	100	0	0
Total of the sector 35.1	1,926	1,906	1,39	3,1	3,7	93,2

SW: Salaried Workers

* There are some self-employed workers: it is estimated that there are about 20 .

** SW in the country is based on the Gainfully Occupied Population (137,402) as in November 2004 issued by National Office of Statistics (NSO), No 65/2005.

Sources : Data of Malta Shipyards Ltd. From Economic Survey, January- –September 2004, page 115; Data of Bezzina Ship Repair Yard from General Workers' Union (GWU) – Section Secretary Charles Agius; Data on 35.12 from the Malta Boat Builders' Association.

²¹⁷ Cassar Shipyard was established in 1962 to carry out marine work. It has a floating dock with a maximum capacity of 5,000 tons.

²¹⁸ Bezzina Ship Repair yard was established as John Bezzina and Sons in 1842. The company was acquired by the Bezzina Group in 1987. It has two floating docks with a capacity of up to 8,500 tons. In its operations, it is involved in local and overseas projects often entailing the repair, refurbishment and overhaul of yachts and fishing boats.

²¹⁹ Source: National Statistics Office (NSO).

Of the 1,776 salaried workers in the Malta Shipyards Ltd, 300 are white-collar (about 20%) and 1,400 are blue-collar (about 80%). An average of 30 non-industrial employees are women; they are mainly employed as secretaries and front office workers. The workforce consists of skilled tradesmen, supervisors, foremen and managers. Generally speaking, the workforce has an Intermediate level of education. They mainly acquire their skills through hands-on training rather than from formal learning. However some of the workforce, mostly foremen and middle/top management, tend to have an advanced level of education. The capital outlay needed to operate in this sector makes it impossible for anyone to operate in the underground economy. In other respects, there are no data on wages in the sector.

The business strategy in the sector is to compete on cost and tendering for work of a specialized nature such as building of floating structures used in sea oilfields. A natural wastage policy is being adopted; this has resulted in a decline in the size of the workforce in this sector. A shortfall in particular areas of work is being felt. This is made good by contracting foreign workers²²⁰.

As regards developments in the sector, the Malta Shipyard Ltd was one of the main motors of the Maltese economy for a very long time, employing a sizeable number of Maltese workers. Indeed up to the restructuring exercise carried out in November 2003, it was the enterprise with the largest number of employees in the Maltese islands. Its transformation from a naval to a commercial enterprise has been fraught with problems. The only period in which it managed to register a profit was very brief (1975-1981). Since 1982, it has been running at a loss and has had to rely on heavy state subsidies. Malta Shipyards Ltd turnover for January-September 2004 stood at Lm 7.1 million, while net losses for the same period were recorded at Lm 7.0 million²²¹. The aim of the restructuring and downsizing exercise is to make the enterprise economically viable by 2008. Whether that aim will be achieved it is still too early to say. Prospects for expansion in this sector look very slim.

2. Organisations active in the sector

Workers' organisations

The **General Workers' Union (GWU)** is Malta's largest union. It is a founder member of the ICFTU. It is also member of the ETUC and the CTUC. It has a membership of 48,000 workers, which represents some 56% of Malta's trade union membership. The fundamental principles of the GWU are inspired by democratic ideals. These principles were enshrined in the Union's first statute in 1943, and have remained basically unchanged to the present day. These principles aim at promoting workers' prosperity and welfare primarily by improving their working conditions, socially and economically, in their field of employment, and politically, by enhancing the standard of living of the people through solidarity and social justice.

The GWU consists of 10 sections, 8 of which are involved in collective bargaining; one of these is the Metal and Construction Section, which represents all workers at the Malta Shipyards Ltd and 38 salaried workers at Bezzina Ship Repair Ltd. These sections organise the union's vast and widespread membership within their ranks on a sectoral level according to the members' trades, skills or professions, the type of work they are employed in, and the nature and ownership of their workplaces. Although the Youth Section and the Pensioners' Association are very important within the GWU itself, they are not trade secretariats and therefore do not perform any collective bargaining.

The Metal and Construction Section of the GWU is affiliated to the IMF and the EMF.

²²⁰ Usually at a lower cost than that of Maltese workers.

²²¹ 1 Euro = 2.3248 Lm. Source: Economic Survey p.115

Trade Unions

Organisation		Type of SW	Members	Members working in the sector	Density	CB	National affiliations		European affiliations		International affiliations	
Original name	English name	Type	Number	Number	%	yes/no	Direct	Indirect	Direct	Indirect	Direct	Indirect
General Workers' Union, GWU	General Workers' Union	All categories of workers	48,000	1,808	94.8	Yes	Dib L-Art Helwa (Environmentalist)	No	- EMF - ETUC	No	- IMF - ICFTU - CTUC	No

SW: salaried workers

Density: number of salaried workers affiliated to the organisation / number of salaried workers in the sector

CB: Does the organisation take part in collective bargaining?

Employers' organisations

The **Malta Boat Builders' Federation** was founded in April 2004. The aim of this association is to pool human and financial resources in order to put up a common front in discussions with governmental and/or private organizations in the sector. Its 11 companies in membership employ approximately 40 people. It is not affiliated to any other national or international association. The Federation does not take part in collective bargaining, and therefore does not sign any collective agreements.

The **Collective Bargaining Unit (CBU)** has been officially operating within the Ministry of Finance for the past 18 years. Following a decision by the Cabinet of Ministers in 2002, a circular was sent to all public entities to remind them about the monitoring work of CBU in the negotiation process of a new collective agreement.

This unit is staffed by three officials: a chairperson; a member representing the Ministry for Social Policy, which, up to 2003, formed part of its portfolio; and a representative of Malta Investment Management Company Limited (MIMCOL). The CBU forms an integral part of the Ministry of Finance, and makes use of Ministry personnel for its day-to-day work. It therefore does not employ any salaried staff. Its role during the negotiation process is to monitor all the financial aspects in collective agreements. Although any disapproval that the Unit may express about a clause agreed by the parties may stall negotiations, it is not a signatory party to the agreement.

Employers' organisations

Organisation		Sub-sectors covered	Companies	SW	Density Companies	Density SW	CB	National affiliations		European affiliations		International affiliations	
Original name	English name		number	number	%	%	yes/no	Direct	Indirect	Direct	Indirect	Direct	Indirect
Malta Boat Builders' Federation	Malta Boat Builders' Federation	DM 35.12	11	40	91.6% (in NACE 35.12); 73.3% (in NACE 35.1)	66.7% (in NACE 35.12); 2.1% (in NACE 35.1)	No	No	No	No	No	No	No

SW: salaried workers

Density companies: number of companies affiliated / total number of companies in the sector

Density SW: number of salaried workers in the affiliated companies / total number of salaried workers in the sector

CB: Does the organisation take part in collective bargaining?

3. Industrial relations in the sector

Collective bargaining in the shipbuilding industry sector only takes place at the enterprise level; there is no sectoral collective bargaining. In general, the scope of the collective agreements is to formulate rules that will govern the relationship between the social actors, and aim to promote mutual co-operation and understanding for the employer, the employee and clients. The issues addressed in collective agreements are working conditions, working time and salaries, education and training, manpower and organisation, health and safety and redundancies, the implementation of the Labour Reform, and work practices. Disciplinary procedures, grievance procedures and trade union recognition also feature in collective agreements.

As far as the **Malta Shipyard Ltd**, a state-owned enterprise is concerned, the players involved in the collective bargaining process are government officials (generally members of the Board of the company, and appointed by government) and the Metal and Construction Section of the GWU. The GWU has sole recognition rights. As a Government entity, the CBU in the Ministry of Finance is also involved in negotiations. Its advice has to be heeded on financial matters. Consequently, the dividing-line between the tripartite and bipartite concentration that takes place during collective bargaining is not clearly defined. The duration of the collective agreement in this enterprise is six years. The current collective agreement came into force in November 2003: it covers 100% of the workers. The Ministry for Investment, Industry and Information and the GWU are the signatory parties to the collective agreement.

In the **private shipbuilding sub-sector**, Cassar Shipyard workers are not unionised. A collective agreement has been signed at the Bezzina Ship Repair Yard Ltd by the director of company and the Secretary of Metal and Construction Section of the GWU. All workers in the enterprise are covered by the agreement, despite the fact that 12 of them are not unionised. The duration of the collective agreement is three years. There are ongoing discussions about the new collective agreement to cover the period 2005-2008.

In conclusion, shipbuilding workers in the sector covered by a collective agreement number 1,826 (95.8% of the total number of salaried workers). Only two enterprises (13.3% of the total number of enterprises in the sector) are covered by a collective agreement: the state-owned Malta Shipyard Ltd and the private Bezzina Ship Repair Yard.

4. Conclusion

This sector consists of 1 large state-owned ship repair yard, 2 small private repair yards and 12 micro-companies operating in boat building, repair and other ancillary activities. It is dominated by the state-owned Malta Shipyard Ltd. This firm has a long history. For a very long time, it was one of the main motors of the Maltese economy, and employed a sizeable number of Maltese workers. However, since 1982 it has been running at a loss and has had to rely on heavy state subsidies. A restructuring plan was drawn up to make the enterprise economically viable by 2008.

The Metal and Construction Section of the General Workers' Union (GWU) covers 94.8% of salaried workers in shipbuilding. On the employers' side, the Malta Boat Builders' Federation represents companies engaged in the building and repair of pleasure and sporting boats sub-sector (35.12), but it does not take part in collective bargaining.

As regards the social dialogue within the sector, collective bargaining only takes place at the enterprise level; there is no sectoral collective bargaining. Only two enterprises are covered by a collective agreement: the state-owned Malta Shipyard Ltd and the private-sector Bezzina Ship Repair Yard, but 95.8% of the total number of salaried workers are covered by these collective agreements.

Abbreviations

CBU: Collective Bargaining Unit within the Ministry for Finance

CTUC: Commonwealth Trade Union Council

GWU: General Workers' Union