

Trade union condemns decision to privatise Malta Shipyards

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The General Workers' Union criticised the government for announcing the privatisation of Malta Shipyards without prior consultation or information. While the trade union's latest proposals to save the organisation were not accepted, the government intends to consult the union on specific issues, such as early retirement schemes, which seek to reduce the organisation's workforce.

On 18 June 2008, Malta's Prime Minister, Lawrence Gonzi, announced that the state-owned Malta Shipyards Ltd, currently employing around 1,700 workers, would be privatised. The General Workers' Union ([GWU](#)), which recognises the shipyards as its place of origin and which represents the majority of the existing workforce, voiced its concern over this announcement. The trade union claimed that it had recently put forward a report outlining its suggestions for the future of the organisation. Against this background, GWU condemned the government for deciding unilaterally to privatise the company without consulting the union or informing the workers. The trade union argued that the government's move was in breach of [Directive 2002/14/EC](#) establishing a general framework for informing and consulting employees.

Current situation of company

Substantial debt

Apart from a few years in the early phases of a worker-management initiative, and ever since their conversion into a commercial enterprise half a century ago, the shipyards have been plagued by an uninterrupted loss-making record amounting to almost millions of euro. In 2003, the government wrote off a €700 million debt owed to it by the company. In addition, in the last five years, the shipyards have received up to €124.4 million in training grants, capital subsidies and operating aid.

Restructuring programme

The current restructuring programme (2003–2008) was intended to turn the shipyards into a self-sufficient profitable enterprise by the end of 2008, in line with an EU accession derogation that terminates further state aid beyond this date. The programme included the amalgamation of Malta Shipbuilding and Malta Drydocks into a single entity called [Malta Shipyards](#), as well as the reduction of the workforce from 2,600 to 1,700 workers through early retirement schemes and the absorption of workers into other public entities ([MT0312102N](#)). However, Malta Shipyards has continued to operate at a substantial loss, raising public speculation and worker apprehension over what course the organisation will take after 2008.

Laying the blame

With the government and Malta Shipyards' executive management team on one side and the workers and GWU on the other, no stakeholder has been prepared to take the blame for this state of affairs; instead, both sides have resorted to blaming each other for the situation. The Ministry for Infrastructure, Transport and Communications (Ministeru għall-Infrastruttura, Trasport u Komunikazzjoni, [MITC](#)) stated that the organisation's current level of productivity is the lowest in recent years. Moreover, as recently as February 2008, Prime Minister Gonzi accused GWU of harbouring a mentality that was working against the viability of the organisation.

For its part, GWU directly blames top management at Malta Shipyards, claiming that a number of managerial shortcomings were committed in the last three years, leading to substantial losses for the company. A case in point which the union pointed to involved a recent conversion contract, which could allegedly have resulted in losses of up to €46.59 million for the company. Responding to the accusations, MITC attributed these losses to work malpractices rather than mismanagement.

Trade union proposals

Amid this atmosphere of negativity, both sides are attempting to find a solution that will satisfy three aims: maintaining the livelihood of the yards' workforce, stopping the depletion of public funds, and falling in line with EU law which forbids the public financing of loss-making enterprises. As a result, GWU has suggested the setting up of a task force comprising all stakeholders, including the Malta Labour Party ([MLP](#)), Malta's opposition party. This suggestion has been welcomed by MLP's newly-elected leader, Joseph Muscat. This task force would have a number of aims, more specifically:

- ensuring 'full disclosure' of information to each stakeholder;
- establishing the priorities of each stakeholder;
- exploring the best options for the immediate future of Malta Shipyards;
- establishing a plan and timeframe for these aims to be reached;
- overseeing the implementation of this plan;
- ensuring transparency, accountability and control.

Commentary

While the government did not accept GWU's proposals, claiming that they came too late in the negotiations, the current Minister of Finance, Tonio Fenech, has invited GWU to a meeting to discuss the voluntary retirement schemes, which aim to reduce the workforce ahead of privatisation. For its part, and in the light of five decades of futile attempts to make the shipyards profitable, the government is claiming that it cannot be blamed for resorting to privatisation as a last solution for the modernisation and transformation of the yards – a move that has proved successful with several other public organisations. For now, GWU has agreed to meet with the government, and as has occurred in most privatisation cases, it is envisaged that the trade union and government will be able to cooperate to achieve the best solution for the workers affected.