

Malta: Industrial relations developments in Europe 2007

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This record reviews the main industrial relations developments in Malta during 2007.

1. Political developments

Please give very brief details of:

- The government (s) in office during 2007
- Any general or significant regional/local elections held in 2007
- Any other significant political events which took place in 2007
- Any forthcoming national or important regional/local elections or significant political events

Since May 1987, Malta has been governed by the Nationalist Party ([NP](#)), a centre right party espousing its belief in Christian values as its guiding principles. During these twenty years, there was a brief interlude of 22 months when in 1996, following its victory at the polls, the Malta Labour Party ([MLP](#)) assumed office with a one seat majority in parliament. When one of its members reneged and was voting against government in parliament, it was forced to call a snap election in 1998, which saw the NP returning to power with a three seat majority.

Lately, the MLP seems to be recovering lost ground, as in the round of local council elections of 22 different localities that took place on 10 March 2007, it won 53.2% of first count votes while the NP won 43.9%. It was a significant victory for the MLP since it gained 3 percentage points over the results obtained in the elections of the same local councils three years before. Alternattiva Demokratika ([AD](#)), a green party, and Independent candidates obtained 2.9%.

The next general elections are due to be held in 2008 (latest August). The election campaign, already in full swing, was lately somewhat halted, out of political correctness, following a major surgical operation which the leader of opposition has had to undergo during the last week of December 2007.

In 2008, there will also be the local council elections, in which one third of Maltese voters will be asked to cast their votes. These elections are due to be held on the 8 March.

2. Collective bargaining developments

A study of average weekly wages revealed an overall rate of wage increase of MTL 2.11 (€ 4.99) or 2.0% between September 2006 and September 2007 (Economic Survey, 2007). This wage increase was lower than the 3.7% increase in 2006 and the 3.5% increase in 2005. Around 57% of all employees in the sample earned an average weekly wage of more than MTL 98.00 (€ 228), that is, 64% higher than the minimum wage. No other data has been released about the quantity and content of collective agreements negotiated in 2007.

Educational sector

The year 2007 was eventful in the education sector from the aspect of industrial relations. An important agreement was signed in July between the education authorities and the Malta Union of Teachers (MUT), which brought about a reform in the organisational set up of the compulsory education system. The agreement includes over 70 measures aimed at making students, teachers and parents work in closer collaboration. ([MT0708019I](#))

Following a ruling by the Industrial Tribunal in January 2007, the house union, the University of Malta Academic Staff Association (UMASA) managed to gain recognition to be represented in collective bargaining of the conditions of work of university staff. This ruling, which stated that the collective agreement with the University Rector had to be negotiated jointly by UMASA and MUT, provided the impetus for the start of the long overdue negotiation process of a new collective agreement at the University of Malta ([MT0701039I](#)). By the end of December 2007, the two unions did not manage to sign a new collective agreement. However, an interim agreement was signed, granting an increase in salary.

In November, the first collective agreement of the non-academic staff of the Malta College of Arts, Science & Technology (MCAST) was signed by the Union of United Workers (Union Haddiema Maghqudin, [UHM](#)) and the government. At the end of 2007, the MUT was negotiating a collective agreement for the academic staff with the government.

At the Institute of Tourism Studies (ITS) partial industrial action was also taken in December as the MUT claimed that the work load of the lecturers was too heavy.

Malta Freeport

In June, a collective agreement was signed between the Malta Dockers Union (MDU), newly formed as an offshoot of the General Workers Union ([GWU](#)), and the Malta Maritime Authority (MMA) at the Malta Freeport. This agreement brought about a number of reforms that according to the employers had been long overdue. These reforms entailed an increase in the workload of port workers, a reduction of the percentage going towards the contingency fund, an increase in the number of licences to ensure flexibility and a guarantee of minimum level of services to ensure the provision of essential services in case of a trade dispute. In order to help the newly formed union pass its first crucial test, the workers played a cautious game by accepting the changes in their conditions of work. This helped to make negotiations smoother than would have otherwise been the case. ([MT0707039I](#))

3. Legislative developments

A number of legislative changes, announced in the 2007 Budget, came into force on 1 January 2007. The revision of income tax bands was a major change affecting the disposable income of thousands of workers. Tax bands were revised with a view to provide a greater incentive to those who wish to work. The 2007 Budget also announced changes in the computation system of social security contributions for part-time workers. In order to make part-time work more attractive, the government adjusted the social security contribution paid by part-time employees for whom such employment is their main job. In January 2007, employees working eight hours or less started paying a maximum of 10% of what they earn from such work instead of the previous statutory minimum that applied to all workers and which eroded significantly into part-time earnings.

The 2007 Budget also announced legal changes to enable persons working in a family business to register as employees of the same business for fiscal purposes. Thus all family members were given the opportunity to enjoy social benefits such as entitlement to a pension. The measure included a tax reduction for the family business.

Through the “Part-Time Employees (Amendment) Regulations, 2007” which came into force on 1 July 2007, part-time employees working a minimum of eight hours a week started to be entitled pro-rata to all benefits which a comparable full-time employee in the same category is entitled to. These regulations phased out the previous threshold of 20 hours. The enactment of the amendment has been facilitated by the pressure exerted by the EU Commission and local trade unions.

Prior to 2007, the EU regulations on employment under fixed-term contracts were not applicable to workers in the public sector. Maltese legislation prevented fixed-term contract employees in the public sector from enjoying the same rights as employees in the private sector, where once they have been employed for four successive years under a fixed-term contract, their contract reverts to an indefinite one. The “Contracts of Service for a Fixed Term Regulations, 2007” which came into force on 15 June, 2007, were enacted to amend this situation.

Among others, the “Equal Treatment in Employment (Amendment) Regulations, 2007” state that employers “shall take appropriate measures to enable a person with a disability to have access to, participate, or advance in employment, or to undergo training unless such measures would impose a disproportionate burden on the employer”. These regulations should help to improve the employment rates of persons with disability.

The “Employee Involvement (European Co-operative Society) Regulations, 2007” transpose EU Directive 2003/72/EC supplementing the Statute for a European Cooperative Society with regards to the involvement of employees. The Maltese regulations provide all the specifications related to employee involvement between the competent organs of the participating legal entities and the Special Negotiation Body as laid down in the Directive.

A number of legislative changes announced in the 2008 Budget will take effect in January 2008.

4. Organisation and role of the social partners

In the ongoing debate about matters related to industrial relations during the year 2007, the most contentious issue was about the restructuring of the mechanism of social dialogue at national level. In February 2007, the chairman of the Malta Council for Economic and Social Development (MCESD), Malta's highest organ for tripartite concertation, resigned, and was substituted by another chairman in April. The change in chairmanship prompted social partners to put forward their suggestions of how to improve the council.

Among others, the GWU, while maintaining that the council should retain its present consultative role, proposed that it should be composed of unions, employers and the civil society, without the direct representation of the government. On the other hand, the UHM proposed that the council should not be purely consultative, but should have a direct say in the enactment of labour and industrial relations legislation. The union also suggested procedural changes to the council.

The Malta Federation of Industry (FOI) insisted that this council was underperforming, and that it lacked the resources to be an effective advisory body to the government. On its part, the Malta Employers Association (MEA) urged MCESD to improve its procedures, by adopting a more structured approach, encouraging the represented organisations to present position papers, and the issuing of reports on the outcomes of discussions. In August 2007, the MLP stated that, if elected to power in the forthcoming general election, it would give the right to the MCESD chairman to attend Cabinet meetings in the rank of a minister whenever matters related to the Council's business are being discussed.

On the employers' side, the most important news in 2007 was made by the Malta Chamber of Commerce and Enterprise and the FOI who announced that, after long drawn-out discussions, they were about to merge. It was reported that the structure of the new organisation had been established and there was agreement on the statute and the elections among the hierarchy of the top posts of the two organizations. The merger aims to pool the resources and avoid duplication of work. The members of both organisations will be asked to approve the merger in 2008.

As regards trade union membership, an increase was registered in 2007. At 88,017, the overall declared trade union membership levels in Malta in the period 2006-2007 continued to increase when compared to the 83,239 (before the additions by late returns) of the previous year. While the GWU declared a slight decrease in membership, the UHM declared an equivalent increase in its members. Several professional unions also registered increases. With regards to employers' associations, the Malta Hotels and Restaurants Association (MHRA), following the negative period for the tourism sector in 2006, registered a reduction of nearly a third of its members, whereas the GRTU and the MEA increased their membership levels.

5. Industrial action

The statistics relating to strikes in 2007 were not available at the time of writing of this report. No changes occurred to the regulatory environment of industrial action in 2007.

Bank of Valletta

In the first quarter of 2007, the GWU was involved in a dispute with the management of the Bank of Valletta about the bank's refusal to accept the union's request for joint recognition. The other union involved, the Malta Union of Bank Employees (MUBE), refused the GWU's request to form a united front in the negotiations related to the new collective agreement, even though the initiative was allegedly greeted by the majority of workers. Instead MUBE referred the case to the Industrial Tribunal ([MT0703049I](#)). The case was still pending by the end of 2007.

Postal sector

In May, the UHM ordered industrial action at Malta's national postal services provider, Maltapost, after both sides failed to reach agreement during the negotiation for the new collective agreement. The trade union instructed employees not to process any addressed or unaddressed door-to-door mail. Following a month of industrial action, including a day of total strike, both parties reached agreement and signed the new collective agreement. ([MT0706019I](#)). The dispute was complicated by a conflict between the UHM and the GWU. While the UHM accused the GWU of interfering with the discussions that were taking place, the GWU claimed that it represents the majority of Maltapost's employees, and should therefore be given recognition by management to conduct negotiation.

Telecommunications sector

In June, there was another inter-union conflict between Malta's two general trade unions over the implementation of the terms of a new collective agreement signed by the GWU and GO, Malta's main telecommunications provider. The agreement introduced new measures aimed at making the company more cost effective. However, several workers who felt that their working conditions had deteriorated joined the UHM, which immediately started lobbying for amendments in the clauses of the agreement. ([MT0706019I](#))

Street vendors

The UHM organized an almost two week long protest in May on behalf of the Valletta street vendors. The dispute arose after the government commenced re-construction works of Merchants Street where vendors used to set up their stalls during weekdays. The street vendors refused to temporarily transfer their stalls in a place in Valletta's outskirts, claiming that this would result in financial losses. An agreement was finally reached after numerous consultation meetings in which hawkers were allowed to operate in a central place in Valletta until works at the new permanent site are completed. On its part, the UHM decided to annul its judicial protest filed against the government on behalf of the hawkers. ([MT0706029I](#))

Nursing aids

The dispute between the GWU and the Health Ministry over nursing aides dragged on for the second half of 2007. The dispute, which centred on issues relating to pay, rosters, and a premium allowance of nursing aides, was complicated by the fact that the government did not want to give

sole recognition to the GWU to represent this occupational category. Indeed, despite representing a minority of nursing aides, the UHM negotiated separately with the government on behalf of this category of workers. While significant progress was achieved, no agreement was reached by the end of 2007.

6. Gender pay gap

No new legislative developments or social partner initiatives were taken directly to tackle the gender pay gap. However, regulatory changes such as those involving the revision of tax bands, the laws relating to persons working in family business, part-time work, and fixed term contracts, mentioned in Section 3, can all contribute to improve women's salaries.

In 2007, efforts were taken by the government, especially through organisations such as the Employment and Training Corporation (ETC), the National Commission for the Promotion of Equality (NCPE), the Education Division and others to encourage and implement gender mainstreaming and to foster a culture of gender parity in both education and work. Campaigns continued promoting the increase of women's educational levels and their participation in the labour market. The ETC continued with its measures supporting work-life balance, including those facilitating the provision of childcare. Besides, the NCPE maintained its vigilant role of a watchdog against gender discrimination at the workplace.

7. Temporary agency work

Temporary agency work, which is still not regulated in Malta, rarely features in the public debate and in the agenda of the social and political actors. No data has been issued by the National Statistics Office ([NSO](#)) about temporary agency work. Thus, the extent of this type of work practice cannot be quantified. However, anecdotal evidence suggests that it is small and restricted to a few categories of occupations, such as cleaning, security services and clerical work. There are no large temping agencies in Malta. The GWU and the UHM have in the past months declared their concern about the working conditions of temporary workers. However, no collective agreements are known to have been carried out for these workers, as they are often non-unionised.

8. Other relevant developments

Changes in economic sectors

2007 was characterised by a decline in the labour intensive manufacturing sector and a growth in high tech manufacturing and services sectors.

In June, two firms operating in the clothing and garment sector laid off between them around 683 employees in order to transfer their operations abroad. Employee representatives and employers associations, together with the government pooled their resources to offer support to these redundant workers. The GWU appears to have been particularly affected as most of the redundant workers formed part of its core membership.

On the other hand, the services sector registered a substantial growth. The tourism sector was given a boost, especially with the introduction of low cost airlines. The financial services sector also continued to expand. Another growth was registered in the call-centre industry, thanks among others, to the investments of HSBC and GO (formerly known as Maltacom). Nevertheless, the unions voiced their concern that workers in this sector are neither covered by a Wage Regulation Order, nor their working conditions regulated by collective agreements.

Scarce human resources

2007 was also characterised by the increasing bargaining power of some professional, among whom, airline pilots, medical doctors and nurses.

The decreasing number of experienced Airmalta pilots together with a threat of a strike in December 2007 instilled fear among several social partners who expressed their concern about the adverse effect that such industrial action would have on the tourism sector. Such threat appears to have had an effect on the management of Airmalta who adopted a compromising disposition to the requests made by the Airline Pilots' Association (ALPA). By the end of 2007, the two parties were close to signing the new collective agreement.

The brain drain in the medical and health sectors caused by an increasing number of medical doctors and nurses who are migrating abroad for better wages, forced the government to grant hefty pay increases to the professional categories of workers employed in the health sector in the last quarter of 2007. The Medical Association of Malta (MAM), the Malta Union of Midwives and Nurses (MUMN) and UHM were signatories to this agreement involving these increases. It is pertinent to note, that in 2007, the shortage of nurses led the Maltese Health authorities to try to recruit English speaking nurses from other EU countries.

9. General

9.1 Commentary

As the political parties are gearing themselves up for the general election due in 2008, the cost of living has become the most contentious issue. With Malta's entry into the Eurozone on 1 January 2008, this issue has come more to the fore, as there is widespread fear that the adjustment process to the euro is likely to lead to a rise in prices. The UHM has been monitoring the changes in prices. Thus, the issue of wage increases to keep up with the expected rise in the cost of living is likely to be more complex in 2008.

On the other hand, with the adoption of the euro, the room for manoeuvre for the Maltese government has been restricted since it has to conform to the Stability and Growth Pact which is part of the Maastricht Treaty. The government may thus have fewer options for adjustments to meet the demands for wage increases. With the employers increasing their vocal demands to tie wage increases to levels of productivity, the issue of wage increase may lead to more conflicts among social partners, unless the Maltese economy is able to register a substantial growth.

Moreover, given that this is an election year, generally, a government in its initial phase of its legislature tends to be less compromising. Collective bargaining in the public sector may thus be harder for unions in 2008.

Another major industrial relations issue in 2008 is likely to be about Malta Shipyards Ltd., which is an amalgamation of a ship repair yard and a shipbuilding yard. These two yards had been running at a loss since the 1980's and had to rely heavily on government subsidies. In the negotiations for EU accession, the Maltese government managed to get a derogation to continue subsidising Malta Shipyards Ltd., set up in November 2003 by the amalgamation of the two yards, until the end of 2008. Though losses have been reduced, the enterprise has not yet become economically viable. Thus, as the end of 2008 looms, the fate of the militant workers in Malta Shipyards, who represent the core of the GWU membership, is likely to be very topical.