

## Unrest at Malta Shipyards over financial situation

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While the reforms introduced to make Malta Shipyards economically viable have had a positive impact, the Minister for Investment, Industry and Information Technology has expressed dissatisfaction with the company's productivity level. The minister has also alluded to the possibility of reducing the workforce or lowering wages. The General Workers' Union expressed its readiness to discuss the issues but stated that it would not accept any dismissals.

Malta Shipyards Ltd (<http://www.maltashipyards.com/>) is a merger of two state-owned entities, namely, Malta Drydocks Corporation and Malta Shipbuilding Company Ltd. These two companies had been running at a loss for many years and required government subsidies to continue their operations. In the accession negotiations leading up to Malta joining the EU in May 2004, the Maltese government obtained a derogation (<http://www.eurofound.europa.eu/ef/observatories/eurwork/industrial-relations-dictionary/derogation>) that allows it to continue its policy of subsidisation up to 2008. In order to make the merged company economically viable, an agreement was reached between the General Workers' Union (GWU (<http://www.gwu.org.mt>)) and the government to lay off 900 workers, on the condition that the dismissed workers were to be offered a pre-retirement scheme; those who refused were to be transferred to another public sector position (MT0312102N (<http://www.eurofound.europa.eu/ef/observatories/eurwork/articles/restructuring-of-malta-drydocks-and-shipbuilding>)).

This merger, effected in 2003, was followed by the signing of a collective agreement which included measures that brought significant changes in the substantive and procedural aspects of work at the company. In order to reduce overtime (<http://www.eurofound.europa.eu/ef/observatories/eurwork/industrial-relations-dictionary/overtime>), the working time (<http://www.eurofound.europa.eu/ef/observatories/eurwork/industrial-relations-dictionary/working-time>) was rescheduled, with workers having to work on a shift basis when there was an overload of work. Changes were also made in the work organisation to increase productivity. In the meantime, efforts were to be made to diversify the operations of the yard.

### Pressure on workers to improve productivity

Referring to Malta Shipyards in his 2007 budget speech, the Minister for Investment, Industry and Information Technology (IT), Austin Gatt, under whose portfolio the Malta Shipyards fall, stated that the company had managed to diversify its activities, with ship conversions and work on super yachts now accounting for 70% of these activities. Financial

turnover has also registered an increase and losses have been reduced. This result however was achieved because, in the downsizing exercise, the government had absorbed the 900 redundant workers.

In expressing his dissatisfaction with the productivity level, Minister Gatt warned the workers that they could face bitter consequences if the situation did not improve substantially. In the event of the cash flow falling short of the wage bill, workers would either have to accept lower wages or risk dismissals, as the government had no intention of using public funds to make up for the deficit.

## **Trade union reaction**

GWU expressed its readiness to discuss the issues of productivity and the financial situation in the yard, but stated that it would not accept any dismissals. It further explained that, in order to remedy the situation, a holistic approach is needed rather than tackling part of the problem, which is always targeted at workers. The union is willing to help the company overcome its financial problems, but insists that it should have access to information which it claims it has so far been denied.

The trade union reminded Minister Gatt that the reforms made through the collective agreement signed in November 2003 were addressed mainly at workers in the lower scale of the hierarchy. As these workers have no say in the decision-making, they cannot be blamed for any shortcomings or failure to reach the set objectives. GWU reiterated its statement that, in its discussion about the financial situation of the yard, a workforce reduction and conditions of work would not feature as items on the agenda.

## **Commentary**

The large workforce in this enterprise consisting of skilled manual workers is renowned for its militancy. The task of GWU is to coax this traditionally militant element towards a more moderate policy dictated by the exigencies of the company's economic situation. Moreover, the target remains of reaching economic viability by the end of 2008, when, according to the EU accession agreement, subsidies to the enterprise have to be terminated.

GWU would like to be part of the solution rather than the problem. However, its statements imply that the trade union considers that it has already conceded too much in the bargaining process as the workers had to bear the brunt of the austerity measures. Perhaps GWU believes that the workers might not be in a mood to make more concessions unless a genuine effort is made to seek more innovative and tangible solutions.

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