

## Government port reform may affect union revenue

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In autumn 2004, the Maltese government embarked on an exercise aimed at restructuring the country's current port system. This reform may affect around 800 workers and may also undermine an important source of revenue for the General Workers' Union, Malta's largest union.

Competitiveness has been one of the most recurrent topics in Maltese public debate. As part of a strategy to maintain and enhance Malta's competitive edge, successive governments since the early 1990s have embarked on restructuring exercises of state-owned or -run enterprises, such as the national airline Air Malta (MT0407101N ([//www.eurofound.europa.eu/ef/observatories/eurwork/articles/air-malta-rescue-plan-agreed](http://www.eurofound.europa.eu/ef/observatories/eurwork/articles/air-malta-rescue-plan-agreed))), the Public Broadcasting Service (MT0405101N ([//www.eurofound.europa.eu/ef/observatories/eurwork/articles/workforce-reduction-agreed-to-save-public-broadcasting-services](http://www.eurofound.europa.eu/ef/observatories/eurwork/articles/workforce-reduction-agreed-to-save-public-broadcasting-services))), Malta Drydocks (MT0312102N ([//www.eurofound.europa.eu/ef/observatories/eurwork/articles/restructuring-of-malta-drydocks-and-shipbuilding](http://www.eurofound.europa.eu/ef/observatories/eurwork/articles/restructuring-of-malta-drydocks-and-shipbuilding))) and the Malta Freeport (MT0410101N ([//www.eurofound.europa.eu/ef/observatories/eurwork/articles/freeport-workers-demand-higher-wages](http://www.eurofound.europa.eu/ef/observatories/eurwork/articles/freeport-workers-demand-higher-wages))). This restructuring has very often entailed workforce reductions and a change in work practices. The intention of the current government to reorganise port operations has recently moved into the limelight. The port reform has been on the government's agenda at least since 2000, when it set up a Ports Consultative Council for with the aim of analysing existing work practices. The government's declared policy is to eliminate what it claims to be obsolete work practices that tend to increase transport costs. It has, however, declared that it intends to retain the benefits currently enjoyed by port workers.

At present there are around 800 people working in Malta's cargo-handling sector. The crux of the matter is that the company in charge of handling cargo at the main port, Cargo Handling Co Ltd., is owned by the General Workers' Union (GWU (<http://www.gwu.org.mt/>)), Malta's largest trade union (MT0404102F ([//www.eurofound.europa.eu/ef/observatories/eurwork/articles/the-development-and-current-situation-of-trade-unions-1](http://www.eurofound.europa.eu/ef/observatories/eurwork/articles/the-development-and-current-situation-of-trade-unions-1))). Founded in 1973, Cargo Handling Co Ltd. signed agreements with the Department of Ports and subsequently with the Malta Maritime Authority (MMA (<http://www.mma.gov.mt/>)) which made it the sole operator of cargo handling at the port. The media reports that the company, which employs around 130 people, generates an annual profit of about MTL 400,000. The company has been accused of inefficiencies and overcharging, and MMA claimed that it is failing to meet some of its legal obligations. GWU, in rejecting these allegations, claims that the tariffs which it charges are fixed by government.

### Reform plans

The Minister for Competitiveness and Communications has recently set up a steering group with the aim of carrying out discussions with the actors involved in the port sector. The project will include an economic and financial strategy for the Grand Harbour, Malta's main port for cargo, the publication of a law regulating port operations, and the independent auditing of Cargo Handling Co Ltd. The government intends to start with the implementation of the new system at the beginning of 2005, by issuing a call for tenders for the operation of various port services. The tender will come into effect when the contract with Cargo Handling Co Ltd. expires in July 2006, and will effectively end the monopoly currently enjoyed by this company. According to the Minister, competition should result in lower tariffs and more efficient service.

In principle, most of the social partners tend to be in favour of reforming the current port system. The Federation of Industry (FOI (<http://www.foi.org.mt/>)) stresses the need for a speedy reform of Maltese ports. According to FOI, this would encourage industrialists to increase investments with a consequent increase in job creation. FOI hopes that the MMA will become a regulator without any managerial role in the ports and believes that, if it is economically viable, the ports need more than two service providers. This would increase efficiency and decrease costs.

On the other hand, while GWU also expressed its interest in enhancing the ports' efficiency, it warned that all changes have to be effected after consultation and agreement. At a meeting held on 15 October 2004, GWU presented the Minister for Competitiveness and Communications with a set of proposals for the future of Cargo Handling Co Ltd. It was revealed that the government refused both a request to extend the contract of this GWU subsidiary beyond 2006 and a request to give Cargo Handling Co Ltd. the right of first refusal.

GWU claimed that the reform will simply result in replacing one monopoly with another, as the Minister intends to have only one operator. It also claimed that the government would divest itself of responsibility for controlling tariffs. Thus, costs might increase rather than decrease. GWU also issued a statement stating that whoever wins the port operations' tender will have to conduct discussions with the union about safeguarding the employment of the present workforce.

## **Commentary**

The port restructuring exercise offers an unusual scenario whereby, apart from potentially affecting the jobs of hundreds of workers, it can also affect a major source of revenue for GWU. While both government and union are weighing carefully every action they take, it looks as if the two sides are heading for a confrontation. However this does not fall within the terms of a trade dispute, as defined in the 2002 Employment and Industrial Relations Act (EIRA), over which the trade unions can take industrial action. As such, the situation leaves little room for mediation and conciliation. GWU seems to be hoping that ultimately the Minister, who seems to have the full backing of the cabinet, will opt for consultation. On the other hand, the union has the backing of the workers. Although the law does not give it the right to take industrial action, it can still mobilise the port workers, who tend to be staunch union members. Meanwhile, the European Commission's announcement of plans to liberalise European ports has put pressure on government to hasten the pace of reform. (Manwel Debono, Workers' Participation Development Centre)