

Adapting national social partners' capacities to pursue inclusive and responsive social dialogue following crisis situations in EU

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The ARESME Project
**Strengthening social dialogue in the face
of labour transformation: challenges,
legal frameworks and good practices**

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CONTENT

I. Introduction

II. New Forms of Work

- 2.1. Key trends and labour market characteristics of new forms of work
- 2.2. Legal framework and EU directive implementation
- 2.3. Identified risks in new forms of work
- 2.4. Identified good practices in new forms of work

III. Minimum Wage and Collective Bargaining

- 3.1. State of Play
- 3.2. State of EU Directives Implementation

IV. Recommendations to promote Social Dialogue

V. References

VI. The Partnership

I. Introduction

The Maltese labour market, like that of many European Union member states, is undergoing profound changes shaped by globalisation, technological advancement, demographic shifts, and the aftershocks of successive crises. The COVID-19 pandemic, the climate emergency, and geopolitical disruptions such as the war in Ukraine have accelerated transformations in how people work, how businesses operate, and how governments regulate employment relations. These rapid changes have forced a reassessment of the adequacy of existing policies and frameworks, particularly in small and highly interconnected economies such as Malta's.

At the same time, the EU has strengthened its social dimension by introducing new directives aimed at reinforcing workers' rights, enhancing collective bargaining, and ensuring fairer labour market outcomes. Notably, Directive (EU) 2022/2401 on adequate minimum wages and Directive (EU) 2023/970 on pay transparency establish ambitious standards that member states must integrate into national law. These initiatives sit alongside ongoing debates on platform work, teleworking, gender equality, and social protection. For Malta, a country with a labour market dominated by small and medium-sized enterprises (SMEs) and characterised by high levels of service-sector employment, the challenge is both structural and cultural: how to adapt to these directives while also addressing long-standing gaps in wage adequacy, social dialogue, and institutional enforcement.

This e-publication, prepared under the framework of the ARESME project, seeks to provide a comprehensive overview of these issues from a Maltese perspective while situating them within the broader European policy environment. The project's full title — *Adapting National Social Partners' Capacities to Pursue Inclusive and Responsive Social Dialogue Following Crisis Situations in the EU* — signals its core ambition: to equip social partners with the tools, knowledge, and capacities they need to respond effectively to crises, anticipate structural changes, and participate in shaping an inclusive future of work.

The introduction of new forms of work — including platform-based gig labour, hybrid teleworking models, and flexible part-time arrangements — exemplifies the dual nature of these transformations. On one hand, they offer greater flexibility, new income opportunities, and the potential to balance professional and personal responsibilities in innovative ways. On the other, they expose workers to new vulnerabilities such as misclassification, insufficient access to social protections, blurred work-life boundaries, and heightened risks of precarity. Malta, as a small island economy with an open labour market, has been quick to adopt these new work patterns but has often lagged in creating comprehensive regulatory frameworks to safeguard workers in such arrangements.



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The issues of minimum wage adequacy and collective bargaining coverage are equally central. Despite annual adjustments and the application of cost-of-living allowances (COLA), Malta's minimum wage consistently falls below the adequacy thresholds recommended by the EU — namely 60% of the national median wage and 50% of the average wage. Rising housing and consumer costs further erode the purchasing power of low-income earners, leaving many workers vulnerable to in-work poverty. At the same time, collective bargaining coverage remains fragmented, with only around half of the workforce covered by agreements, primarily in the public sector and large enterprises. Private-sector workers in hospitality, retail, and other low-wage sectors often lack access to meaningful representation, leaving them dependent on statutory wage floors and weak enforcement mechanisms.

Social dialogue — the structured cooperation between trade unions, employer organisations, and government institutions — is the cornerstone of European labour relations. In Malta, institutions such as the Malta Council for Economic and Social Development (MCESD) provide valuable forums for dialogue, but outcomes often remain advisory rather than binding. This weakens the capacity of social dialogue to function as a proactive mechanism for shaping the labour market and addressing systemic challenges such as wage adequacy, gender equality, and sectoral regulation. Strengthening the role of social partners is therefore critical to ensuring that Malta not only complies with EU directives but also builds a more inclusive, sustainable, and resilient labour market.

The ARESME project contributes to this process by fostering knowledge exchange across EU countries, showcasing good practices, and highlighting innovative approaches to labour regulation and social dialogue. By situating Malta within a comparative European context, the project underscores the importance of learning from other small economies, of building transnational solidarity among social partners, and of leveraging EU frameworks as catalysts for domestic reform.

This e-publication does not aim merely to describe current realities but to act as a tool for reflection, dialogue, and action. It highlights the urgency of reform in areas such as wage adequacy, pay transparency, and collective bargaining, while also pointing to the opportunities that come from adopting innovative practices. It is intended for a wide audience — policymakers, trade unionists, employer associations, academics, and civil society actors — all of whom play a role in shaping the future of work in Malta.

The challenges ahead are substantial. Ensuring fair pay and adequate living standards in an economy facing rising costs of living, integrating platform and freelance workers into labour protection systems, strengthening collective bargaining coverage, and addressing persistent gender inequalities are not tasks that can be accomplished overnight. Yet they are necessary if Malta is to move toward a labour market that is both competitive and socially sustainable.

By engaging with these issues through the lens of social dialogue, Malta has the opportunity to reinforce the principle that economic growth and social justice are not mutually exclusive but mutually reinforcing. This publication aims to serve as both a

benchmark and a roadmap for this ongoing journey, providing the evidence base, policy recommendations, and practical tools necessary to strengthen the resilience and inclusiveness of the Maltese labour market in the years to come.

II. New Forms of Work

2.1. Key trends and labour market characteristics of new forms of work

Platform Work in Malta:

9

Platform work in Malta has gained prominence with the rise of digital platforms and gig economy jobs, encompassing various tasks performed through online platforms, including ridesharing, delivery services, and freelance work. Workers engage through platforms like Bolt (ride-hailing), Wolt (food delivery), and global freelancing platforms like Upwork and Fiverr. Many platform workers operate informally, making it difficult to capture exact figures, though a 2023 survey conducted by the National Statistics Office (NSO) revealed that approximately 10% of the labour force has engaged in platform work.

The key sectors driving platform work in Malta are ride-hailing, food delivery, and freelance digital services. Younger individuals, particularly those aged between 18 and 34, represent a significant portion of this workforce, with around 40% of platform workers falling within this age group. The flexibility and potential for supplemental income are major attractions, with average earnings ranging between €1,000 and €1,500 monthly, although this varies significantly based on the type of work and hours committed. Many platform workers work around 20 hours per week.

Despite the appeal of platform work, workers face numerous challenges, including regulatory gaps related to social security, minimum wage protection, and working conditions and upskilling. Many platform workers operate as independent contractors, complicating their access to rights and benefits, such as social security and minimum wage protections, which is a challenge faced in other EU countries as well. A study by the Malta Chamber of Commerce found that approximately 60% of platform workers are concerned about job security and access to benefits, while around 70% expressed a desire for better protections and clearer regulations.

The Maltese government recognizes the need for a regulatory framework to address the unique challenges faced by platform workers. While current labour laws, such as the Employment and Industrial Relations Act, provide protections related to employment contracts, working hours, and remuneration, they are not tailored specifically to platform work. However, the influence of European Union initiatives is significant in shaping Malta's approach to platform work. The European Commission's proposal for a directive aimed at improving working conditions in platform work seeks to enhance transparency and provide workers with essential rights, including access to social protections. As a member of the EU, Malta is expected to align its regulations with these directives, potentially leading to more comprehensive protections for platform workers.

In conclusion, platform work in Malta is a growing segment of the labour market, reflecting broader global trends in the gig economy. While current legislation offers some protections, gaps remain, particularly regarding social security and working conditions. As the landscape of platform work continues to evolve, ongoing discussions at both the national and EU level will be crucial in shaping future policies to ensure that platform workers in Malta can thrive.

Teleworking in Malta:

Teleworking in Malta has evolved significantly, particularly following the COVID-19 pandemic, and is now supported by a comprehensive legal framework. The Employment (Flexible Working Arrangements) Act, which came into force in 2021, grants employees the right to request flexible working arrangements, including teleworking. Employers are required to consider these requests and provide valid reasons if they are denied. Additionally, the National Telework Policy aims to promote teleworking while ensuring employees' rights are safeguarded, offering guidelines for employers on establishing teleworking policies, ensuring health and safety compliance, and maintaining work-life balance. Employers are responsible for ensuring that remote work environments meet health and safety standards like office settings and must comply with the General Data Protection Regulation (GDPR) to protect personal data.

The COVID-19 pandemic had a profound impact on teleworking in Malta. Data from the National Statistics Office (NSO) showed that over 22% of the workforce was teleworking at the height of the pandemic. According to a 2021 survey by the NSO, approximately 50% of respondents had teleworked at some point during the pandemic. This surge in teleworking laid the foundation for its continued prevalence post-pandemic. More recent findings from 2023 indicate that around 30% of the workforce regularly teleworks, reflecting a shift towards hybrid work models. Telework adoption rates vary by sector, with industries such as ICT, financial services, and professional services seeing the highest rates—over 60% of employees in these sectors work remotely at least part-time. In contrast, sectors like retail and hospitality show lower adoption rates due to the nature of the work.

The Maltese government has actively supported teleworking by offering grants to businesses for setting up remote working systems and introducing tax credits to incentivize this shift. These measures have contributed to the sustained adoption of teleworking even after the pandemic's peak.

Employee satisfaction has significantly improved with the rise of teleworking. A study by the Malta Chamber of Commerce revealed that 70% of teleworkers reported higher job satisfaction, largely due to increased flexibility and better work-life balance. Additionally, research shows that 70% of employers believe teleworking has not negatively impacted productivity, with many noting enhanced efficiency. Demographically, younger employees aged 25-34 are more inclined to telework, with

participation rates of about 40%, compared to 20% among those aged 55 and older.

In conclusion, teleworking in Malta has become an integral aspect of the modern working environment, bolstered by progressive legislation and growing acceptance from both employers and employees. The shift towards hybrid work models is expected to continue as both parties recognize the benefits of flexibility. However, ongoing discussions around mental health and maintaining work-life boundaries remain essential to addressing the challenges of teleworking.

11

Part-Time Work Schemes in Malta:

Part-time work in Malta has gained significance as individuals increasingly seek flexible working arrangements that allow for a balance between professional and personal responsibilities. Characterized by fewer hours than full-time work, part-time employment has become a popular choice across various demographic groups. The Employment and Industrial Relations Act primarily governs part-time work in Malta, ensuring that part-time workers enjoy similar rights to their full-time counterparts, including access to benefits and entitlements. This legislation mandates that part-time workers should not be treated less favourably than full-time employees in terms of pay, working conditions, and access to training and career development opportunities.

In addition to existing labour laws, the Employment (Flexible Working Arrangements) Act, introduced in 2021, allows employees to request flexible work arrangements, including part-time employment. Employers must consider these requests and provide a rationale if they deny them. This framework aims to promote work-life balance, particularly for individuals with caregiving responsibilities, students, and those seeking supplementary income. Malta's legislative environment is also influenced by European Union directives, which ensure equal treatment for part-time workers across member states, promoting fair working conditions and preventing discrimination based on hours worked.

Part-time work is a substantial part of Malta's labour market. According to the National Statistics Office (NSO), around 15-16% of the workforce was engaged in part-time employment in 2023, reflecting a steady increase in recent years as more individuals prefer flexible employment options. A significant portion of these workers are women, with around 26% of Maltese women employed part-time, often balancing their roles with family responsibilities or education. In contrast, only about 6% of men work part-time, while students frequently opt for part-time work to support themselves financially while studying.

Sector-specific trends highlight that the retail, hospitality, and tourism sectors have the highest rates of part-time employment in Malta. These industries account for approximately 40% of part-time roles, reflecting the flexibility required in these fields. Part-time workers in these sectors generally report higher job satisfaction, largely due

to the flexibility of the roles, which allows them to manage personal and family commitments while remaining engaged in the workforce.

In terms of earnings, part-time workers in Malta typically earn between €600 and €1,200 per month, depending on the sector and hours worked, although these figures can vary widely based on skill level and job type.

In conclusion, part-time work has become a vital aspect of Malta's labour market, driven by changing societal norms and growing demand for flexibility. The existing legislative framework provides essential protections for part-time workers, ensuring fair treatment compared to full-time employees. As more individuals, especially women and younger workers, turn to part-time employment for a better work-life balance, ongoing attention to policies and regulations will be crucial in supporting this growing segment of the workforce. With its increasing prevalence, part-time work is likely to remain an integral part of Malta's labour landscape in the future.

12

2.2. Legal framework and EU Directive implementation

Platform Work in the

EU:

- **Prevalence:** Across the EU, around **11% of the workforce** engages in platform work, according to a 2022 report by the European Commission. Malta's platform work rate is expected to be lower, reflecting its smaller market size.
- **Legislative Developments:** The EU is in the process of introducing legislation to regulate platform work, ensuring better working conditions, minimum wage guarantees, and social protections. The European Parliament has also emphasized transparency and fair pay for platform workers.

Teleworking in the EU:

- **Trends:** The COVID-19 pandemic led to a rapid increase in teleworking across the EU, with **40% of workers** teleworking at some point during 2020. By 2023, teleworking rates had stabilized, with around **15-20% of workers** in many EU countries, including Malta.
- **EU Policies:** The European Union encourages teleworking through frameworks like the **European Pillar of Social Rights**, which supports flexible work arrangements and work-life balance.

Part-Time Work Schemes in the EU:

- **Prevalence:** In 2022, around **19% of workers** in the EU were employed on a part-time basis, a trend mirrored in Malta's labor market.

- **Gender Distribution:** Similar to Malta, a large percentage of part-time workers in the EU are women, who often choose flexible hours to balance work and family commitments.
- **EU Regulations:** The EU promotes fair and equal treatment of part-time workers through the **Part-Time Work Directive**, which mandates that part-time employees must not be treated less favorably than full-time counterparts. Malta complies with these regulations in its national labor policies.

13

This data reflects the broader trends in Malta's workforce, which is adapting to global shifts toward more flexible, platform-driven, and remote forms of work.

Legislation Review

Here is a breakdown of the legislative context for Malta, focusing on platform work, teleworking, part-time work, and related employment aspects:

1. Existing Legislation:

Platform Work: Malta does not have comprehensive legislation on platform work, which often falls into a grey area in terms of regulation. However, ongoing discussions aim to better regulate employment terms for platform workers, especially in terms of wage protection and employment status, following European initiatives.

Teleworking: Teleworking in Malta is regulated by the Telework National Standard Order of 2008, which allows for teleworking agreements between employees and employers. The legislation covers working conditions, health and safety, and equal treatment, but discussions are ongoing to address the newer remote working models which have grown since the COVID-19 pandemic.

Part-time Work: Part-time work is well-regulated under Malta's Employment and Industrial Relations Act, which defines the rights of part-time workers, ensuring pro-rata entitlements for benefits such as leave and social security.

2. Work-Life Balance Directive Implementation:

Malta has integrated key aspects of the EU Work-Life Balance Directive, focusing on improving family-related leave and flexible working arrangements. Comparisons to other EU countries suggest that Malta performs well in areas like parental leave but still has room for improvement in offering flexible work arrangements across different sectors.

3. Right to Disconnect:

Malta has recently made moves to include the right to disconnect as part of broader teleworking and remote working legislation. This right ensures that workers are not obliged to engage in work outside of regular hours, particularly when using digital tools.

However, this legislation is still evolving, with ongoing discussions about its implementation.

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Next Legislative Steps:

Discussions are underway on potential legislation addressing the unique challenges of platform work and expanding teleworking laws to include remote work. Additionally, there are calls to further develop the legal framework for part-time work schemes, especially in sectors experiencing rapid changes in work models. MaltaToday.com.mt Legislationline

14

These steps indicate Malta's ongoing adaptation to modern work environments, aligned with EU directives while seeking to protect workers' rights in these emerging fields.

2.3. Identified risks in new forms of work

Key Risks in Modern Work Arrangements in Malta

1. Worker Misclassification

- Companies sometimes classify contributors as “independent contractors” to sidestep obligations like paid leave, social security, and taxation. Maltese law uses an objective test (Employment Status National Standard Order, S.L. 452.108) to determine whether a worker is actually an employee
- Misclassification can backfire, resulting in liability for the business, including backdated social contributions, tax responsibilities, and fines

2. Health & Safety in Remote Environments

- Under Maltese law (Occupational Health and Safety Authority Act Cap. 424), the employer remains responsible for employee well-being, even when working from home
- Employers are required to conduct risk assessments of home workspaces or guide employees to self-assess, provide ergonomic equipment, training, and include these in teleworking policies

3. Data Security & Privacy (Remote Work)

- GDPR applies fully to remote working. Organizations must safeguard data with secure connections (VPNs), encryption, clear data handling policies, device security, and employee training
- Hybrid and remote models also bring cyber vulnerabilities such as unsecured Wi-Fi, increased encrypted traffic needs, and inconsistent IT support
- The deployment of surveillance tools for monitoring remote employees can raise privacy and ethical concerns

4. Blurred Boundaries, Mental Health & Burnout

- Remote working can lead to overwork, longer working hours, difficulty disconnecting, and increased risk of burnout—especially in absence of physical separation between personal and work life
- Social isolation is another frequent issue with remote work, negatively impacting mental well-being

15

5. Tax, Social Security & Compliance Complexities

- Remote or nomadic work introduces uncertainties in tax residency and social security—especially when employees cross borders. Employers and employees must navigate issues like double taxation, permanent establishments, and reporting obligations

6. Digital Nomad Challenges

- Digital nomads often face loneliness, nontraditional benefits (lack of retirement or unemployment plans), inconsistent income, licensing/visa compliance, time-zone issues, and poor internet access

7. Local Work Culture & Compensation Issues

- There's a shift needed from “hours-based” to objective-based work culture in Malta
- Salaries often lag behind rising living costs; Malta is among the EU countries with minimum wages below €1,000/month, increasing financial vulnerability for low-income workers
- Skilled workers often avoid Maltese employers due to poor pay; this undermines talent retention.

2.4. Identified good practices in new forms of work

1. Public Service Work-Life Balance Framework

- **Structured Flexibility:** The Public Service offers modern work options—reduced hours, flexi-time, flexi-week, remote working, and extended remote working—with clearly defined eligibility and application processes.
- **Transparent Application Process:** Most measures require no explanation except extended remote working, which demands justification. Applications are submitted via e-forms, valid for 12 months and renewable .
- **Remote Work Standards:** A formal *Teleworking Policy*, effective from April 2023, defines eligibility, IT support, training, and logistics requirements for remote work in the public sector.

2. Remote Work Policies in the Private Sector

- **Contracts with Clarity:** Employers are advised to add remote work clauses to employment contracts, specifying location, working hours, equipment, and safety provisions.
- **Health and Safety Obligations:** Employers must extend their duty of care to home environments by offering guidance on ergonomic setup and safe remote work conditions .
- **Technology Infrastructure:** Malta’s high-speed connectivity, cloud tools, and collaborative platforms facilitate effective remote work. Nonetheless, speed and access disparities still exist in some areas .

16

3. Supporting Employee Well-being

- **Hybrid Preferences:** Local research indicates that employees in Malta often favor hybrid arrangements—remote flexibility balanced with in-person interaction, boosting retention and well-being.
- **Health Considerations:** Studies show mixed health outcomes—less stress and improved sleep, but also risks like musculoskeletal issues, mental health strains, and social isolation. Employers are encouraged to support ergonomic workstations and promote work-life boundaries.
- **Communication Practices:** Clear expectations around meeting frequency, use of communication tools and structured workflows are critical to avoid overload and ensure productivity .

III. Minimum Wage and Collective Bargaining

3.1. State of Play

Minimum Wage System and Adequacy Assessment

Constitutional and Legal Foundations

Malta's Constitution does not explicitly mandate a national minimum wage. However, the right to fair remuneration is protected under broader legal principles, including those enshrined in the Employment and Industrial Relations Act (Cap. 452) and supported by Legal Notice 444 of 2021, which governs national minimum wage rates. These legal frameworks are reinforced by the state's obligation to promote social justice, safeguard decent living standards, and protect workers from exploitation.

18

The national minimum wage in Malta is a statutory wage floor that applies uniformly across the private and public sectors, subject to regular annual revisions. The Department of Industrial and Employment Relations (DIER), under the Ministry for Inclusion and Social Wellbeing, is responsible for monitoring compliance. While the statutory minimum wage is binding, Malta does not yet have a formal mechanism to link minimum wage levels to objective benchmarks such as median income or cost-of-living indices—despite recommendations to do so under EU Directive 2022/2041.

Minimum wage adjustments in Malta are traditionally negotiated through tripartite discussions within the Malta Council for Economic and Social Development (MCESD). However, such discussions remain advisory in nature, and the government retains final authority in setting wage floors through statutory instruments. This creates a hybrid system in which social dialogue is present but lacks binding influence, raising questions about the long-term transparency and predictability of wage-setting in Malta.

Current Minimum Wage Levels and Coverage

As of January 2024, the national minimum wage in Malta stood at:

- €192.73 per week for workers aged 18 and over;
- €186.33 per week for workers aged 17;
- €179.33 per week for workers under 17.

These rates are complemented by mandatory Cost of Living Allowances (COLA), which are adjusted annually. For 2024, the COLA was set at €12.81 per week. Thus, a full-time minimum wage earner over 18 years of age receives at least €205.54 per week (or approximately €891.01 per month before tax).

As of 1 January 2025, Malta's statutory minimum wage has been significantly updated to reflect both the annual wage review and the revised Cost of Living Allowance (COLA):

- For workers aged 18 and above, the weekly minimum wage is now €221.78
- For 17-year-olds, the weekly minimum wage has increased to €215.00 .

- For workers under 17, the weekly rate is €212.16

Additionally, the COLA for 2025 has been set at €5.24 per week (equivalent to approximately €272 annually), and applies to both full-time and part-time employees, though for part-time roles it is calculated pro rata. This represents a notable adjustment from the 2024 COLA of €12.81 per week, demonstrating an evolving response to inflation and cost-of-living pressures

19

Combining the new minimum wage with the adjusted COLA, a full-time worker aged 18+ is now entitled to a minimum weekly gross income of €227.02 (221.78 + 5.24), which roughly corresponds to €1,005 per month (based on 4.33 weeks/month). This marks a significant increase from the 2024 pre-tax monthly minimum of approximately €891 .

These updates reflect a 3.9% nominal increase over the 2024 minimum, aligning with a broader EU trend, though it positions Malta toward the lower end of EU minimum wage rankings.

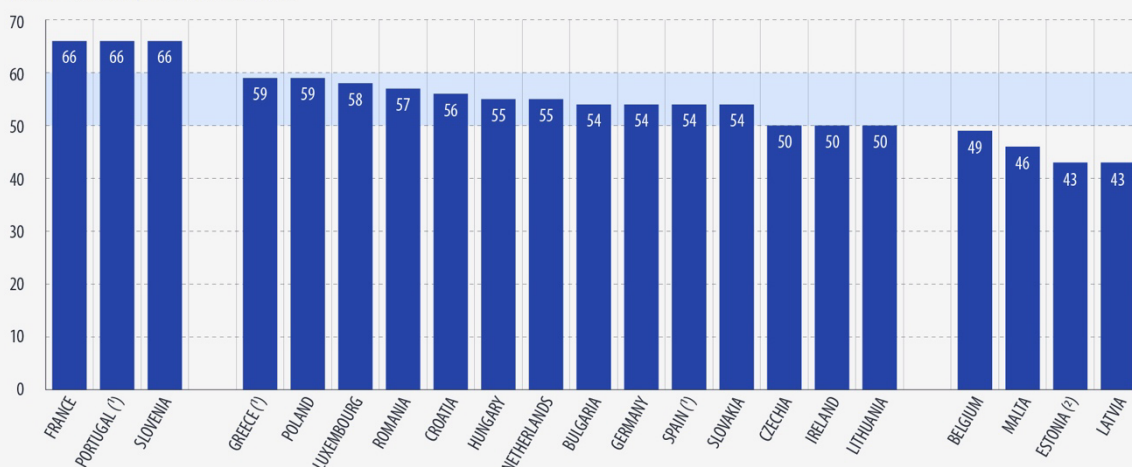
Despite the upward revision of COLA and nominal wage floors, the adequacy of the minimum wage remains contested. Studies by Malta’s National Statistics Office (NSO) and trade union reports consistently show that:

- The minimum wage is insufficient to cover rising housing costs, which are among the highest in proportion to income in the EU;
- Third-country nationals (TCNs) and low-skilled workers are disproportionately likely to earn near or at minimum wage levels;
- In sectors like cleaning, security, and hospitality, employers often circumvent the spirit of minimum wage laws by reducing hours, outsourcing through subcontractors, or offering undeclared bonuses in lieu of formal pay increases.

Recent data suggests that between 8% and 10% of Malta’s workforce earns the statutory minimum wage or less, with the rate climbing significantly in low-skilled and migrant-heavy occupations. This raises concerns not only about income adequacy but also about Malta’s compliance with the “decent standard of living” benchmark promoted under EU Directive 2022/2041.

Minimum wages as a proportion of median gross earnings, 2022

(%; full-time and part-timers included)



(1) The levels mentioned in the table are calculated excluding 13th and 14th month to be consistent with the monthly earnings based on SES 2022.

(2) The gross monthly earnings including overtime pay and shift premiums.

Denmark, Italy, Austria, Finland and Sweden don't have minimum wage.

The 50%-60% band (light blue) is commonly used at international level as indicative reference values for assessing the adequacy of minimum wages in relation to the median gross earnings.

eurostat

20

Gaps and Weaknesses in Enforcement

Although Malta has established basic institutional frameworks to enforce minimum wage protections, several key gaps persist:

- **Lack of automatic indexation mechanisms:** Minimum wage increases are not systematically linked to cost-of-living indicators, inflation, or productivity benchmarks, making wage progression unpredictable and often inadequate in times of rapid economic change.
- **Weak collective bargaining alignment:** Sectoral agreements often mirror statutory rates but rarely exceed them in low-wage industries. This limits the upward convergence goal of the EU directive.
- **Limited disaggregated data:** Malta lacks publicly available data on the gender breakdown, age distribution, or contract type of minimum wage recipients, hampering targeted policy design.
- **Understaffed labour inspectorate:** The DIER remains under-resourced, limiting its ability to proactively monitor workplaces, especially those employing non-EU nationals or using subcontracted labour.
- **Outsourcing loopholes:** Public procurement contracts frequently go to companies offering services (e.g., cleaning, security) that pay at or just above the minimum wage, with limited state oversight on working conditions.

Despite these limitations, there have been some improvements. For example, social partners have pushed for better transparency in wage classification and for the COLA mechanism to be protected in collective agreements, especially in essential services sectors.

Trends in Minimum Wage Levels, Cost of Living, and Adequacy Assessment

The evolution of Malta's minimum wage must be understood in relation to both national economic performance and the lived realities of workers. Over the past two decades, Malta has experienced consistent economic growth, marked by a shift toward high-value services and a rising cost of living. However, minimum wage increases have lagged behind actual inflation and do not always align with rising housing, energy, and food costs.

21

From 2010 to 2024, the national minimum wage has increased from €156.46 per week to €192.73 per week for adults—a nominal rise of approximately 23%. However, inflation during this same period exceeded 27%, according to NSO data. The most significant concern is that Malta has no formal mechanism to regularly assess minimum wage adequacy against benchmarks such as:

- 60% of the national median wage, or
- 50% of the national average wage, as recommended by Directive (EU) 2022/2041.

In Malta's case, the 2023 median gross monthly salary was approximately €1,700, while the average salary stood near €1,950. This means that the current monthly minimum wage (€891.01 including COLA) equates to just 52% of the median and 46% of the average, falling below the EU adequacy benchmarks. This structural misalignment signals the need for both an upward wage revision and the institutionalisation of transparent adequacy criteria.

The housing market presents an especially acute challenge. Rental costs have soared in Malta, driven by speculative real estate investment, tourism demand, and population growth. The average monthly rent for a one-bedroom apartment in urban areas such as Sliema or St. Julian's exceeds €900, effectively consuming the entire income of a minimum wage worker. Even in rural areas, rents rarely fall below €600–€700, making housing affordability a central concern for minimum-wage earners, especially those without supplementary household income.

Basic consumption costs (food, transportation, utilities) have also increased disproportionately, especially since 2021. Malta's status as an island state means that import costs directly affect consumer prices. Trade union estimates suggest that the minimum monthly disposable income necessary for basic subsistence exceeds €1,200—placing most minimum-wage earners below the poverty line unless supplemented by other income, state benefits, or shared housing arrangements.

The Cost of Living Allowance (COLA) is often cited as Malta's main compensatory mechanism. However, because COLA is a flat, non-percentage adjustment applied across the board, it has a regressive effect. For high

earners, COLA represents a small fraction of their salary. For low-income earners, it is a significant but insufficient addition. More importantly, COLA is not a substitute for a structurally adequate minimum wage, nor does it address sectoral disparities or wage compression in low-wage industries.

In response to growing concerns, civil society organisations and trade unions have proposed the adoption of a Minimum Income Standard (MIS) or a Living Wage Benchmark, calculated based on actual household consumption needs. The Caritas Malta Foundation, for example, developed detailed estimates in 2023 showing that a family of four would require €1,600–€1,800 net per month to avoid poverty. This is nearly double the income of a household with a single minimum-wage earner.

22

Despite this evidence, political momentum to revise the minimum wage system structurally remains limited. While governments have consistently adjusted COLA and resisted any freezing of statutory wage levels, there has been no national plan to codify adequacy benchmarks, integrate productivity indicators into wage policy, or establish an independent body for wage-setting oversight—recommendations directly embedded in Directive 2022/2041.

Collective Agreements and the Minimum Wage

The interaction between collective agreements and statutory minimum wage rules in Malta is complex and often under-reported. Collective agreements in Malta are generally negotiated at the enterprise level, particularly in the public sector, banking, and large private companies. Sectoral collective bargaining remains rare, fragmented, and voluntary in nature.

In several low-wage sectors—such as private security, cleaning, catering, and hospitality—the minimum wage stipulated by law is often mirrored in collective agreements, with no significant wage premium. This undermines the added value of collective bargaining as a mechanism to ensure upward wage convergence and is at odds with the objectives of the Adequate Minimum Wage Directive.

Furthermore, because no general extension mechanism exists for collective agreements in Malta, improvements in pay and conditions within unionised enterprises do not carry over to the broader sector. This leaves large numbers of workers—especially in SMEs and outsourced services—outside the protective framework of collective wage negotiations.

While public sector collective agreements have sometimes set wage floors above the national minimum, this advantage is not always visible in subcontracted services within public administration, where private operators are free to adhere only to statutory rates. As a result, public procurement often reinforces the prevalence of minimum wage

payment even for roles indirectly funded by the state, such as school cleaners, carers, or security guards.

Gender Income Equality in Malta

Legal Framework and Institutional Foundations

23

Malta's legal architecture for gender equality in employment is shaped by both national legislation and EU directives. The Constitution of Malta enshrines the principle of non-discrimination under Article 32 and guarantees equal rights and duties under Article 45. The cornerstone law in this area is the Equality for Men and Women Act (Cap. 456), enacted in 2003 and amended several times to align with evolving EU standards. This Act establishes the National Commission for the Promotion of Equality (NCPE), which is tasked with monitoring compliance, investigating complaints, and promoting equality through training and policy advice.

Complementing this is the Employment and Industrial Relations Act (Cap. 452), which prohibits direct and indirect discrimination in all aspects of employment, including recruitment, pay, working conditions, and promotion. Under this Act, the burden of proof lies with the employer once a prima facie case of discrimination has been made.

In addition to these legislative pillars, Malta is bound by EU Directives, including:

- Directive 2006/54/EC on equal opportunities and equal treatment of men and women in matters of employment and occupation;
- Directive (EU) 2019/1158 on work-life balance for parents and carers;
- Directive (EU) 2023/970 on pay transparency, which Malta is currently preparing to transpose.

Despite this legal scaffolding, enforcement mechanisms remain limited. The NCPE has modest investigatory powers and cannot impose sanctions; its recommendations are non-binding. Legal redress for gender-based pay discrimination often requires individual litigation, which is rare due to financial, social, and procedural barriers. Malta's judiciary lacks specialised labour courts, and many potential claimants opt not to pursue cases due to fears of employer retaliation or career harm.

Current Status of the Gender Pay Gap in Malta

Malta has made progress in narrowing the gender pay gap (GPG), but significant disparities remain. According to Eurostat, the unadjusted gender pay gap in Malta was 9.4% in 2022, down from over 11% in the mid-2010s. While this places Malta below the EU average (12.7%), the headline figure masks deeper structural inequalities:

- Occupational segregation remains high: Women are underrepresented in high-paying sectors like ICT, finance, and engineering, and overrepresented in care, education, retail, and clerical roles.
- Career interruptions are more frequent among women due to caregiving responsibilities. Malta has one of the lowest rates of formal childcare use in the EU, leading to extended parental leave and part-time work arrangements disproportionately affecting women.
- Part-time employment is heavily gendered: In 2023, nearly 28% of employed women in Malta worked part-time compared to just 8% of men.
- Glass ceiling effects persist: Women make up the majority of graduates in Malta, yet they remain severely underrepresented in top management and decision-making roles. Fewer than 25% of board members in large companies are women.

Adjusted pay gap estimates—which account for differences in experience, education, and occupation—suggest that structural and cultural barriers are as influential as pay-setting discrimination. Informal recruitment practices, biased promotion structures, and the devaluation of feminised professions continue to limit wage progression for women.

The gender pension gap is also significant. Due to interrupted careers and lower earnings, women's pensions in Malta are on average 20% lower than men's, contributing to higher old-age poverty among women.

Structural Causes and Sectoral Dimensions of Gender Pay Gaps

Malta's gender pay gap is shaped not only by legal and institutional factors but also by deep-seated cultural and economic dynamics. A key driver is the gendered division of labour within the household. Malta has one of the lowest male participation rates in unpaid domestic and caregiving work in the EU, and women continue to bear the brunt of parenting, elderly care, and household responsibilities. This limits their availability for full-time work, overtime, and career development opportunities.

Sectoral analysis shows clear disparities. Women working in public administration and healthcare often experience smaller pay gaps due to transparent pay scales and collective agreements. Conversely, in the private sector—particularly in retail, hospitality, and professional services—the pay gap is wider, owing to discretionary wage-setting, opaque bonus systems, and low unionisation rates.

The situation is particularly stark for migrant women. Many are employed in low-wage, feminised sectors such as caregiving, cleaning, or hospitality, often under irregular contracts with limited legal protections. These women face a triple penalty: gender, migration status, and occupational precarity.

Recent surveys by the National Commission for the Promotion of Equality (NCPE) indicate that more than 40% of women believe gender has negatively impacted their earnings or career advancement. Focus groups highlight concerns about lack of pay transparency, sexual harassment in the workplace, and limited access to legal remedies

Collective Bargaining in Malta

25

Legal Framework and Historical Background

Collective bargaining in Malta operates within a legal and institutional framework anchored by the Employment and Industrial Relations Act (Cap. 452). The Act recognizes the right of workers to join trade unions and empowers unions to represent their members in collective negotiations. It also provides for the recognition of “representative unions” through a formal mechanism, which allows them to negotiate binding collective agreements on behalf of the workers in a given enterprise or sector.

Historically, collective bargaining in Malta has been concentrated in the public sector and large enterprises, particularly in manufacturing, banking, and utility services. Unionization rates have traditionally been high in these sectors, and collective agreements often span multiple years, setting out detailed provisions on wages, working time, leave entitlements, career progression, and grievance procedures. The General Workers’ Union (GWU) and UHM Voice of the Workers are the two most prominent trade union confederations, with the GWU holding the majority of registered bargaining agreements.

Despite a relatively robust historical foundation, the Maltese collective bargaining system has experienced increasing fragmentation over the past two decades. The expansion of the service sector, the rise of gig and platform work, and the proliferation of small and medium-sized enterprises (SMEs) have diluted the reach and effectiveness of collective agreements. Today, many workers—especially those in private services, construction, hospitality, and informal sectors—are not covered by collective bargaining and remain vulnerable to unilateral employer practices.

Scope and Coverage of Collective Bargaining

According to the most recent data from the Department of Industrial and Employment Relations (DIER) and Eurofound estimates, approximately 50–55% of employees in Malta are covered by a collective agreement. This figure places Malta below the EU average for bargaining coverage and highlights a growing collective bargaining gap, particularly in the private sector.

Public sector bargaining remains relatively strong. Government employees, teachers, healthcare workers, and utility staff benefit from structured negotiations with clear

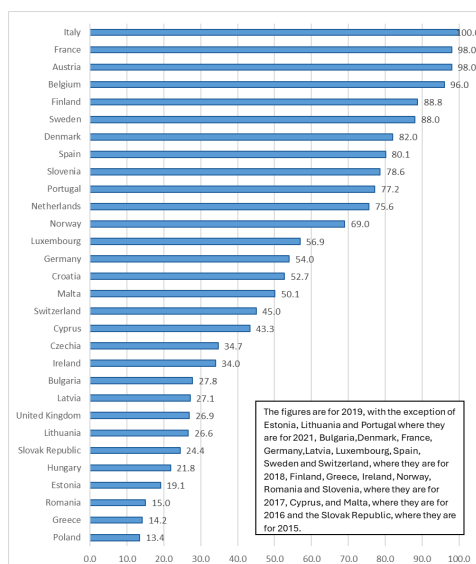
recognition mechanisms and dispute resolution frameworks. In these sectors, collective agreements often exceed statutory minimums and serve as benchmarks for fair working conditions.

In the private sector, however, collective bargaining is highly uneven:

- In financial services and aviation, well-established collective agreements remain the norm, largely due to the presence of international companies and strong union traditions.
- In retail, hospitality, catering, and construction, collective bargaining is limited or non-existent. Many employers resist unionization, and sector-wide agreements are rare or unenforceable.
- In emerging sectors such as platform work and digital services, there is virtually no collective representation. Workers often operate under freelance or contractor arrangements that fall outside traditional labour law protections.

26

There is no system of automatic extension for collective agreements in Malta. Unlike in other EU countries such as France or the Netherlands, where sectoral agreements can be extended to all workers in a given industry, Malta's agreements apply only to the workers in unionised companies. This severely limits the structural impact of collective bargaining on wage equality, working time regulation, and broader social protection.



Challenges to Collective Bargaining

Several interrelated challenges are undermining the reach and effectiveness of collective bargaining in Malta:

27

1. Declining Union Density in Private Sector

Union membership has declined among younger workers and in private enterprises, especially SMEs. Many workers view unions as outdated, and employers are often reluctant to engage with organized labour. In sectors where turnover is high or contracts are precarious, the ability to mobilize members and sustain bargaining relationships is weak.

2. Legal and Institutional Gaps

While the law allows for trade union recognition, there are no provisions for multi-employer or sectoral bargaining mandates. Nor does the law allow trade unions to initiate collective bargaining at the sectoral level without voluntary employer participation, creating a legal barrier to wider coverage.

3. Outsourcing and Atypical Work

Outsourced service workers (e.g. in cleaning, security, elderly care) are often employed by labour agencies that operate with minimal transparency. These agencies resist unionization and often rely on workers with limited legal knowledge or precarious immigration status. Platform workers, freelancers, and gig workers are classified as self-employed and thus ineligible for collective bargaining under current legislation.

4. Dispute Resolution and Enforcement Weaknesses

While the DIER oversees collective bargaining and registers agreements, it lacks enforcement powers. There is no labour court in Malta, and industrial disputes must be resolved through the **Industrial Tribunal**, which is slow and has limited capacity. Employers violating collective agreements face few consequences unless workers escalate cases individually, which is rare.

5. Absence of Capacity-Building Measures

Neither trade unions nor employer organisations receive systematic support from the state to build capacity for collective bargaining. There are no publicly funded training programs for negotiators, and social dialogue at the national level often remains reactive rather than strategic or proactive.

Collective Bargaining and Wage Determination

In practice, collective agreements in Malta often mirror statutory wage levels, particularly in low-wage sectors. Only a handful of agreements provide for wages significantly above the minimum wage. Moreover, wage negotiations are generally detached from productivity trends or economic performance data, and there is no tradition of tripartite wage-setting councils or wage norms that balance sectoral growth with worker compensation.

This creates a problematic situation in which:

- Workers in sectors with little union presence remain stuck at or near the statutory minimum wage.
- Wage dispersion is high, with large pay gaps between unionised and non-unionised sectors.
- Wage growth is slow and uneven, exacerbating income inequality and dampening domestic demand.
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Recent efforts by trade unions to push for mandatory sectoral agreements in industries like catering, retail, and care work have met resistance from employer organisations, which argue that sector-wide bargaining would reduce flexibility and competitiveness. Yet the lack of any wage-setting coordination mechanism means that Malta is falling short of the "promoting collective bargaining coverage" requirement in Article 4 of Directive (EU) 2022/2041.

Role of Social Partners and Tripartite Dialogue in Collective Bargaining

Malta has a well-established tradition of tripartite dialogue, with the Malta Council for Economic and Social Development (MCESD) serving as the primary institutional platform. The MCESD brings together representatives from trade unions, employer organisations, and government ministries to discuss a broad range of social, economic, and employment policies. Its remit includes advisory input on national budgets, wage policy, pension reform, and social cohesion initiatives.

Social partners in Malta—most notably the General Workers' Union (GWU), UHM Voice of the Workers, the Malta Employers' Association (MEA), and the Chamber of Commerce, Enterprise and Industry—are legally recognised and play an important consultative role. However, their role in actual wage-setting and collective bargaining coverage promotion remains limited in both scope and influence. Discussions at the MCESD tend to be general, consensus-oriented, and often lack binding outcomes. The Council does not currently function as a forum for resolving sectoral disputes or facilitating collective agreement coordination.

Despite this, social partners have occasionally demonstrated strong collective action. For instance, during the COVID-19 pandemic, unions and employer groups reached agreement on wage subsidy schemes (e.g., the Wage Supplement Scheme), allowing thousands of jobs to be retained. Similarly, in debates over pension reform and COLA adjustments, MCESD consultations have played an important role in shaping national policies. These examples underscore the potential of social dialogue—if adequately resourced and supported.

29

Nonetheless, several challenges limit the effectiveness of social partners in advancing collective bargaining:

- Asymmetry in bargaining power, particularly in sectors where trade unions have a weak presence or fragmented membership;
- Insufficient legal frameworks to require employers to participate in sector-wide bargaining;
- Lack of data and wage transparency, making it difficult for unions to formulate evidence-based demands or monitor compliance;
- No formal link between MCESD deliberations and collective agreement implementation at sector or company level.

Without mechanisms to bridge these gaps, collective bargaining risks becoming the preserve of already-unionised workers in a narrow band of public and semi-public sectors, leaving the remainder of the labour market exposed to wage stagnation and weak protections.

Barriers to Expanding Collective Bargaining Coverage

Efforts to expand the reach and relevance of collective bargaining in Malta face a number of structural, cultural, and institutional barriers. These include:

- **Fragmented Economic Structure**
Malta's economy is dominated by small and micro-enterprises, which often employ fewer than 10 people. Many of these businesses operate informally or semi-formally, and lack the administrative or legal infrastructure to engage in formal bargaining. This fragmented landscape poses a major barrier to collective agreement proliferation, especially in sectors like catering, cleaning, and retail.
- **Informal and Atypical Work Arrangements**
The rise of gig work, outsourcing, and irregular contracts has weakened traditional employment relationships. Workers in these sectors are often classified as “self-employed” or contracted via third-party agencies. Under current Maltese law, self-employed workers do not have a legal right to engage

in collective bargaining, limiting union access to rapidly growing parts of the labour market.

- **Limited Organising Capacity**

Trade unions face resource and outreach constraints that limit their ability to organise in underrepresented sectors. They often lack digital engagement tools or multilingual materials to reach migrant and platform workers. Unionisation among youth is low, and many part-time or casual workers do not see the benefit of joining a union that has no visible presence in their workplace.

30

- **Employer Resistance and Fear of Retaliation**

In many private sector companies—particularly SMEs—employers discourage union activity, sometimes subtly and sometimes overtly. Workers often fear that joining a union or voicing support for collective bargaining could lead to dismissal, loss of hours, or other forms of retaliation. Malta lacks strong anti-retaliation protections or sanctions for union-busting behaviour.

- **No Sectoral Bargaining Infrastructure**

Perhaps the most critical gap is the absence of a national framework to promote or require sectoral bargaining. Without such a system, collective agreements remain enterprise-specific and cannot influence wage standards or working conditions beyond the individual workplace. Unlike countries with extension mechanisms or wage boards, Malta has no structure for collective outcomes to shape entire sectors or occupations.

- **Lack of Incentives**

Currently, there are no financial or regulatory incentives for employers to engage in collective bargaining. The state does not offer tax breaks, procurement preferences, or reputational benefits for companies that are party to collective agreements. As a result, bargaining is seen as a cost rather than a collaborative opportunity.

Link Between Collective Bargaining and Gender Equality

Collective bargaining also plays a critical role in advancing gender equality in the workplace. Where strong agreements exist, they often include provisions on:

- Equal pay audits and gender-neutral job evaluation;
- Family-friendly measures such as flexible working hours and extended parental leave;
- Anti-harassment procedures and grievance mechanisms.

In the public sector, many collective agreements contain clauses that directly or indirectly support gender equality. For example, agreements for healthcare and education workers (heavily feminised sectors) often include improved maternity leave provisions, protections during pregnancy, and pro-rata benefits for part-time employees.

31

In the private sector, however, gender-responsive bargaining is rare. Most agreements do not address gender pay gaps or career progression imbalances. In sectors such as hospitality or retail, where many women are employed in part-time or temporary roles, collective bargaining is either weak or non-existent. This leaves large groups of female workers without collective mechanisms to contest inequality or negotiate better terms.

The Pay Transparency Directive (EU) 2023/970 provides an opportunity for trade unions and employer organisations to play a stronger role. The directive encourages the use of collective bargaining as a tool to address pay gaps and promote equitable remuneration systems. Its implementation in Malta should therefore include capacity building for social partners to integrate pay transparency measures into existing and future collective agreements.

Identified Challenges

The Maltese labour market, while relatively stable and resilient, faces a number of persistent structural and institutional challenges that hinder the advancement of inclusive wage-setting, gender equality, and broad-based collective bargaining. These challenges not only affect wage adequacy and equity but also threaten the country's long-term ability to comply with new EU directives on pay transparency and adequate minimum wages. This section summarizes the key issues that emerged from the analysis of the previous chapters.

Minimum Wage Adequacy

While Malta maintains a statutory national minimum wage, its adequacy remains contested. The minimum wage, though periodically revised and accompanied by a Cost of Living Allowance (COLA), consistently falls below the thresholds recommended by the EU—namely, 60% of the median wage and 50% of the average wage. Housing and consumer costs have significantly outpaced minimum wage growth, resulting in increased economic pressure on low-income earners. There is currently no legal mechanism to guarantee that future adjustments to the minimum wage are based on objective, measurable standards of adequacy, such as productivity growth or inflation rates.

Low Bargaining Coverage

Only around half of all workers in Malta are covered by collective agreements, with wide disparities between the public and private sectors. Collective bargaining coverage is weakest in the very sectors where minimum wage work is most prevalent—hospitality, cleaning, care work, and retail. The absence of sectoral bargaining frameworks and legal extension mechanisms has contributed to stagnation in wage progression and weak protection for low-income earners. Moreover, the spread of non-standard and informal work further undermines collective representation.

Gender Pay Inequality

Despite legal protections, Malta continues to exhibit a persistent gender pay gap, driven by occupational segregation, high rates of female part-time employment, and unequal caregiving responsibilities. Women are overrepresented in low-paid sectors and underrepresented in leadership positions. The lack of pay transparency, combined with limited enforcement of equality laws, contributes to the slow pace of progress. Migrant women face compounded disadvantages, experiencing some of the lowest wages and least access to protection.

Weak Institutional Capacity for Enforcement

Labour market institutions, particularly the Department of Industrial and Employment Relations (DIER) and the National Commission for the Promotion of Equality (NCPE), are under-resourced and lack the capacity to monitor compliance or initiate proactive investigations. Labour inspections are rare, and administrative penalties for non-compliance with wage or equality standards are limited in scope and effect. Without institutional reform, legal frameworks risk being ineffective in practice.

Lack of Sectoral Structures and Incentives for Bargaining

Malta's bargaining system is almost entirely enterprise-based. There are no formal sectoral councils, no wage boards, and no mandatory structures to coordinate bargaining outcomes across industries.

Employers have little incentive to engage in collective bargaining unless they face unionised workforces. This fragmentation limits the structural reach of social dialogue and undermines wage convergence across the economy.

Cultural and Informational Barriers

Awareness of employment rights remains low among vulnerable groups, including third-country nationals, platform workers, and youth in precarious jobs. Many workers do not understand the function or value of trade unions, and union engagement strategies often fail to reach beyond their traditional bases. Misinformation, fear of

retaliation, and language barriers all contribute to low participation in bargaining and dispute resolution systems.

3.2. State of EU Directives Implementation

33

Directive (EU) 2023/970 on Pay Transparency

The Pay Transparency Directive (2023/970) represents a significant step forward in operationalising the principle of equal pay for equal work. Its key features include mandatory salary range disclosure in job postings, transparency on pay-setting criteria, employee access to pay information, and reporting obligations for companies with more than 100 employees.

Malta has initiated preliminary steps toward transposing this directive, which must be implemented by 7 June 2026. A working group led by the Ministry for Inclusion and Social Wellbeing and the NCPE has been established to coordinate legal amendments and develop compliance guidelines for employers. So far, the following preparatory measures have been discussed or initiated:

- Draft revisions to Cap. 456 and Cap. 452, to introduce pay transparency obligations and penalties for non-compliance;
- Development of salary range templates for job advertisements in both public and private sectors;
- Plans for a national pay reporting portal where companies will upload anonymised data by gender and pay grade;
- Consultations with employer associations and trade unions on feasible reporting thresholds and enforcement mechanisms.

However, challenges remain. Many small and medium enterprises (SMEs) in Malta lack robust HR structures and express concern about administrative burdens and data protection risks. There is also a risk of superficial compliance—where firms fulfill reporting requirements without addressing the underlying pay gap.

Trade unions argue that without proactive audits, enforcement powers for NCPE, and a system of employee-led pay comparisons, the directive will struggle to achieve its intended impact. They also advocate for stronger whistleblower protections, anonymised reporting protocols, and government subsidies for SMEs to carry out the required analyses.

Directive (EU) 2022/2041 on Adequate Minimum Wages

This directive sets out a framework for promoting adequate statutory minimum wages and enhancing collective bargaining across EU member states. Malta currently complies with the existence of a statutory minimum wage and cost-of-living adjustments (COLA), but falls short in several key areas.

34

Malta's current minimum wage framework falls short of the adequacy thresholds established under Directive (EU) 2022/2041, particularly the benchmarks of 60% of the national median wage and 50% of the average wage. Despite regular adjustments and the application of a universal Cost of Living Allowance (COLA), the statutory minimum wage remains insufficient to guarantee a decent standard of living for low-income earners, especially in the face of rising housing and consumption costs. Compounding this issue is the relatively low collective bargaining coverage in the country, which remains significantly below the 80% threshold outlined in Article 4 of the directive. In cases where this threshold is not met, member states are expected to develop robust national action plans aimed at increasing collective bargaining coverage—a requirement that Malta has not yet fulfilled.

Furthermore, Malta lacks a formal wage-setting formula that transparently links minimum wage updates to economic indicators such as inflation, productivity, or median earnings. This absence undermines the predictability and fairness of wage adjustments and leaves the process open to discretionary or politicised decision-making. Adding to these structural shortcomings is the complete absence of sectoral bargaining frameworks or mechanisms for extending collective agreements across entire industries. Without such mechanisms, wage-setting remains fragmented and uncoordinated, limiting the potential of collective bargaining to drive upward wage convergence and ensure fair remuneration standards across the economy.

IV. Recommendations at national level

Policy-Making and Engagement Recommendations

These recommendations target legislative reforms, regulatory instruments, and national strategies to align Malta's labour market with EU social rights standards.

1. Introduce Adequacy Benchmarks for the Minimum Wage

Malta should enshrine in national law the principle that the minimum wage must correspond to at least 60% of the national median wage or 50% of the average wage, as specified in Directive (EU) 2022/2041. This would establish a clear and objective legal

threshold for adequacy, ensuring that future wage revisions are based on measurable living standards and not political discretion.

2. Establish a National Wage-Setting Commission

A permanent, independent wage commission should be created through legislative amendment. This body—comprising representatives from trade unions, employer organisations, economists, and civil society—would be empowered to review wage adequacy, publish annual reports, and make binding recommendations on wage adjustments.

35

3. Legislate for Sectoral Collective Bargaining

The Employment and Industrial Relations Act (Cap. 452) should be amended to legally permit and promote sectoral collective bargaining. The law must allow for agreements to be extended across sectors where representativeness thresholds are met, providing a basis for wage coordination across fragmented industries like hospitality, care work, and retail.

4. Formalise Legal Coverage for Non-Standard Workers

Malta must adopt a statutory definition of economically dependent self-employment **and** extend collective bargaining rights to platform workers and freelancers who are functionally subordinate to single clients or platforms.

5. Fully Transpose the Pay Transparency Directive

Malta must enact laws by 2026 that impose mandatory salary band disclosures, employee access to pay information, and gender pay gap reporting for companies with over 100 employees. Legal reforms must also embed job classification systems and anti-retaliation provisions.

6. Empower the NCPE with Enforcement Authority

The National Commission for the Promotion of Equality (NCPE) **should** be given enhanced legal authority to impose fines, issue binding corrective orders, and initiate investigations where systemic gender-based pay discrimination is suspected.

7. Integrate Minimum Wage Compliance in Public Procurement

The government should legally require all public contractors to comply with minimum wage provisions and fair working conditions. Wage compliance should be a prerequisite for eligibility in state tenders.

B. Operational and Awareness Recommendations

These recommendations focus on enforcement, institutional practice, and public engagement—translating laws into measurable outcomes.

1. Launch a Public Minimum Wage Monitoring System

36

Malta should develop a transparent digital dashboard **that** publishes regularly updated information on minimum wage levels, coverage, cost-of-living trends, and sectoral wage gaps. This will inform both policy and bargaining strategies.

2. Implement Gender Pay Reporting Tools

A centralised online portal **should** be launched for firms to report their annual gender pay gap data. Templates and submission processes should be streamlined to support compliance by SMEs and public sector bodies.

3. Enforce Wage Clauses in Government Contracts

A monitoring unit within DIER should be tasked with verifying whether contractors and subcontractors in public procurement adhere to wage and working condition requirements, especially in sectors like cleaning and security.

4. Launch National Awareness Campaigns

To bridge the awareness gap, Malta should fund multilingual public information campaigns to inform workers—especially youth, women, migrants, and freelancers—of their rights to fair pay, collective representation, and complaint mechanisms.

5. Develop Codes of Conduct for Platform Work

In collaboration with social partners, Malta should introduce voluntary digital labour standards for gig economy platforms, covering pay transparency, safety, algorithmic fairness, and rights to representation.

6.. Promote Work-Life Balance for Equality

The government should embed flexible working and parental leave standards into public sector collective agreements and advocate their adoption in private-sector agreements, focusing on encouraging uptake by male workers.

C. Capacity-Building Recommendations

These recommendations aim to enhance the abilities of unions, employers, and institutions to lead and support inclusive policy reforms.

1. Strengthen DIER's Inspection and Enforcement Capacity

The Department of Industrial and Employment Relations must be adequately funded to conduct proactive minimum wage audits, verify collective agreement compliance, and enforce wage clauses in public procurement. Additional labour inspectors, legal officers, and digital compliance tools are urgently needed.

37

2. Expand NCPE's Resources for Pay Transparency Oversight

The NCPE should receive targeted investment to train staff in gender audit methodologies, upgrade its case-handling systems, and respond to new mandates under the Pay Transparency Directive.

3. Fund Trade Union Modernisation

Trade unions must be supported in developing digital organising tools, mobile apps, and remote consultation platforms—particularly to reach part-time, platform-based, and migrant workers. Special funding lines should be created for innovative organising models and legal support initiatives.

4. Build Employer Capacity to Engage in Bargaining

Employer organisations, particularly those representing SMEs, should be funded to deliver training in collective bargaining, wage-setting data usage, and pay transparency compliance. Public-private partnerships can facilitate peer learning and case-study exchanges.

5. Promote Tripartite Training on EU Labour Directives

The government should organise national-level workshops for unions, employers, and public officials on the practical implementation of EU labour directives, including examples from other small EU states. These should cover wage-setting formulas, sectoral negotiation models, and digital enforcement tools.

6. Encourage Union-Employer Collaboration on Equality

Social partners should be supported to jointly develop and pilot gender-equality clauses in collective agreements, including protocols for equal pay reviews, maternity protection, and equal opportunity

IV. Recommendations to promote Social Dialogue

Strengthening the capacity of social partners—including trade unions, employer organisations, civil society actors, and public institutions—is not just a desirable goal, but a necessary condition for the evolution of a fair, balanced, and responsive labour market in Malta. As new forms of work become increasingly prevalent, from platform-based labour and teleworking to varied part-time arrangements, these stakeholders must be empowered to meaningfully engage in social dialogue, shape regulatory frameworks, and advocate for effective protections across diverse employment categories. The successful integration of new work realities into the existing labour structure depends heavily on the strength, adaptability, and interconnectedness of these actors. This section explores how each of these groups can build and refine their capacities to meet the challenges of a changing world of work.

Trade Unions: Adapting to Represent a Fragmented Workforce

Trade unions in Malta have long served as crucial defenders of worker rights. However, the growth of precarious, non-standard, and digitally mediated work has significantly complicated their mission. Traditional union models often rely on stable, long-term employment relationships, workplace-based organizing, and consistent income from dues. These assumptions are often incompatible with the fragmented, intermittent, and individualised nature of gig work, freelance digital labour, and platform-based employment.

To remain effective in this new environment, unions must innovate. This begins with rethinking their membership models to accommodate irregular workers. Flexible dues structures that adjust according to income variability could make union participation more accessible to gig workers. App-based onboarding systems and digital communication channels would facilitate engagement, particularly for younger or migrant workers who may not have access to conventional union entry points. Furthermore, unions should position themselves not just as negotiators of contracts but as service providers offering legal support, training programmes, and community-based resources that appeal directly to the needs of workers navigating uncertain or isolated employment.

Equally important is the development of internal capacity for understanding and responding to algorithmic management. Trade unions must acquire the technical expertise to interpret how platform algorithms operate—particularly those that allocate tasks, track performance, or issue penalties without human oversight. This could involve establishing dedicated internal teams or forming partnerships with academic institutions to analyse the effects of AI on working conditions. By building this knowledge base, unions can more credibly engage in regulatory advocacy and push for transparency, fairness, and accountability in digital workplaces.

To ensure continuity and renewal, mentorship and peer learning systems should be institutionalised. Experienced union organisers can be paired with emerging representatives from sectors like food delivery, digital freelancing, or part-time retail. These relationships would serve as incubators for developing future leaders and deepening union reach into underrepresented labour markets.

Employer Associations: From Compliance to Co-Creation

Employer associations are critical to shaping sector-wide norms and guiding business compliance, but they too must adapt to the changing composition of the workforce and the technological transformation of work. Engaging platform companies and the intermediary agencies that manage large segments of gig work—especially in delivery, transport, and domestic services—is essential. By bringing these actors into the fold, employer associations can foster a culture of shared responsibility and collective improvement. Membership expansion must be paired with sectoral codes of conduct that set minimum standards for working conditions, safety, and employment classification, particularly where legal frameworks remain ambiguous.

Beyond enforcement and compliance, employer groups should act as curators of best practices. This includes highlighting successful hybrid work arrangements, publishing case studies on employee wellbeing strategies, and developing benchmarking tools for occupational health in remote settings. Such resources not only encourage responsible business conduct but also support knowledge-sharing across industries, allowing SMEs and startups to learn from the experiences of larger or more advanced companies.

Moreover, employer associations have a vital role to play in helping businesses navigate evolving regulatory environments, particularly those related to new EU directives. By providing legal and operational guidance on issues such as platform work status, digital surveillance policies, and flexible scheduling rights, associations can ensure that compliance is not a barrier but an enabler of sustainable business models. In this context, promoting digital innovation must be done in tandem with integrating worker protections from the outset, ensuring that transformation is both forward-looking and socially grounded.

Government Institutions: Coordinating Innovation and Oversight

The Maltese government, particularly through the Ministry for Social Dialogue and the Ministry for Employment, holds the unique ability to coordinate national policy on the future of work. Establishing a dedicated Future of Work Unit would significantly enhance this role. Such a multidisciplinary team could act as a central node for policy innovation,

research synthesis, and programme evaluation, particularly in the implementation of EU-level legislation such as the Platform Work Directive and Work-Life Balance Directive. It could also facilitate the creation of evidence-based pilot initiatives, working across ministries and in partnership with unions and employers.

Public investment in experimental social dialogue formats is urgently needed. This could include supporting the development of platform cooperatives, piloting sectoral councils tailored to emerging industries, or facilitating new models of worker recognition that extend beyond traditional union structures. These pilots would allow stakeholders to test, adapt, and scale responses that are tailored to Malta's unique labour market composition.

41

Modernising labour inspections is also critical to the government's oversight role. Inspectors must be equipped with digital tools that allow them to audit app-based work environments, detect subcontracting abuses, and monitor compliance in hybrid settings. Training should be expanded to include understanding algorithmic bias, identifying exploitative scheduling systems, and recognising new health and safety risks arising from both physical and digital conditions. Jurisdictional clarity must be enhanced so that indirect employment relationships—such as those found in platform work—do not escape regulatory scrutiny.

Civil Society and Academia: Building Knowledge and Empowerment

Civil society organisations and academic institutions offer invaluable contributions to the development of a fair and inclusive labour framework. As neutral facilitators and repositories of expertise, they are well-positioned to investigate emerging issues, support vulnerable populations, and promote dialogue between fragmented social actors. Research collaboration should be expanded and institutionalised. Universities, think tanks, and NGOs can conduct detailed studies on the economic and social implications of new forms of work, particularly in areas where data is scarce. Topics such as the gendered impacts of telework, the integration challenges faced by migrant workers in the gig economy, or the ethical implications of workplace surveillance are all ripe for academic exploration. These findings can directly inform policymaking and provide the empirical basis for legislative reforms.

Legal clinics and advice centres can also be a powerful tool for worker empowerment. By offering targeted legal assistance, these institutions can ensure that vulnerable groups—including single parents, migrants, and young freelancers—have access to justice and are equipped to assert their rights. Clinics could be embedded within university law faculties or operated in partnership with unions and community

organisations. Over time, these hubs could evolve into trusted community resources that not only provide individual support but also gather collective insights into systemic problems.

Capacity building for social partners in Malta is an urgent task that cannot be left to organic evolution or isolated good intentions. As the structure of work changes, so too must the institutions and actors responsible for safeguarding the principles of decent work, equity, and inclusion. Trade unions, employer associations, government entities, civil society, and academia each have unique and complementary roles to play. Their effectiveness, however, depends on sustained investment in their capabilities, openness to innovation, and a shared commitment to cooperation.

By strengthening the connective tissue between these groups and equipping them with the tools, resources, and knowledge they need, Malta can ensure that the future of work is not only technologically advanced and economically dynamic but also socially just and democratically governed.

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VI. THE PARTNERSHIP



ZDOPS

(Association of Employers in craft and small business of Slovenia GIZ, Slovenia (lead))

Website: <https://zdops.si/>

45



MCSMEs

(Malta Chamber of SMEs)

Website: <https://www.smechamber.mt/>



PIMEC

(Pimec Petita i Mitjana Empresa da Catalunya, Spain)

Website: <https://pimec.org/en>



GSEVEE

(Hellenic Confederation of Professionals, Craftsmen & Merchants)

Website: <https://www.gsevee.gr/>



CCP

(Confederação do Comércio e Serviços de Portugal)

Website: <https://www.ccp.pt>



SOPS

(Trade Union of Crafts and Small Business)

Website: <https://sops.si/about/>



SMEUnited*

(Association of Craft Employers and SMEs at the European level)

*Associated partner

Website: <https://www.smeunited.eu/>