



## **European Employment Observatory**

### **EEO Review: Youth Employment Measures, 2010**

#### **Malta**

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October 2010

*This article is the sole responsibility of the author(s)*

## **1. Trends**

Overall, the labour market situation of youth aged between 15 and 29 in Malta appears to be better than the EU-27 average. However, it has been negatively affected by the international economic recession and a decline in the youth employment rate occurred between 2008 and 2010. As expected, the employment rate in the age group 15-19 is much lower than that of the age group 25-29 (16.9 % and 77.3 % respectively). Employers prefer to employ more experienced and mature persons. The majority of young Maltese workers are employed in services and sales as clerks or technicians, while the remaining work in unskilled trade or operator jobs (Employment and Training Corporation, 2008).

The youth unemployment rate in Malta is considerably lower than that of the EU-27 average (14.7 % and 20.7 % respectively in the 15 to 24 years age group). While there has been an increase in the youth unemployment rate between December 2007 and December 2009 (increases of 4.4 and 5.5 percentage points among those aged between 15 and 24 years respectively), this has been lower than that registered in the EU-27 (Eurostat). Data from the ETC unemployment register for August 2010 show that 28 % of the registrants are 29 years old or younger (National Statistics Office, 2010). Youth unemployment in Malta concerns mostly low-skilled persons. However, unemployment among medium and high-skilled young people is on the increase.

Young people in Malta do not appear to be significantly affected by long-term unemployment. Statistics however confirm that Maltese youth are more likely to find themselves in precarious employment, including part-time and temporary employment, when compared to older workers. Despite this, the employment situation for young people in Malta is still much better than that of their peers across Europe (Eurostat).

Young people in Malta suffer from a particularly high early school leaving rate. Indeed, about 37.8 % of Maltese youth aged between 18 and 24 have at most lower secondary education and were not in further education or training in 2009. The figure is much higher than the EU-27 average, with a particularly alarming male early school-leaving ratio. One should note that the situation has improved between 2008 and 2009, with the ratio decreasing by 2.5 percentage points (Eurostat). The government aims that by 2015, 85 % of young people reaching 16 years of age will continue their studies (Department of Information).

## **2. Measures taken to promote youth employment**

### **2.1 School education and training policies**

In view of the relatively low qualification levels and low participation in lifelong learning amongst the Maltese population, over the past decade, the government has strived to improve Malta's educational and training institutions, while encouraging further education and training across the whole population. The government is very ambitious and aims to make higher education in Malta a centre of excellence by 2020 (National Commission for Higher Education, 2009).

Considerable Maltese and EU funds were allocated to improving the infrastructure of educational institutions. Malta was granted EUR 41.4 million by the European Regional Development Fund for projects related to education for the period 2007-2013. Many of these funds have been allocated to improve post-secondary and tertiary-level infrastructure relating

to Science, IT and vocational training. This investment should in time strengthen Malta's currently low research and development activities.

As part of the ongoing educational reform, the 2009 Budget allocated greater funds for the purpose of engaging new professionals to support teachers, students and their families (Ministry of Finance, the Economy and Investment, MFEI, 2008). However, the government needs to strengthen the implementation of potentially beneficial policies announced in recent years. For example, the Career Guidance Policy for Schools (Debono, Camilleri Galea, & Gravina, 2007) has barely started to be implemented. The proposed upgrade in the career guidance structure of compulsory schooling can improve the help provided to students to further their education and training and to embark on more congruent careers.

In 2008, in a bid to continue encouraging education beyond compulsory schooling, the government extended the Youth Specialisation Studies Scheme for a further three years. The scheme is intended to help young people choosing to study abroad in subjects that are unavailable in local education institutions through subsidised loans (Camilleri, 2008). Since 2008, the government also provided hundreds of scholarships (some 430 in 2010) to students to pursue further education at Bachelor, Master and Doctorate levels. The government is also considering investing more funds in the scheme to maintain the same momentum when the current EU-funded scheme ends in 2011 (MFEI, 2010). In order to upgrade the local Vocational Education and Training (VET) opportunities, the Malta College of Arts, Science and Technology (MCAST) started offering degree courses in 2009, while the University of Malta extended its range of full-time and part-time courses. Targeted actions were also carried out to attract more students to science education, especially information technology (IT) and health courses and to facilitate continuous professional development in those fields.

However, the focus on strengthening post-secondary educational opportunities might not be enough for that proportion of young persons who quit school at age 16. In a bid to improve the situation, MCAST has recently started implementing the maturity clause, thus accepting to provide learning to persons over 21 years of age who lack formal qualifications. The Malta Qualifications Council (MQC), established in 2005, aims to introduce the validation of informal and non-formal education in compulsory education, printing, agribusiness, beauty, care, and building and construction sectors by the end of 2010 (MQC, 2010). The government is also exploring the possibility of introducing vocational subjects (including engineering, hospitality, IT practitioner and health and social care) as an option to Form 3 students in secondary schools alongside other subjects. School drop outs are among the individuals targeted through Lifelong Learning Centres and Community Technology Learning Centres which have recently been set up across Malta and Gozo. These and other similar strategies can improve the skill levels of young people who are currently leaving formal education early and possess limited skills.

The Employment and Training Corporation (ETC), Malta's public employment service, offers a variety of training opportunities which also attract young persons who are unable or unwilling to embark on long full-time courses. Among others, it manages an apprenticeship schemes in 35 occupational areas, with the assistance of VET institutions. Over 8 450 persons benefitted from such schemes up to 2008 (ETC, 2008). Consultative committees made up of employers and representatives from VET institutions for the occupational areas which are most in demand, were recently established. They seek to improve the schemes by shaping the

duration, knowledge content and type of necessary complementary on-the-job work-based training (ETC, 2008). Of the individuals who completed apprenticeships between 2007 and 2009, 82 % were in full-time employment. Apart from apprenticeship schemes, the ETC also offers traineeships which also involve on- and off-the-job training, but which are of a shorter duration.

Over the last year there has been a serious setback in the efforts to train young persons. In May 2010, it was announced that the European Commission suspended Malta's participation in the EU's Youth in Action and Lifelong Learning programmes due to mismanagement. Over 550 students and organisations were affected. This suspension was a strong blow to the government's perceived ability to manage EU funds. The government needs to drastically improve the human resources and existing procedures to ensure that the problem is not repeated in the future.

## **2.2 Labour market and employment-related policies and access to benefits**

Since its inception in 1990, the ETC has increasingly strived to develop services targeted at particular groups such as young job seekers, inactive women, persons with disabilities, long term-unemployed, persons over 40 years old and others. The target-group oriented approach has proved to be more successful than more generic approaches. The ETC uses a case system to deal with job seekers. When new job seekers register for work, they are referred to an employment advisor who will be their main contact person during their search for employment. The ETC employs 19 employment advisors, four of whom work exclusively with young persons. Such an approach is labour intensive and is affected by an amount of dead weight. However, it appears to reap positive results, encouraging the further lowering of the caseload of employment advisors in order to improve follow up with individual job seekers.

The ETC has a variety of Active Labour Market Schemes, some of which focus directly on young people. For example, the 'Job Experience Scheme' facilitates the school-to-work transition by providing young persons with 13 weeks of job experience while being paid an allowance. Over 830 persons benefitted from the scheme between its introduction in 2003 and 2008 (ETC, 2008). On the other hand, the 'Active Youth Scheme' provides the opportunity for young people who have been registered for work for six months or more, to work for a maximum of six months with a non governmental organisation (NGO). The scheme was used by over 220 persons between its introduction in 2006 and 2008 (ETC, 2008). The Employment Aid Programme, launched in 2009 and co-financed through EU funds, provides financial assistance to employers employing disadvantaged persons. The assistance subsidises the salary of these individuals, as well as the employer's contribution to the employee's National Insurance. This subsidy is provided for a number of months, with an additional subsidy available for a longer period in the case of employing people with disabilities or workers in Gozo. In its first year, the programme resulted in the employment of 411 persons, the majority consisting of young people (ETC, 2010). However, the level of effectiveness of these schemes is unclear.

In 2010, the ETC launched the Youth Employment Programme (YES). The programme, which is partially funded by the European Social Fund, consists of several initiatives promoting the integration of young persons aged between 16 and 24 in the labour market. The ETC developed a website (see internet: <http://www.youth.org.mt/>) meant to provide

employment-related information, resources and tools to young people in Malta. YES recently started organising Youth Days in Malta and Gozo which include entertainment, workshops, and the promotion of employment opportunities through exhibitions by employers, amongst others. YES will also produce a TV programme discussing themes relating to the labour market. In addition to such activities intended to reach the masses, YES also provides young job seekers with personal consultancy services through a multidisciplinary team consisting of a career guidance practitioner, a psychologist, an occupational therapist and two youth workers. Because the programme has just been launched it is still early to determine its effectiveness.

In order to obtain unemployment benefits, one needs to register for employment with ETC. Thus, the system inevitably gives rise to a proportion of clients, including young people, who receive ETC services including personal assistance by employment advisors and participation in schemes, while not really being interested in finding employment. It is probable that such abuse is perpetrated more by the older rather than the younger unemployed. The sanction system in Malta, unlike that of other EU countries, is not incremental. Those who do not follow the agreed plan, including attending job interviews, are struck-off the register, thus losing the right to receive unemployment benefits for six months. If unemployed persons are caught working while registering, they can only start registering after having had a declared job for six months. Maltese authorities are currently discussing the possibilities of implementing stricter measures in order to discourage abuse.

The Maltese government is also aware of benefit traps that might be discouraging persons from actively searching for employment. In a bid to encourage single parents to combine work with family life, the government announced that the social security entitlements for single parents will be reviewed by an intra-ministerial working group. The working group will advise the government on the necessary changes to the current system, taking into consideration the Maltese socio-economic realities (MFEI, 2010).

### **2.3 Roles of the labour market actors**

The government's youth employment policy is mainly entrusted to the ETC which operates at a national level, through a central administration centre and training complex and six job centres throughout Malta and Gozo. In 2008, following consultation with stakeholders, the ETC launched its Youth Strategy 2008/2009 (ETC, 2008). The Youth Strategy, focusing on persons between 16 and 25 years of age who are not engaged in formal education, aims to help young persons move from education to employment by overcoming the barriers that they might face in the process. The document sets the policy within the local labour market scenario, and within the wider European and International Labour Organisation policy context. It describes the initiatives taken by the ETC relating to young people in recent years and also illustrates the initiatives the organisation intends to embark upon.

The international crisis did not lead to any major reform of the ETC. The organisation continued with its process of modernising its resources (including its IT system) and improving its practices in a gradual way. The crisis has put a greater strain on the ETC due to the increase in unemployment. The government took notice of this situation and made available some additional resources to facilitate the organisation's work.

In 2010, acknowledging the increasingly challenging transitions of young people into adult life, the government adopted the revised National Youth Policy 2010-2013. The document, which defines youth as persons between the ages of 13 and 30 years old, aims to set a vision for youth outcomes and outlines a list of key policy objectives that need to be pursued by the government and other stakeholders in the youth field. In the process, it seeks to sustain young persons' holistic development and support their quality of life. The policy 'covers various key areas which are directly linked to the wellbeing of young people, namely: family, education, employment, health, culture, community, sport, leisure, volunteering, youth justice, environment, information society, transitions and vulnerability, youth information, social inclusion and mobility' (Ministry of Education, Employment and the Family, MEEF, 2010, p.i). The policy envisages the setting up of a National Youth Agency, which according to the Parliamentary Secretary for Youth and Sport, should take place by the end of 2010 (The Malta Independent, 2010). The Agency, supported by the MEEF, will be entrusted with the implementation of the policy.

Policy and strategy documents such as the two just mentioned, serve to improve the coordination of youth employment efforts, and with the eventual setting up of the National Youth Agency, this should be further strengthened. In the coming years, the government needs to improve its monitoring and evaluation of youth programmes, including those relating to employment. Whereas many potentially useful initiatives have been launched in recent years, there has not always been a sufficiently thorough follow up. Joining the European Union has improved the accountability and coordination mechanisms within the government through the European Employment Strategy based on the open method of coordination (Government of Malta, 2004). In this regard, the National Reform Programme (NRP, formerly known as the National Action Plan for Employment) has been an effective tool since 2004 in improving the management of government initiatives at the macroeconomic, microeconomic and employment levels, spurring the government to strive towards reaching the Lisbon Targets. The government needs to adopt a similar methodology which focuses in greater depth on youth measures, in a bid to improve the success of the actions it embarks upon.

In line with the guidelines of the European Commission, the Maltese government seeks to involve social partners at various levels in its decision making, starting from the Malta Council for Economic and Social Development (MCESD), Malta's highest forum for tripartite consultation. Employers are also directly involved in the ETC's employment strategies at various levels. They are represented on the ETC Board of Directors. The ETC has recently set up an Employers' Outreach Unit to promote ETC services with employers. Trade unions are not represented on the ETC Board of Directors; they however work regularly with the ETC, especially to assist persons being made redundant, in their job search. Employment policy documents such as those described in this report are normally the product of considerable public consultation, and the contribution of social partners and the civil society is often visible in the final product. It is also useful to note that the largest trade unions have youth sections through which they carry out their initiatives directed at helping young people in the labour market. For example, the GWU Youths, forming part of the General Workers' Union, Malta's largest trade union, actively promotes young workers' rights.

### **3. Conclusions**

Despite the international crisis, the youth employment situation in Malta appears to be faring relatively well, and overall statistics indicate a rosier picture than that of many other EU countries. However, notwithstanding the generally positive trends, it is to be acknowledged that young persons with low levels of qualifications and skills, experience less stable employment opportunities and worse working conditions than other workers in Malta. While the ETC can improve the assessments of its measures, it has effectively kept youth unemployment low over the years. A main aspect that requires greater investment and effort from the relevant authorities is the reduction of early school leavers. More students need to be attracted into further education in areas of economic growth, especially sciences. This can be accomplished by continuing to systematically understand and reduce the barriers that are limiting the further education and training of a significant proportion of young students. The implementation of the measures envisaged in the recently published 'Further and Higher Education Strategy 2020' of the National Commission for Higher Education (2009) will be an important step in confronting such challenges.

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**Annex:**

<b>Table 1: YOUTH EMPLOYMENT / UNEMPLOYMENT TRENDS (Q1 data)</b>									
<b>Data</b>	<b>Age group 15-19</b>			<b>Age group 20-24</b>			<b>Age group 25-29</b>		
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Employment rate (%)	20.1	19.2	16.9	71.9	70.8	67.9	84.1	78.9	77.3
Unemployment rate (&)	(28.5)	(28.9)	(25.9)	-	(7.1)	(9.9)	-	-	(7.5)
Long-term unemployment as a % of unemployed	-	-	-	-	-	-	-	-	-
Youth unemployment to population ratio	(8.0)	(7.8)	(5.9)	-	(5.4)	(7.5)	-	-	(6.3)

Source: Eurostat, Labour Force Survey

- : Data not available

Data in brackets not reliable due to small sample size.

<b>Table 2: YOUTH UNEMPLOYMENT TRENDS (Q1 data, %)</b>						
<b>Data</b>	<b>Age group 15-24</b>		<b>Age group 20-24</b>		<b>Age group 25-29</b>	
	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>
Unemployment for the low-skilled (ISCED 0-2)	17.6	17.3	13.3	13.3	9.0	6.5
Unemployment for the medium-skilled (ISCED 3-4)	-	-	3.1	6.7	2.6	7.3
Unemployment for the high skilled (ISCED 5-6)	-	-	6.4	15.0	1.1	2.1

Source: Eurostat, Labour Force Survey. Data non-seasonally adjusted

- : Data not available

<b>Table 3: YOUTH TEMPORARY CONTRACTS (% OF EMPLOYEES) (Annual data)</b>				
<b>Data</b>	<b>Age group 15-19</b>		<b>Age group 20-24</b>	
	<b>2009</b>		<b>2009</b>	
Temporary work as a % of employment	-		7.8	
			4.6	

Source: Eurostat, Labour Force Survey. Data non-seasonally adjusted

<b>Table 4: NEITHER IN EMPLOYMENT NOR IN ANY EDUCATION OR TRAINING (NEET) (Annual data)</b>		
<b>Data</b>	<b>Age group 15-19</b>	<b>Age group 20-24</b>
	<b>2008</b>	<b>2008</b>
NEET rate (% of the age group) (annual averages)	11.1	(9.7)

Source: Eurostat, EU Labour Force Survey, Annual averages

<b>Table 5: EARLY SCHOOL LEAVERS* (Annual data)</b>		
<b>Data</b>	<b>Age group 18-24</b>	
	<b>2008</b>	<b>2009</b>
Early school leavers (% of the age group)	40.3	37.8

Source: Eurostat, Labour Force Survey

\* Percentage of the population aged 18-24 having attained at most lower secondary education and not being involved in further education or training.

<b>Table 6: DIFFERENCE IN YOUTH UNEMPLOYMENT RATE BETWEEN Q4-2009 AND Q4-2007</b>		
<b>Data</b>	<b>Age group 15-19</b>	<b>Age group 15-24</b>
Difference in youth unemployment rate between Q4-2009 and Q4-2007	7.7	4.4

Source: Eurostat, Labour Force Survey. Data non-seasonally adjusted