



Joint Assessment of the Employment Policy Priorities of Malta

26 October 2001

In accordance with the provisions of the Accession Partnership, the Government of Malta has prepared, together with the European Commission's Directorate-General for Employment and Social Affairs, a joint assessment of Malta's medium-term employment and labour market policy priorities. This document presents an agreed set of employment and labour market objectives necessary to advance the country's labour market transformation, to make progress in adapting the employment system so as to be able to implement the European Employment Strategy, and to prepare for accession to the European Union. Progress in the implementation of these policies will be assessed regularly.

(signed)
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Introduction

In accordance with the provisions of the Accession Partnership, the Commission and the Government of the Republic of Malta are carrying out an employment policy review. The objective of this review is to examine the extent to which Malta has made progress in adapting its employment system so as to be able to implement the European Employment Strategy.

The review aims to provide information, for the use of the Commission and Malta, in response to the following questions:

- Are the labour market structures that are already in place appropriate to participation in the Single Market?
- Are the labour market and employment policy institutions sufficiently developed to allow early implementation of the Employment Strategy in line with the Employment Title of the Treaty?
- Is the overall system in Malta moving towards meaningful participation in the EU employment coordination process?
- What are the priorities for a human resources development strategy as a background for preparatory work for ESF or ESF-type action planning and programming?

The starting point in the employment policy review is agreement on a joint assessment paper, focusing on the fundamental challenges in the employment field. This paper first of all examines whether labour markets reflect the needs of a dynamic market economy as part of a single market, and in particular whether labour is mobile, adaptable and skilled. Secondly, the paper examines the relevant policies and appropriate institutions that support the development of a flexible labour market. This includes the need to promote a forward-looking approach to industrial restructuring, to adapt to knowledge-based economies and to face the impact of demographic change.

This joint assessment paper is divided into four sections. Section 1 provides a brief description of economic performance. Section 2 examines the overall labour market situation. Section 3 identifies the major challenges on the labour market. Section 4 draws together the overall conclusions from the paper.

Section 1: Economic overview

In recent years, Malta has primarily developed its manufacturing and services sectors, and its exports are highly dependent on tourism and manufacturing. Since 1999, the Maltese economy has shown signs of strong macroeconomic performance, leading to significant reductions in unemployment and the public deficit. Progress has been made in developing restructuring and privatisation programmes, as well as in liberalising trade, interest rates and exchange controls. Nevertheless, major economic challenges remain: the government deficit remains very high, and further efforts are required to complete the consolidation of public finances. The current account balance deteriorated significantly in 2000 after a sizeable improvement in 1999.

Malta's real GDP growth in the last few years has been high. After it fell below 4% in 1998, an economic revival became visible in the second half of 1999. Year on year, GDP expanded by above 4% in 1999 and preliminary data for 2000 show that the economy grew at an average of 4.7%. GDP growth has been driven primarily by a good export performance led by the pick-up of growth in the EU and world economies and a slight recovery of domestic demand. Private investment from the manufacturing sector was a major contribution to the increase in GDP in 2000, mainly induced by the expansion of foreign companies in Malta. Although increased imports of capital and consumer goods in 2000 confirm the recovery of domestic demand, the short-term effects of enterprise restructuring and a stricter fiscal policy have a moderating effect on it.

Average retail price inflation fell to 1.9% in 1999, from 3% in 1998. Relatively weak domestic demand, the appreciation of the Maltese lira against the euro and low wage increases all contributed to the downward trend in 1999. However, inflation started an increasing trend in the last months of 1999. The average inflation rate in 2000 was 2.6%. Tax changes, such as the introduction of VAT on oil products and telephone services, the reduction of subsidies, and the recovery of consumer demand, were the main reasons for the rise in inflation in 2000. Inflation decreased steadily in the first quarter of 2001 and reached 1.9% in March in comparison to the same month of 2000. However, the price of oil has been kept constant, not reflecting the higher world prices.

Despite an improvement in 1999, the current account deficit deteriorated significantly in 2000. The main reason stems from a steep increase in the visible trade gap coupled with a lower surplus of the services account and a substantial decrease in the investment income account. The higher trade gap was mainly due to strong growth in imports, driven by semi-finished inputs for industry, and imports of capital goods and the higher oil bill due to international oil price increases. The electronics sectors has accounted for a substantial part of the increase in imports. Although the export performance remained strong in 2000, with machinery and transport equipment leading the way, it remained insufficient to balance out the increase in imports.

Foreign direct investment remains lower than would be desirable, depending primarily on the expansion programmes of existing foreign-owned companies and on privatisation deals. The Government is aware that the volume of foreign direct investment needs to be boosted and is reviewing the package of investment incentives dating back to 1988. The objective is to attract new investments that will bring more value-added to the country.

After a few years of deterioration of the Government's fiscal performance, which brought the public deficit to 11% of GDP (according to the national definition) in 1998, the deficit fell to 8.5% in 1999 and to 6.11% in 2000. It is projected that in 2001, the deficit will be brought down to 5%. A medium-term fiscal plan agreed in late 1998 is designed to reduce the public deficit to around 3% of GDP by 2004. The Government has so far succeeded in increasing revenues, although not yet in decreasing expenditure. New fiscal measures were introduced in 1999, comprising higher income taxes, increases in social security contribution rates and a wider VAT base. Expenditure increased in 1999 and 2000 due to increases in wages, salaries and personal emoluments, together with higher social security benefits and one-off compensation payments for the abolition of some product subsidies.

Section 2: The situation in the labour market

Statistics

As regards demographic and social statistics the first labour force surveys (LFS) incorporating all of Eurostat's recommendations and the latest *acquis* on the subject were carried out in May 2000 and December 2000. The results from these surveys are used as much as possible in the section on the labour market situation. However, the LFS data from the National Statistics Office has been complemented with data already collected by the Employment and Training Corporation (ETC).

2.1 Developments in employment

The number of persons in employment increased moderately throughout the 1990s¹. At the end of 2000 there were around 141 117 persons in employment (around 145 000 according to LFS). The number of employed people increased by 0.5% per year between 1996 and 1999, and by December 2000 there was an upturn of 2.1% over the previous year. The number of employed women increased by an average of 3.2% per annum, while for men the figure was 0.7% per year and actually fell by 0.2% during the years 1997 to 1999 (Tables 3-6).

At the end of 2000, the employment rate was 54% (15-64). The gap between the male and female employment rates is very high: 75.4% for men compared to 32.1% for women. As yet, Malta's employment rate only covers persons in full-time employment. The pensionable age in Malta is 61 for men and 60 for women. The employment rate for women between 15 and 64 years of age rose from 27.4% in 1994 to 32.1% in 2000. The employment rate for men declined slightly in the 1990s, from 76% in 1994 to 75.4% in 2000. 52.5% of the increase in full-employment was made up of women. The employment rate based on the LFS data gives the same overall picture: 54.6% for the total and 75.8% for men and 33.1% for women.

In the 1990s, the employment rate for the under 25s fell, reaching 49.6% at the end of 2000. This drop must be seen in the context of a large increase in the number of young people in tertiary education and a slight rise in youth unemployment. Between 1994 and 2000 the employment rate for persons aged between 25 and 39 increased from 56.9% to 67.7%, while for persons between 40 and 59 it increased from 50.2% to 53.4%. The employment rate increased to a lesser degree for the age group 60-64 and is in fact rather low, at 4.3% for women and 23.5% for men.

2.2 Structural changes in employment

Sectoral trends

In the 1990s there was a marked shift towards private services. Between 1990 and 1999 employment in agriculture declined by 40%, together with a 7% drop in industry, a rise of 66.5% in private market services and a drop of 40% in non-market services. In 2000 the share of agriculture was 1.5%, that of industry 28.4% and that of services 70%, of which 66.4% was

¹ Labour data reforms in 1994 do not allow comparisons before then.

in private services (Table 8). The LFS data gives a slightly different picture: the low employment share in agriculture is confirmed at 1.8% whereas the share in industry is much higher at 34.6% and the share in services is much lower i.e. 63.6% at the end of 2000.

The sectoral shift towards services is most marked for women. 75% of all employed women work in the services sector, compared to 67% of men. Compared to 1994, 5.5% fewer employed women work in industry today offset by an increase of 5.0% in the services sector.

Public/private distribution

In 2000 36.5% of employed people worked in the public sector, while the remaining 63.5% worked in the non-public sector (Table 9). Employment shares in the public sector are similar for both genders, at 37% and 35% of all employed men and women respectively. Of all people employed in the public sector, 69% work in government departments and 31% work in public corporations and state companies. Since 1994, employment in the public sector has decreased by 7.5% compared with a 17% increase in the private sector. There has been significant job creation in the fields of electronics manufacturing and community and business services. This relatively sharp growth in the private sector is also partly attributable to the sale of government shareholdings in two banking institutions, as well as to the deterrent effect of the penalties for undeclared work that came into effect with the introduction of value-added tax legislation in 1995.

Self-employment

There has been a slight decrease (two percentage points) in declared self-employment over the past fifteen years, bringing it to 10.9% of the labour force in September 2000. At the end of 2000, the male share of self-employment was 86.7%. The male self-employment rate was 13.9%, while for women it was 5.1%. Both figures are on the low side when compared to the EU averages of 18.3% and 14.4% respectively.

Hidden employment

The level of hidden employment is believed to have fallen substantially since the introduction of VAT legislation in January 1995; during 1995 the increase in full-time employment was double the average. No official estimates have been made, although hidden employment is still believed to occur in the construction industry. This is borne out by the fact that half of all strike-offs from the employment register owing to irregular employment occur in the construction industry, and to a lesser degree among home maintenance trades such as plumbing and painting, as well as in the hospitality and small enterprise sectors.

The introduction of VAT also increased the number of official part-time workers, the majority of whom are women. It is believed that there is still a number of unofficially self-employed persons who carry out their business after their full-time employment. This is made possible in particular by the summer-time privilege, shorter teaching hours, and the shift system in certain sectors.

Part-time work

Part-time workers increased significantly during the 1990s. At the end of September 2000, 19 105 persons worked only on a part-time basis - equivalent to 13.5% of the number of persons in full-time employment. Of these, 59.8% were women. Another 17 582 persons (74.8% of them male) worked part-time in addition to a full-time job. Compared to 1996, there has been a 56% increase in persons working part-time as their primary job and a 41%

increase in persons working part-time in addition to a full-time job. Part-time workers do not feature in the employment rates, which are based on administrative data for full-timers only.

Education level

Education levels in the labour force are rather low compared to the EU average. According to the 1995 census, 51.9% of the working age population had not completed secondary school. The corresponding EU average is 40%. 36% had completed secondary level, 3.5% post-secondary level, and 7.3% tertiary and post-graduate level. (See Tables 10–13). 60.2% of the working age population declare that they have no qualifications. This is true of around one third of people under 25, half of those between 25 and 40, and over two-thirds of those over 40 (Table 13).

Education levels in the workforce are expected to rise as a result of the higher educational levels of new entrants, as well as the lower labour force participation/employment rates of those with lower educational attainment. While in 1990 only 56% of young people completing secondary education chose to go on to further education, this had risen to 66% by 1999 (Table 27). This trend is most marked for women. While in 1990 only 48% of girls completing secondary school opted for further education, the proportion had risen to 66% by 1999.

The tertiary education population also continues to rise, having grown over fivefold since 1986 (see Table 28). Women's share of tertiary education has grown, rising from 46.2% in 1992 to 51.2% by 1998. While women are still over-represented on health, education and social courses, the proportion of women in less typical fields such as architecture, engineering and the sciences has increased slightly over the years, though there is still a wide gap between women and men. Table 30 gives a breakdown of university graduates by gender and subject.

Unemployment

The unemployment rate has remained fairly constant over the past fifteen years, at around the 4% mark. The unemployment rate for women (2.2%) is lower than for men (5.4%). (See Tables 14 – 19). The LFS carried out in December 2000 identified an unemployment rate of 6.5% for persons in the 15-64 age bracket. This is 2.5 percentage point higher than that resulting from administrative data. The difference is due to (1) administrative data being a headcount whereas LFS data is data extrapolated from a sample (2) administrative data being based on persons of employment age i.e. between 16 and 61 years of age whereas LFS data refers to unemployed persons between 15-64 years of age (3) administrative data refers to persons who are registered as unemployed with the Employment and Training Corporation whereas LFS data refers to the number of persons who declared themselves as job seekers in the reference week, irrespective of whether they are registered as unemployed or not. The lower female unemployment rate compared to men is confirmed (5.4% and 7.0%, respectively).

The youth unemployment rate (15-24) has risen from 4.4% in 1994 to 6% in 2000, and the rise is similar for both males and females. The unemployment rate for people over 40 rose from 3.8% in 1994 to 4.3% by the end of 2000. According to LFS data unemployment rate for young people is even higher i.e. 11.2% with a female youth unemployment rate at 7.0% and 14.7% for men. A high proportion of the registered unemployed have lower levels of education and limited skills. Unemployed females have higher qualification profiles than unemployed males; this may, however, hide the fact that a number of low-skilled females

operate outside the formal economy. In December 2000, long-term unemployment was 53%. The majority of unemployed persons declared a preference for manual work, particularly in manufacturing and labouring.

Summing up, the challenges facing employment policy today relate to participation rates and skill levels. This is particularly important in the context of an ageing population and a decline in birth rates, both from the point of view of both labour supply and the capacity to finance social protection. As a result, concern arises over the relatively large number of people who are inactive. Low participation rates, particularly for women and, to a lesser degree, older workers, are to be addressed. The youth unemployment rate also needs close monitoring. The rise in educational attainment in Malta must be sustained and improved upon to address emerging skill shortages, which are particularly evident in the IT and construction sectors, in certain professions and in middle management.

Section 3: Identifying challenges in the labour market

There has been a marked shift away from production and into services, although per capita value-added in manufacturing has increased significantly. Within manufacturing, employment has been redistributed away from sectors such as footwear and clothing, and towards others such as electronics, engineering and health-related products. Many firms competing with imports must increase their competitiveness as import restrictions are dismantled. This poses challenges in terms of productive investment and skill-building, and opens up new opportunities for the development of important corporate functions, particularly in research and development and shared back-office centres.

Rapid technological change and the spread of economic activity across national boundaries are recognised as factors transforming the employment scene in Malta, particularly for workers with low skills². Malta is highly exposed to international trade, with both imports and exports amounting to nine-tenths of GDP. As such, the Maltese labour force depends on its international competitiveness and its ability to attract foreign direct investment.

The primary economic objective of the Maltese Government is the improvement of living standards. Employment growth and wage increases will only come about through increased per capita value-added. Maltese industry has been restructuring in recent years to generate better returns. Many enterprises have long been protected by import restrictions and levies. In addition, many SMEs have not achieved higher value-added, and smaller firms in general tend to pay significantly lower wages than larger ones. 44% of Maltese manufacturing firms employ fewer than 10 people, while 48% employ between 10 and 100.

The private sector is seen as the main engine of economic growth, with the public sector fulfilling legal and regulatory functions and providing public goods and services. The Government is pursuing a privatisation programme, outlined in November 1999, whereby public enterprises will gradually be privatised to increase efficiency and service quality, to develop local capital markets and strengthen the private sector, to encourage investment, and to consolidate public finances. The key to the success of this programme is the willingness of the social partners to retrain and redeploy the less productive in public enterprises.

While responsibility for structural adjustment remains with economic actors, the Government assists restructuring sectors with their transition costs. Nevertheless, healthy economic growth requires support from all the local social partners. Support for an open and competitive economy is critical to lowering costs, keeping productivity growth above wage growth, generating jobs and keeping unemployment down. It is recognised that sustainable economic growth requires an increase in employment rates together with continuously improving productivity.

² Ministry for Economic Services (1999), "Prosperity in Change".

3.1 The functioning of the labour market

Wages policy

In a functioning labour market, wage increases should reflect the increase in productivity in the overall economy. It is important for wage developments to contribute to an employment-friendly policy mix and for the social partners to continue to pursue a responsible course and conclude wage agreements in line with the following general principle. Real wage increases in relation to labour productivity growth should take into account the need to strengthen investment profitability and international competitiveness, while allowing a steady increase in purchasing power and private consumption. Wages are an important instrument for providing the right signals and should reflect the scarcity of labour in line with its productivity from the point of view of skills.

In Malta the rise in real wages seems to be in line with productivity growth in the economy. Between 1992 and 1999, the increase in real earnings averaged 3% compared to average productivity growth of 3.4%. In 1999, the increase in productivity was 3.4%, while real wages grew by 2.6%. It must be noted, however, that productivity indices as such do not yet exist, and for the purpose of this paper productivity has been taken as GDP at constant prices per person employed.

Wage increases are awarded in line with the retail price index. Wages are set through collective agreements in the public sector, where the Government's role is that of negotiator. In the private sector, the Government plays a mediating role in disputes. Sectoral wage agreements are discussed between the social partners within the Malta Council for Economic and Social Development.

A national minimum wage was established in 1974 and is updated annually. It currently amounts to Lm 49.88 (€ 125) per week, which is 74% of the average real weekly wage. Across all sectors, wages significantly exceed the national minimum wage, though the gap has narrowed. In 1994, the lowest wage on record exceeded the minimum wage by 16%; this fell to 8% by 1999. Throughout the 1990s until today, wages have been highest in banking and other financial services, community and business services and transport. In 1999, the lowest paid sectors included leather and leather goods, non-metallic products, and textiles, footwear and clothing. Average wages in market services exceed those in direct production by 30%, although this does not take potential production bonuses into account. The wage gap between the public and private sectors has been growing in favour of the latter, although the disparity will be reduced when the new collective agreement for the civil service comes into force in January 2001.

As regards wage differentials, the preliminary findings from the first labour force survey indicate that the lowest-paid 10% earn 4% of total gross wages, while the highest-paid 10% earn 23% thereof. The survey also found that women on the whole earn around 84% as much as men in broadly similar occupational categories.

It is important to enhance productivity growth and to strengthen the relationship between wages, skills and productivity. The Government is supporting this development through various measures to increase the general education level of the workforce, and also through increased investment in continuing vocational training. The role of the social partners in promoting CVT should be developed and strengthened.

Mobility

As noted above, the shift from industry to services has already been clearly established. Occupational mobility plays a critical role in market economies, as society relies on the free movement of workers to allocate labour in a way that achieves maximum satisfaction for workers, employers and consumers. The Government believes it is necessary to promote skill levels according to market needs, as well as to measure and certify skill standards. In this respect, occupational mobility will be improved by the new Malta Professional and Vocational Qualifications Awards Council, set up in 2000 to establish and accredit national standards of occupational competence.

Regional mobility is less of an issue in Malta, given the small size of the island. Nevertheless, unemployment rates are higher in the Inner Harbour region, as the largely manual skills profile of the region does not meet market demands. Efforts are being made to revitalise the area, particularly through new capital projects and the development of an inter-agency³ Community Resource Centre, which will provide a broad range of services aiming to empower residents of the area. Skills development is also required in Gozo, Malta's sister island, which remains far more agriculture-based than Malta. The Employment and Training Corporation is developing an implementation plan to fully regionalise its services over the coming months and to improve its understanding of, and response to, local and regional difficulties and opportunities in the fields of employment and skill requirements.

Labour flexibility and security

Increased flexibility is necessary to improve the competitiveness of the Maltese economy by increasing its ability to adapt rapidly to changes in market conditions and technology. The norm in Malta remains the full-time indefinite contract of employment, although there has been a growth in the number of fixed-term contracts, particularly in the professional sector.

A number of initiatives in the 1990s have made non-standard employment more attractive, such as pro-rata benefits for part-timers. The reconciliation of work and family has been made somewhat easier by the introduction of one year's parental leave (and the possibility of three further years for civil servants), and by reduced working hours and responsibility breaks for civil servants caring for dependants.

In general, however, conditions are regulated by the Conditions of Employment Regulations Act, currently being revised to respond to requirements of the local labour market and EU social directives. At present, termination of indefinite service contracts is permitted for reasons of redundancy, or if there is 'good and sufficient cause'. The Industrial Tribunal adjudicates in cases of alleged unfair dismissal within the private sector. Recruitment and dismissal in the civil service are regulated by the Public Service Commission, an autonomous body established under the Constitution.

The Government's recognition of the importance of both flexibility and security is reflected in the ongoing revision of the Conditions of Employment Act, and the social partners are actively engaged in seeking a consensus as to how greater flexibility can be achieved.

³ Social work, housing and employment services.

3.2 Investment in human resources

Background

As already noted, education levels in the workforce and in the adult population are relatively low. About 52% of the working age population did not complete secondary school, while 36% ended their studies after completing secondary level (Census 1995). 7.3% of the population studied at tertiary and postgraduate levels.

Significant changes have taken place over the last fifteen years as the number of young people in post-secondary education has been increasing. Today, two out of three students continue their studies beyond secondary level, in addition to the growth in attendance rates at adult education classes organised by the Division of Education. The number of students pursuing post-secondary education has increased by 10% since 1990. That is, while only 52% and 48% of male and female students respectively opted to continue their education after secondary school in 1990, these proportions had risen to 65% and 66% respectively by 1999.

There has also been a substantial rise in the number of women in tertiary education, where 52% of the university population are now female, although women are still over-represented in teaching and nursing and under-represented in engineering and the sciences. Data covering the various forms of adult education and training, particularly as regards financing, service providers and employee participation, are not yet available.

Despite this rapid growth, however, the skill levels of the labour force remain a concern in the context of necessary technological modernisation. The constituted bodies for commerce and industry regularly note the difficulties involved in finding enough workers skilled in IT and electronics. Technical education has lagged behind market requirements for a number of years now. Significant skill shortages also remain in financial services, health and tourism. These skill shortages are of particular concern when account is taken of the low qualification levels of older workers and the low skill levels of the unemployed, of whom 86.7% in 1999 declared only operative-level skills. This is predominantly the case with older unemployed men.

The illiteracy rate is also rather high. According to the 1995 census, which provides the most recent national data in this regard, about 9% of the working age population are illiterate. The rate for males is higher than that for females (11.6% and 7.2% respectively). Illiterate persons are over-represented among the unemployed, of whom they constitute 19%.

Increasing the education level of the adult population has been identified as one of the more important challenges faced by Malta. A number of measures being taken with this in mind are outlined below.

Initial vocational education and training

Students who complete their general secondary education studies can opt to join either the vocational education and training stream or the academic post-secondary studies stream. Introduction to vocational education occurs for those students who opt to follow a two-year programme in Technology Education.

On completion of their technology education, trade school students can then qualify for enrolment in an apprenticeship scheme called the Extended Skills Training Scheme (ESTS),

which provides education and training at craft level. Post-16 vocational education and training consists of other primarily school-based vocational courses. In addition to the Extended Skills Training Scheme, the Technician Apprenticeship Scheme (TAS) provides education and training at technician level.

Recently, an increase in people's interest in VET has been recorded and is demonstrated by increasing enrolment levels in apprenticeship schemes. Despite this, the number of females starting an apprenticeship declined between 1998 and 1999. An alternative to university is required for the further development of the country, as there is a shortage of VET graduates at various levels. This option must be made equally attractive to male and female students. The shortage of VET graduates is being increasingly recognised by the Government, and the social partners have been lobbying for remedial action.

Policies and actions

Malta spends 8% of its GDP on education, but only 0.44% on VET. The figure for investment in initial VET does not include private sector investment, as this is not available, therefore real total spending by the public and private sectors on VET is higher.

The Maltese Government has already taken appropriate action in this context. In 2000 it set up the Malta College of Arts, Science and Technology (MCAST), which should provide a significant boost to this sector, as will the provision of technology education in state secondary schools as from this academic year.

MCAST will serve as the umbrella for technical education in Malta, assimilating functions currently catered for by a number of existing schools that focus on fields such as electronics and engineering, business and commerce, art and design, and maritime studies. MCAST will also launch a range of courses of different durations and levels within the newly established institutes within the MCAST.

The Government is concerned about illiteracy among the working age population, and is committed to monitoring its development and to reducing the illiteracy rate. A new institute for Child and Parent Learning Support has been set up within the Ministry for Education to offer specialist support to illiterate children and their parents. The Employment and Training Corporation has also taken new initiatives for unemployed illiterate persons, eventually to be rolled out on a regional basis. Furthermore, while recognising the rising qualification levels of young people, the Government believes that further initiatives are needed to raise skill levels among older people, particularly among workers over 40.

- ***The Government is committed to monitoring and reducing the illiteracy rate among the working age population and particularly the unemployed.***
- ***The Government will continue the efforts to increase the number of VET graduates in the labour market as well as to raise the quality of the VET provision in order to match the needs of the labour market. For this reason the Government will sustain investment in VET, and will also monitor the modernisation of the vocational education and training system in Malta, ensuring that it is a viable alternative to university education for both male and female students. The Government will also***

continue to encourage and actively seek the involvement of the social partners in this regard.

Continuing vocational education and training

There is a lack of a real connection between the initial vocational education system and continuing vocational training. Continuing vocational training in Malta is not regulated. The Employment and Training Corporation is one of the major actors in this field. Its tasks cover both the initial vocational education system as well as continuing vocational training. The Government has entrusted the Corporation with drawing up a national human resources development policy and strategy in 2001, with a view to ensuring a better match between the training service and the needs of industry.

The Ministry of Education and private enterprises also offer continuing vocational education. The involvement of enterprises has so far been limited, but the trend seems to be reversing. It is not possible to estimate the quantity and quality of this training provision, owing to a lack of data and documented information on the activities of the private sector.

Policies and actions

Continuing vocational training is one of the key elements of the lifelong learning policy to be further developed in the country. The Institute for the Promotion of Small Enterprises and ETC will continue to support the development of skill levels in small enterprises that are undergoing restructuring and rationalisation. The new Business Promotion Act, which seeks to attract further investment to Maltese business, also provides for incentives and grants for companies investing in the development of their human resources.

The need to promote lifelong learning and human resource development are now well-established in mainstream management discourse in Malta, as is the need for increased training for persons at work. Social dialogue on general social and economic issues is conducted at the Malta Council for Economic and Social Development. Stakeholders are also represented on the Board of Governors of the Malta College of Arts, Science and Technology. However, there is still scope for more involvement of the social partners in vocational education and training - both at the level of strategy and planning, co-financing and decision-making.

The need for recognition and standardisation of qualifications has been met this year through the establishment of the Malta Professional and Vocational Qualifications Awards Council, which will lay down national standards of occupational competence and provide for their accreditation. Both employers and trade unions are represented on the Council.

A mechanism for the systematic monitoring and analysis of skill shortages needs to be introduced and maintained. Further efforts must be made to improve co-ordination between government departments to strengthen links between initial and continuing vocational training, particularly, for instance, on the transfer of information needed to improve the basis for career guidance.

There is still a need to diversify learning opportunities so as to ensure that everyone has access to learning at a pace and under conditions that he or she can manage. Better-targeted training programmes are also necessary for persons facing particular disadvantages, based on a holistic perspective that addresses the particular difficulties and interests faced by these client groups.

- *There is a lack of information on the state of continuing vocational education and training. This should be addressed in the forthcoming months with the publication of the results of the continuing vocational training survey carried out by the National Statistics Office. A comprehensive agreement should be established between the Government and the social partners, to address the issues arising from the survey. The role of the social partners in CVT should be strengthened, and their involvement should be further supported and stimulated.*

3.3 Tax and benefit systems

High taxation on wages may lower the demand for labour and can also contribute to tax evasion, in particular for small firms, thus tending to increase the size of the informal sector. New or increased payroll taxes levied on employers raise the cost of recruitment and may therefore reduce labour demand. They can also affect labour supply, as taxes can be passed on in the form of lower wages, affecting labour force participation.

1990 saw broad reforms to the tax structure. The top rate of personal income tax was reduced from 65% to 35%, the number of tax brackets was reduced, and married couples became able to opt for individual taxation. Corporate taxation was raised from 32.5% to 35%, in line with the top personal tax bracket. The entry point to the highest taxable wage bracket was lowered in 2000, and as from 2001 the law pertaining to the taxation of fringe benefits will be more rigorously applied. Value-added taxation came into force in 1995.

Reform of the social security system

Social security reform in Malta has become a priority issue, for two main reasons. The first reason is the shortfall between income and expenditure under the Social Security Act (1987).⁴

In fact, the proportion of GDP spent on social security rose during the 1990s from 10.7% to almost 12% of GDP. Most of the growth is due to retirement pensions and social assistance, which covers unemployment assistance payable after entitlement to contributory unemployment benefit is exhausted (Table 22). The welfare gap is expected to increase sharply over the coming years unless remedial measures are taken in time.

⁴ The Social Security Act (Cap 318) provides for contributory and non-contributory schemes. Under the contributory scheme, contributions are collected from employers, employees, self-occupied and self-employed persons. The scheme is run on a pay-as-you-go system. Under this scheme, employees pay 10% of their basic wage, an equivalent amount as that paid by the employee is paid by the employer. Government also pays an amount equivalent to 50% of the total revenue from employers and employees by way of State Contribution".

The second reason relates to the sustainability of retirement pensions, which in 1999 were estimated to account for 42.2% of all benefits. This concern is linked to the ageing of the Maltese population and declining birth rates, which render the pay-as-you-go system somewhat vulnerable. Preliminary projections suggest a quadrupling of pension payments by 2015, taking up 9% of GDP as against the current 4%.

One important element in reform of the social security system is to analyse the interrelations between different benefit systems and to review the incentives for inactive and unemployed people to seek and take up work. For example, the gap between the minimum wage and unemployment benefit is relatively small, particularly for larger families. This gap ranges between approx. € 22 per week for households with one child, and approx. € 8 per week for a household with three children. The unemployed are credited with national insurance contributions, as are persons in a number of other situations. The withdrawal of social assistance on entering employment is total rather than tapered. A universal though means-tested children's allowance is payable to households with children and an annual income below € 26 500, which is over four times the minimum wage and over three times the average wage.

The relatively high growth in recent years in the uptake of invalidity benefits also requires closer analysis.

Another element in the reform of the social security system is the pension system. This is a key area for study and action, particularly in view of an ageing population and declining employment rates among older workers. A substantial increase in pensions expenditure is forecast during the second and third decades, when post-war generations retire. Greater longevity and lower birth rates are expected to bring a significant increase in the number of dependent persons in the coming decades.

The current pensionable age is 61 for men and 60 for women, although after the age of 65 persons may work and earn an unlimited amount without losing their pension entitlement.⁵ Early retirement is not provided for under the Act, nor are private pension schemes. No specific measures have yet been taken to encourage people to stay in the labour market after pensionable age.

The Government appointed a National Commission on Welfare Reform in June 1999 to study the sustainability and relevance of provisions under the current Social Security Act (1987). This Commission, made up of Government and social partner representatives, is expected to submit its recommendations on pension reform in the first half of 2001.

- ***The Government has initiated and will pursue a review of the tax and benefit systems, with a view to removing poverty traps in order to provide the right incentives for unemployed or inactive people to seek and take up work, and to introducing measures to enhance such people's employability and encourage employers to create new jobs. This review will complement the Government's increased investment this year in the Employment and Training Corporation, which works towards improving employability, and will also complement the job creation and training incentives in the new Business***

⁵ Persons of pensionable age may also work before the age of 65. However, if they earn more than the minimum wage, they lose all their pension entitlement, while if they earn less than the minimum wage, they retain their full pension entitlement.

Promotion Act. Equally important is the need to review tax and social protection systems with the aim of removing disincentives that affect older workers' participation in the labour market.

- *The Government recognises the existence of an unquantified informal economy, and has stepped up its enforcement efforts to eliminate benefit fraud and undeclared employment. This is being done through the Tax Compliance Unit established in 2000, which co-ordinates its work with other government entities to ensure the proper collection of tax revenues. It has also strengthened the inspectorate function of various government departments, for instance the Department of Social Security, where the Benefit Fraud Unit was established in 2000. The inspectorate within the Employment and Training Corporation has also been strengthened.*
- *The Government will carefully consider the proposed measures on pension reform that the National Commission on Welfare Reform is due to submit to it in 2001.*

3.4 Labour market policies

Background

Since the beginning of the 1990s expenditure on labour market programmes has been increasing. In 1999 it amounted to 0.64% of GDP (see Table 23). Most of this expenditure goes on passive measures, which increased from 0.36% at the beginning of the 1990s to 0.56% of GDP in 1999. Expenditure on active measures has been relatively constant at 0.08% of GDP.

Passive measures in this context are unemployment benefits and unemployment assistance administered by the Department of Social Security. In addition, there is the possibility of invalidity pension for people incapable of suitable full-time or regular part-time employment. Expenditure on unemployment benefits rose at an average rate of 5.3% per year during the 1990s, while spending on invalidity pensions increased by almost 7% per year. The amount spent on invalidity pensions exceeds unemployment benefits, and this may be seen as an alternative to early retirement.

Active measures are employment services and training measures administered by the Employment and Training Corporation. However, the Education Division also offers further education for adults, and the Staff Development Organisation is responsible for training policy in the public service and supports the public service change programme. These, together with the training assistance available under the Business Promotion Act, could also qualify as active measures.

For ease of reference, current labour market policies may be classified under the four-pillar structure of the European Employment Strategy. Key challenges are outlined, as are actions taken to reflect national priorities.

Improving employability

Challenges

Training is being given to vocational guidance specialists so as to modernise the ETC's job matching services and improve the profiling of job seekers and their matching with appropriate job vacancies and/or training programmes. The skills profile of the unemployed must be improved so as to prepare them to exploit the job opportunities arising. The number of job seekers on active measures is also to be increased. The range of vocational training programmes offered by the state should be extended to address new labour market needs.

Key actions

The Government is already taking action to implement preventive and employability measures. The ETC draws up job search plans for job seekers, who are then referred to vocational training programmes. In order to combat long-term unemployment, a scheme has been devised whereby the state finances part of the induction training costs incurred by employers who recruit job seekers. State investment in initial vocational education and training has been substantially increased, and the setting up of the Malta College of Arts, Science and Technology is intended to increase the take-up of vocational courses and address the skills shortages existing in the labour market.

Developing entrepreneurship

Challenges

The key challenges facing Malta are: to roll out its privatisation programme while redeploying employees as necessary; to help small entrepreneurs to modernise and rationalise their businesses; to improve the access to finance for enterprises in the different stages of their life cycle, including further development of risk capital; to encourage and reward initiative and help develop entrepreneurial capacity; and to progressively reduce administrative costs and burdens; to develop a more systematic approach to education and training for entrepreneurship. A stronger co-operation between the Ministry for Economic Services, responsible for enterprise policy (and the drafting of the entrepreneurship strategy) and the Ministry for Education should be encouraged.

Actions

A privatisation programme has been developed, and a revised Business Promotion Act offers incentives for both business growth and workforce training. The introduction of e-government and the modernising of public services is also aimed at facilitating entrepreneurship. A variety of business units within the public sector have been established to facilitate and support business start-ups and small to medium-sized enterprises. The Institute for the Promotion of Small Enterprises, IPSE, runs several programmes of assistance for the restructuring of small enterprises that have been sheltered by the import levies that are currently being dismantled.

Encouraging adaptability

Challenges

The key challenge facing Malta under this pillar relate to finalising legislative changes relating employment and industrial relations, particularly to develop more flexible but equally secure forms of employment. The social dialogue should be developed to be more productive and conciliatory. Employers and trade unions should actively promote lifelong learning, with a view to concluding agreements which facilitate adaptability and innovation, particularly in the field of information and communication technologies.

Actions

Amendments to labour and industrial relations legislation are under way, and the national forum for social dialogue is being strengthened and will soon be supported by a new legal framework. Efforts are being made to include the social partners in the policy-making process, as for instance in establishing and running the Malta College of Arts, Science and Technology.

Strengthening equal opportunities

Challenges

While the last two decades have seen much progress as regards women's rights, the male-breadwinner model still underpins much of Maltese social and economic life. Discrimination has been prohibited by the Constitution since 1993, and spouses have equal rights and responsibilities under family law. Women's labour market participation, however, remains low - currently standing at 33%, with a share of total employment of 28.7%. This does not

include those who work part-time as a primary job, the vast majority of whom are women and who have enjoyed pro-rata benefits since 1994. Female self-employment, too, is particularly low at 5%.

Although they now constitute over half the tertiary education population, women remain largely under-represented in technical vocational education. They are also under-represented in the higher echelons of the civil service, in the legislative and parliamentary spheres, and in senior managerial and professional positions. Women earn around 84% of male earnings within similar occupational bands. Occupational segregation is also evident, with predominantly more women in clerical and caring professions. No national childminding arrangements exist yet, although various as yet unregulated private providers of childcare do offer their services.

Actions

There has been political commitment to promote equality between women and men and gender mainstreaming since 1991. This commitment was reinforced at subsequent UN conferences. The National machinery was established to promote both positive action programmes directed towards women and mainstreaming both within and outside the Government. Key achievements so far have included the collection of sex-disaggregated data and the development of a gender impact assessment methodology. The revised education curriculum is based on principles of gender equality, and active measures have been taken to eradicate sex stereotyping in schools. A married couple may opt for separate income-tax assessments. Civil servants may benefit from a one year parental leave for each child and a one-off three year career break. Public officers having to care for children under 8 years of age or for a dependent close relative may avail themselves of reduced working hours and unpaid time off without loss of seniority.

A Gender Equality Act is being drafted, to provide redress for discrimination. A White Paper is due in mid-2001. A working committee was set up in January 2001 to draft an action plan recommending measures to promote equality for women in employment and training. Its report should be completed by the end of 2001. The Board of Cooperatives within the Ministry for Social Policy chairs an inter-sectoral task force set up in January 2001 to examine various possibilities for the development of a national, system of affordable childcare for children below the kindergarten age of 3.

Overview

The Government will be launching its first national action plan on employment in May 2002, to meet the above challenges, take forward the actions already started, and respond to new issues as they arise. In its plan, the Government is committed to addressing the issues highlighted in this paper, particularly to strengthening preventive measures and boosting participation levels, first and foremost among women and disadvantaged groups.

- ***The Government recognises that the role of passive measures should be assessed in the light of an increasing policy shift in favour of a more active labour market approach. To that end, it intends to strengthen its overall policy of redirecting programmes towards a more preventive approach and to extend the role of the public employment service in providing active labour market measures. It also attaches special importance to programmes that improve access to training/employability for the most disadvantaged groups.***

- *The Government also recognises the importance of evaluating all labour market measures with a view to improving their overall effectiveness.*
- *The Government recognises the importance of promoting female participation rates and will carefully consider the recommendations of the gender action plan proposed by the working committee. In particular, the Government will focus on the active promotion of female labour market participation, the implementation of measures to address gender gaps, including the enactment and enforcement of comprehensive anti-discrimination legislation, and the promotion of family-friendly working arrangements.*

3.5 The public employment service

Background

The Employment and Training Corporation (ETC) is Malta's public employment service. Its main tasks comprise job brokering, providing vocational training, and gathering labour market information. It is also responsible for the majority of active labour market measures, whereas passive measures fall under the responsibility of the Department of Social Security, which administers unemployment benefits and invalidity pensions, among other things.

Policy

The public employment service concentrates on providing training measures for job seekers and enhancing the process of matching job seekers with available job vacancies. In addition, there are measures that aim at facilitating integration by creating incentives for employers to employ disadvantaged persons. This is done by subsidising employers' induction training costs. There are special programmes directed at long-term unemployed people, of which the Community Work Scheme is the most important. The aim of this scheme is to enable long-term unemployed people to learn new skills. Training initiatives consist of short vocational training programmes, ranging from courses in IT skills to longer courses in a range of trades. These courses are accessible both to persons seeking employment as well as those in employment who want to upgrade their skills.

A strong drive to modernise the Corporation's strategy and programmes has been under way for some months now, in line with labour market requirements as well as best practice and possibilities arising from Malta's path to accession. A two-thirds budgetary increase for 2001 will improve the ratio between passive and active labour market measures. The Corporation's professional and managerial complement has been strengthened over the past months.

Challenges

While the ETC has consolidated its management and strategic practice, a number of key challenges remain. Ongoing staff development is essential at all levels, as is a concerted effort to learn from the best practices of similar agencies in Europe. The further individualisation of services is necessary, with assessment and referral included in personal action plans. Another challenge involves the modernisation of the apprenticeship scheme run by the Corporation in conjunction with the Education Division, in terms of both relevance and quality. The plan to regionalise the whole spectrum of the ETC's services to its job centres at four key localities poses another challenge, as does the ongoing modernisation of its use of information technology. The ETC will have to strengthen its capacity to make best use of prospective ESF assistance and to manage those EU initiatives that fall within its remit, such as EQUAL. If the ETC's strategy is to remain holistic and relevant to the labour market, closer

collaboration with other government and sectoral representatives is necessary, particularly the Ministries of Education and Economic Services, the Departments of Social Security, Industrial and Employment Relations, and Women in Society, and the National Statistics Office, among others. The ETC's capacity for the interpretation of labour market trends must be strengthened.

The Corporation is committed to sustaining its efforts to upgrade its research, strategic and management competencies, to developing its capacity for personalised preventive services, and to increasing its active coordination with other labour market entities.

- *The Government recognises that labour market programmes should, as far as possible, be customised and respond to individual needs, with the assistance of the public employment services and stakeholder organisations.*

3.6 Preparation for implementation of the European Social Fund

This joint assessment paper represents an important preparatory document and a starting point for establishing priorities in preparing a National Action Plan for Employment, with a view to eventual participation in the European Employment Strategy. In addition, it should form part of the analytical material underlying the preparation of possible assistance from the European Social Fund after accession.

The framework for implementation of the ESF is being developed in conjunction with the national focal point for the EU Structural Funds in general. A special preparatory committee has been set up, chaired by the Ministry for Social Policy, with representatives from the Employment and Training Corporation and the Staff Development Organisation within the Office of the Prime Minister. This committee will prepare an administrative framework for the body that will eventually assume responsibility for ESF implementation, and also design a series of awareness-raising seminars on the ESF with representatives of the Government, the social partners and civil society. The committee will actively liaise with the Regional Policy Unit in Malta to ensure the coherence of all preparatory activities.

The JAP priorities, taken together with the relevant national planning documents, constitute an important support for deriving meaningful indicators and for the establishment of a monitoring system in the fields of employment and HRD which will prepare the ground for future ESF-monitoring.

- *The Government recognises that the European Social Fund should be the main financial instrument to support the implementation of the European Employment Strategy in Malta, taking account of the policy priorities outlined in the JAP.*
- *The Government will develop a national strategy for the utilisation and implementation of the Structural Funds and will monitor progress in strengthening the institutional and administrative capacity for effective management of the European Social Fund.*

Section 4.0 Conclusions

Malta is a functioning market economy and should be able to cope with competitive pressure and market forces within the Union. However, there remain some areas for concern – the government deficit remains very high and needs to be further reduced in order to improve the macroeconomic environment. There is still a need to consolidate public finances, as well as for reform of the social security system. Therefore, it is particularly important to create the right incentives for inactive and unemployed people to seek and take up jobs. Although, unemployment is at a relatively low level, the number of inactive people is high. Employment rates are low, particularly for women and older workers. To increase the overall employment rates, in particular for women and older workers, is a key medium and long-term challenge for the Maltese economy.

Sustainable economic growth and enhanced competitiveness is likely to increase employment, and at the same time an employment policy that performs well should sustain balanced economic growth. Recent efforts to promote and support business and to modernise legislation in the field of employment conditions and industrial relations should help raise employment rates. The shift in labour market policy from passive labour market measures towards a more active and preventive labour market approach will contribute to controlling unemployment and to increasing skill levels among the unemployed. Efforts to raise the skill levels of the workforce need to be sustained. The public employment service in Malta has been strengthened and is modernising its strategy and programmes. Capacity to implement the ESF is being developed.

The Maltese Government and the European Commission have identified the following challenges where progress is still needed and where ongoing reviews should be carried out:

- To pursue the review of interaction between the tax and social benefit systems, in order to remove poverty traps and provide the right incentives for unemployed or inactive people to seek and take up work, particularly women and older workers.
- To increase the overall employment rate, with particular emphasis on active promotion of female labour market participation and implementation of measures to address gender gaps, including the enactment and enforcement of comprehensive gender equality and anti-discrimination legislation and the promotion of family-friendly working arrangements.
- Efforts will be made to further reduce the size of the informal sector.
- Better matching of labour demand and supply; modernising vocational education and training with greater involvement of the social partners; sustained efforts to raise the skill levels of the workforce, particularly disadvantaged groups; upskilling and/or redeployment of public sector employees in line with public sector restructuring. The illiteracy rate must be monitored and reduced.
- To further develop active employment measures and co-ordinate labour market policies, and to strengthen the capacity of the public employment service to provide individualised services.

- To develop the institutional structure and capacities needed to implement the ESF taking into account of the policy priorities in the JAP.

The development of the Maltese Government's National Action Plan for Employment, setting out policy responses to the challenges summarised above, will be warmly welcomed. The Plan should provide the basis for strengthening policy co-ordination between the various public authorities with a bearing on employment and should be regularly evaluated and modified if necessary. The social partners should be closely involved in and consulted on the implementation and evaluation of the Plan.

The European Commission and the Maltese Government intend to jointly monitor progress in attaining the above objectives on the basis of a regular implementation report delivered by the Maltese Government.

Appendix A: Tables

Table 1: Annual changes in GDP, productivity and wages

| | 1995 | 1996 | 1997 | 1998 | 1999 |
|--------------------------------------|---------|---------|---------|---------|---------|
| GDP in real terms (€) | 2863.75 | 2978.00 | 3122.50 | 3229.5 | 3359.75 |
| <i>GDP change %</i> | | 3.99 | 4.85 | 3.43 | 4.03 |
| Employed population | 134,832 | 136,145 | 136,788 | 137,387 | 138,206 |
| <i>Employed population: change %</i> | | 0.97 | 0.5 | 0.4 | 0.6 |
| Productivity (Lm) ⁱ | 8495.75 | 8749.49 | 9130.92 | 9402.64 | 9723.89 |
| <i>Productivity change</i> | | 2.99 | 4.36 | 2.98 | 3.42 |
| Average wage change in real terms | | 4.25 | -0.83 | 3.07 | 2.64 |

Source: Economic surveys 2000 and 1999

NB: i. GDP divided by employed population

Table 2: Average and minimum monthly wages in euro *

| | 1995 | 1996 | 1997 | 1998 | 1999 |
|-----------------------------------|-------|-------|------|-------|-------|
| Nominal | 756 | 824 | 528 | 558 | 585 |
| Real average wage | 600 | 640 | 632 | 652 | 672 |
| Minimum wage | 404 | 424 | 441 | 456 | 474 |
| Minimum as % of real average wage | 66.7% | 66.3% | 6.5% | 69.9% | 70.5% |

Source: Economic surveys 2000 and 1999

NB: * At exchange rate of Lm 1 to € 2.5

Values exclude employers' national insurance contributions

**Table 3: Labour Force Survey – May 2000
Employment and Unemployment rates**

| Age Group | Employment rate | | | Unemployment rate | | |
|-----------|-----------------|-------|---------|-------------------|-------|---------|
| | Total | Males | Females | Total | Males | Females |
| | % | % | % | % | % | % |
| 15-64 | 54.9 | 76.0 | 33.5 | 6.8 | 6.6 | 7.3 |
| 15-59 | 57.8 | 79.0 | 36.1 | 6.9 | 6.7 | 7.3 |
| 15-24 | 52.5 | 52.2 | 52.8 | 13.0 | 14.4 | 11.5 |
| 25-39 | 66.8 | 91.4 | 41.5 | 5.3 | 5.2 | 5.6 |
| 40-59 | 54.3 | 85.1 | 23.8 | 4.9 | 5.0 | 4.3 |
| 60-64 | 10.8 | 21.7 | 1.4 | 0.0 | 0.0 | 0.0 |

**Table 4: Labour Force Survey – December 2000
Employment and Unemployment rates**

| Age Group | Employment rate | | | Unemployment rate | | |
|-----------|-----------------|-------|---------|-------------------|-------|---------|
| | Total | Males | Females | Total | Males | Females |
| | % | % | % | % | % | % |
| 15-64 | 54.6 | 75.8 | 33.1 | 6.5 | 7.0 | 5.4 |
| 15-59 | 57.3 | 78.8 | 35.4 | 6.6 | 7.1 | 5.5 |
| 15-24 | 53.0 | 54.2 | 51.8 | 11.2 | 14.7 | 7.0 |
| 25-39 | 66.5 | 90.6 | 41.9 | 5.4 | 5.6 | 4.8 |
| 40-59 | 53.4 | 84.1 | 23.0 | 5.0 | 5.1 | 4.7 |
| 60-64 | 13.9 | 25.3 | 3.2 | 6.1 | 6.8 | 0.0 |

Table 5: Persons in employment, 1994 - 2000

| Year | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 |
|---|-------|-------|-------|-------|-------|-------|-------|
| Total employed (actual) | 12988 | 13483 | 13614 | 13678 | 13738 | 13820 | 14111 |
| | 1 | 2 | 5 | 8 | 7 | 6 | 7 |
| Yearly growth in number of employed (%) | - | 3.8 | 1 | 0.5 | 0.4 | 0.6 | 2.1 |
| Females employed (actual) | 34292 | 36054 | 37267 | 38088 | 38909 | 39969 | 41466 |
| Yearly growth in number of female employed (%) | - | 5.1 | 3.4 | 2.2 | 2.1 | 2.7 | 3.74 |
| Female share of total employment (%) | 26.4 | 26.7 | 27.4 | 27.8 | 28.3 | 28.9 | 29.4 |
| Males employed (actual) | 95589 | 98778 | 98878 | 98700 | 98478 | 98237 | 99651 |
| Yearly growth in number of male employed (%) | - | 3.3 | 0.1 | -0.2 | -0.2 | -0.2 | 1.43 |
| Male share of total employment (%) | 73.6 | 73.3 | 72.6 | 72.2 | 71.7 | 71.1 | 70.6 |

Source: Employment and Training Corporation, 2000

Table 6: Employment rates by age, 1994 – 2000

| | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 |
|--------------|------|------|------|------|------|------|-------|
| Age | % | % | % | % | % | % | % |
| 15-64 | 51.8 | 53.1 | 53.8 | 53.5 | 53.3 | 52.7 | 53.96 |
| 15-59 | 54.6 | 56.1 | 55.3 | 56.4 | 56.4 | 55.9 | 56.0 |
| 15-24 | 58.7 | 62.4 | 61.8 | 55.6 | 53.3 | 55.7 | 49.6 |
| 25-39 | 56.9 | 58.3 | 60.9 | 62.8 | 64.0 | 64.2 | 67.7 |
| 40-59 | 50.2 | 50.7 | 51.0 | 52.1 | 52.5 | 50.2 | 53.4 |
| 60-64 | 11.6 | 12.0 | 12.5 | 13.5 | 11.9 | 12.2 | 13.3 |

Source: Employment and Training Corporation

Note: Rate is based on persons in employment divided by population cohort as estimated in the Demographic Review of the Maltese Islands 1998 (Central Office of Statistics, 1999)

Table 6i: Employment rates for women, 1994 – 2000

| | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 |
|-------|------|------|------|------|------|------|------|
| Age | % | % | % | % | % | % | % |
| 15-64 | 27.4 | 28.6 | 29.7 | 30.0 | 30.5 | 30.8 | 32.1 |
| 15-59 | 29.4 | 30.6 | 31.8 | 32.2 | 32.7 | 33.0 | 34.3 |
| 15-24 | 56.4 | 59.2 | 59.1 | 53.8 | 51.2 | 53.9 | 47.9 |
| 25-39 | 26.8 | 28.2 | 30.8 | 34.2 | 36.8 | 38.9 | 43.1 |
| 40-59 | 16.8 | 17.1 | 17.9 | 19.2 | 19.9 | 19.6 | 21.4 |
| 60-64 | 2.9 | 2.8 | 3.1 | 3.4 | 2.9 | 3.5 | 4.3 |

Source: Employment and Training Corporation

Note: Rate is based on persons in employment divided by population cohort as estimated in the Demographic Review of the Maltese Islands 1998 (Central Office of Statistics, 1999)

Table 6ii: Employment rates for men, 1994 – 2000

| | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 |
|-------|------|------|------|------|------|------|------|
| Age | % | % | % | % | % | % | % |
| 15-64 | 76.0 | 77.6 | 77.8 | 76.6 | 75.8 | 74.3 | 75.4 |
| 15-59 | 79.4 | 81.0 | 81.4 | 80.1 | 79.4 | 78.2 | 78.9 |
| 15-24 | 60.9 | 65.4 | 64.4 | 57.3 | 55.2 | 57.4 | 51.2 |
| 25-39 | 85.7 | 87.1 | 89.7 | 90.4 | 90.2 | 88.4 | 91.2 |
| 40-59 | 84.8 | 85.0 | 84.7 | 85.4 | 85.4 | 81.1 | 85.5 |
| 60-64 | 22.5 | 23.2 | 23.5 | 25.2 | 22.2 | 21.8 | 23.5 |

Source: Employment and Training Corporation

Note: Rate is based on persons in employment divided by population cohort as estimated in the Demographic Review of the Maltese Islands 1998 (Central Office of Statistics, 1999)

Table 7. Participation rates by age, 2000

| Age | Population estimates End of 2000 | | | Persons in employment End of 2000 | | | Participation rate | | |
|--------|-------------------------------------|----------------|---------------|--------------------------------------|----------------|---------------|--------------------|-------------|------------|
| | Male 000s | Female 000s | Total 000s | Male 000s | Female 000s | Total 000s | Male % | Female % | Total % |
| 15-24 | 29700 | 27900 | 57600 | 15198 | 13358 | 28556 | 51.17 | 47.88 | 49.58 |
| 25-39 | 38400 | 36500 | 74900 | 35022 | 15715 | 50737 | 91.2 | 43.05 | 67.74 |
| 40-59 | 53900 | 54100 | 108000 | 46078 | 11569 | 57647 | 85.49 | 21.38 | 53.38 |
| 60-64 | 8300 | 9300 | 17600 | 1949 | 398 | 2347 | 23.48 | 4.28 | 13.34 |
| Totals | 130300 | 127800 | 258100 | 98247 | 41040 | 139287 | 75.4 | 32.11 | 53.97 |

Source: Demographic Review 1998; Employment and Training Corporation

Table 8. Structural changes in employment: 1994 – 2000

| | Employment share of agriculture | Employment share of industry | Employment share of services |
|------|------------------------------------|---------------------------------|---------------------------------|
| 1994 | 1.7% | 30.4% | 67.9% |
| 1995 | 1.6% | 29.8% | 68.5% |
| 1996 | 1.6% | 29.1% | 69.3% |
| 1997 | 1.6% | 28.5% | 69.9% |
| 1998 | 1.5% | 28.7% | 69.8% |
| 1999 | 1.5% | 28.0% | 70.5% |
| 2000 | 1.5% | 28.4% | 70.0% |

Source: Employment and Training Corporation, 2000

Table 9: Employment in public and non-public sectors, 1994 – 2000

| Year | Number of employees in public sector | | | | Yearly change: public sector | Number of employees in non-public sector | | | | Yearly change: non-public sector | Total | | |
|------|--------------------------------------|-------|-------|-------|------------------------------|--|-------|------|--------|----------------------------------|-------|---|---|
| | T | M % | F % | % | | T | M % | F % | % | | T | M | F |
| 1994 | 55680 | 44.44 | 38.49 | - | 74201 | 55.56 | 61.51 | - | 129881 | 100% | 100% | | |
| 1995 | 53843 | 41.55 | 35.50 | -3.29 | 80989 | 58.45 | 64.50 | 9.1 | 134832 | 100% | 100% | | |
| 1996 | 54608 | 41.30 | 36.96 | 1.4 | 81537 | 58.70 | 63.04 | 0.7 | 136145 | 100% | 100% | | |
| 1997 | 54185 | 40.61 | 37.02 | -0.7 | 82603 | 59.39 | 62.98 | 1.3 | 136788 | 100% | 100% | | |
| 1998 | 53920 | 39.94 | 37.50 | 0.5 | 83467 | 60.06 | 62.50 | 1 | 137387 | 100% | 100% | | |
| 1999 | 51409 | 38.00 | 35.23 | -4.7 | 86797 | 62.00 | 64.77 | 4 | 138206 | 100% | 100% | | |
| 2000 | 51523 | 37.01 | 35.16 | 0.22 | 89594 | 62.93 | 64.84 | 3.22 | 141117 | 100% | 100% | | |

Source: Employment and Training Corporation, 2000

Table 10: Educational attainment of working age population, 1995

| | Total | | Men | | Women | |
|-----------------|---------|--------|---------|--------|---------|--------|
| | No. | % | No. | % | No. | % |
| ISCED 0-2 | 150,187 | 51.87 | 68,962 | 48.82 | 81,225 | 54.78 |
| ISCED 3 | 104,331 | 36.03 | 52,415 | 37.10 | 51,916 | 35.01 |
| ISCED 4 | 10,095 | 3.49 | 5,343 | 3.78 | 4,752 | 3.20 |
| ISCED 5-7 | 21,029 | 7.26 | 12,728 | 9.01 | 8,301 | 5.60 |
| Non-respondents | 3,907 | 1.35 | 1,821 | 1.29 | 2,086 | 1.41 |
| Total | 289,549 | 100.00 | 141,269 | 100.00 | 148,280 | 100.00 |

Source: Census 1995

Table 11: Educational attainment by age and gender, 1995

| | Age 16-24 | | Age 25-39 | | Age 40-59 | | Age 60-64 | |
|------------------------|--------------|--------|--------------|--------|--------------|--------|--------------|-------|
| | M | F | M | F | M | F | M | F |
| ISCED 0-2 | 6,788 | 4,724 | 12,382 | 12,104 | 30,214 | 35,657 | 5,472 | 7,806 |
| ISCED 3 | 13,623 | 13,884 | 21,058 | 22,744 | 13,482 | 11,470 | 1,477 | 1,118 |
| ISCED 4 | 2,769 | 2,996 | 1,353 | 1,174 | 892 | 462 | 106 | 42 |
| ISCED 5-7 | 2,086 | 2,181 | 5,175 | 3,119 | 3,866 | 2,362 | 496 | 250 |
| Non-respondents | 500 | 402 | 465 | 422 | 514 | 469 | 64 | 99 |
| Total | 25,766 | 24,187 | 40,433 | 39,563 | 48,968 | 50,420 | 7,615 | 9,315 |

Source: Census 1995

In % form:

| | Age 16-24 | | Age 25-39 | | Age 40-59 | | Age 60-64 | |
|------------------------|--------------|--------|--------------|--------|--------------|--------|--------------|--------|
| | M % | F % | M % | F % | M % | F % | M % | F % |
| ISCED 0-2 | 26.34 | 19.53 | 30.62 | 30.59 | 61.70 | 70.72 | 71.86 | 83.80 |
| ISCED 3 | 52.87 | 57.40 | 52.08 | 57.49 | 27.53 | 22.75 | 19.40 | 12.00 |
| ISCED 4 | 10.75 | 12.39 | 3.35 | 2.97 | 1.82 | 0.92 | 1.39 | 0.45 |
| ISCED 5-7 | 8.10 | 9.02 | 12.80 | 7.88 | 7.89 | 4.68 | 6.51 | 2.68 |
| Non-respondents | 1.94 | 1.66 | 1.15 | 1.07 | 1.05 | 0.93 | 0.84 | 1.06 |
| Total | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |

Source: Census 1995

Table 12: Qualifications of the working age population, 1995

| | Total | | Men | | Women | |
|---|---------|--------|---------|--------|---------|--------|
| | No. | % | No. | % | No. | % |
| No qualifications | 174,205 | 60.16 | 80,318 | 56.85 | 93,887 | 63.32 |
| Secondary school leaving certificate/GCE 'O' level | 50,142 | 17.31 | 21,331 | 15.10 | 28,811 | 19.43 |
| 'A' level | 17,314 | 5.98 | 7,616 | 5.39 | 9,698 | 6.54 |
| Trade certificate | 15,552 | 5.37 | 13,425 | 9.50 | 2,127 | 1.43 |
| Other non-university certificate/diploma | 12,437 | 4.30 | 6,867 | 4.86 | 5,570 | 3.76 |
| University certificate/ diploma below bachelor degree | 4,344 | 1.50 | 2,561 | 1.81 | 1,783 | 1.20 |
| University first degree | 6,934 | 2.39 | 4,368 | 3.09 | 2,566 | 1.73 |
| University certificate/diploma above first degree | 1,368 | 0.47 | 905 | 0.64 | 463 | 0.31 |
| Master's degree | 1,364 | 0.47 | 971 | 0.69 | 393 | 0.27 |
| Doctorate | 752 | 0.26 | 641 | 0.45 | 111 | 0.07 |
| Non-respondents | 5,137 | 1.77 | 2,266 | 1.60 | 2,871 | 1.94 |
| Total | 289,549 | 100.00 | 141,269 | 100.00 | 148,280 | 100.00 |

Source: Census 1995

Table 13: Qualifications of the working age population by age groups, 1995

| | Age 16-24 | | Age 25-39 | | Age 40-59 | | Age 60-64 | |
|--|-----------|--------|-----------|--------|-----------|--------|-----------|-------|
| | M | F | M | F | M | F | M | F |
| No qualifications | 9,921 | 7,841 | 19,392 | 20,002 | 31,156 | 36,877 | 5,535 | 7,889 |
| Secondary school leaving certificate/GCE 'O' level | 6,889 | 8,262 | 6,291 | 10,748 | 6,293 | 7,620 | 698 | 687 |
| 'A' level | 3,652 | 4,964 | 2,287 | 3,329 | 1,315 | 1,150 | 111 | 72 |
| Trade certificate | 2,586 | 587 | 5,602 | 878 | 4,007 | 476 | 452 | 53 |
| Other non-university certificate/diploma | 964 | 886 | 2,540 | 1,949 | 2,412 | 2,004 | 316 | 272 |
| University certificate/diploma below bachelor degree | 347 | 422 | 845 | 432 | 980 | 698 | 124 | 82 |
| University first degree | 709 | 687 | 2,001 | 1,241 | 1,207 | 533 | 138 | 47 |
| University certificate/diploma above first degree | 67 | 98 | 398 | 222 | 305 | 117 | 45 | 8 |
| Master's degree | 64 | 41 | 428 | 184 | 358 | 129 | 41 | 13 |
| Doctorate | 12 | 5 | 187 | 62 | 256 | 33 | 42 | 3 |
| Non-respondents | 555 | 394 | 462 | 516 | 679 | 783 | 113 | 189 |
| Total | 25,766 | 24,187 | 40,433 | 39,563 | 48,968 | 50,420 | 7,615 | 9,315 |

Source: Census 1995

In % form:

| | Age 16-24 | | Age 25-39 | | Age 40-59 | | Age 60-64 | |
|---|--------------|--------|--------------|--------|--------------|--------|--------------|--------|
| | M % | F % | M % | F % | M % | F % | M % | F % |
| No qualifications | 38.50 | 32.42 | 47.96 | 50.56 | 63.63 | 73.14 | 72.69 | 84.69 |
| Secondary school leaving certificate/ GCE 'O' level | 26.74 | 34.16 | 15.56 | 27.17 | 12.85 | 15.11 | 9.17 | 7.38 |
| 'A' level | 14.17 | 20.52 | 5.66 | 8.41 | 2.69 | 2.28 | 1.46 | 0.77 |
| Trade certificate | 10.04 | 2.43 | 13.86 | 2.22 | 8.18 | 0.94 | 5.94 | 0.57 |
| Other non- university certificate/diploma | 3.74 | 3.67 | 6.28 | 4.93 | 4.93 | 3.97 | 4.15 | 2.92 |
| University certificate/diploma below bachelor degree | 1.35 | 1.74 | 2.09 | 1.09 | 2.00 | 1.38 | 1.63 | 0.88 |
| University first degree | 2.75 | 2.84 | 4.95 | 3.14 | 2.46 | 1.06 | 1.81 | 0.50 |
| University certificate/ diploma above first degree | 0.26 | 0.41 | 0.98 | 0.56 | 0.62 | 0.23 | 0.59 | 0.09 |
| Master's degree | 0.25 | 0.17 | 1.06 | 0.47 | 0.73 | 0.26 | 0.54 | 0.14 |
| Doctorate | 0.05 | 0.02 | 0.46 | 0.16 | 0.52 | 0.07 | 0.55 | 0.03 |
| Non-respondents | 2.15 | 1.63 | 1.14 | 1.30 | 1.39 | 1.55 | 1.48 | 2.03 |
| Total | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |

Table 14: Registered unemployed

| Year | Unemployed | | | Unemployment rates | | |
|------|------------|------|------|--------------------|------|------|
| | M | F | T | M | F | T |
| 1994 | 4831 | 754 | 5585 | 4.78 | 2.20 | 4.1 |
| 1995 | 4433 | 814 | 5247 | 4.28 | 2.20 | 3.7 |
| 1996 | 5180 | 1065 | 6245 | 4.95 | 2.78 | 4.4 |
| 1997 | 6047 | 1102 | 7149 | 5.75 | 2.80 | 5.0 |
| 1998 | 6430 | 1007 | 7437 | 6.11 | 2.51 | 5.1 |
| 1999 | 6611 | 1084 | 7695 | 6.28 | 2.63 | 5.3 |
| 2000 | 5665 | 918 | 6583 | 5.35 | 2.16 | 4.45 |

Source: Employment and Training Corporation

Table 15: Unemployment duration by gender

| Year | 1-25 weeks | | 1-52 weeks | | Over 52 weeks | | 1-25 weeks % | | 1-52 weeks % | | Over 52 weeks % | |
|------|------------|-----|------------|-----|---------------|-----|--------------|------|--------------|------|-----------------|------|
| | M | F | M | F | M | F | M | F | M | F | M | F |
| 1996 | 2104 | 652 | 2966 | 842 | 2214 | 223 | 40.6 | 61.2 | 57.3 | 79.1 | 42.7 | 20.9 |
| 1997 | 2083 | 573 | 3239 | 785 | 2808 | 317 | 34.4 | 52.0 | 53.6 | 71.2 | 46.4 | 28.8 |
| 1998 | 2209 | 586 | 3326 | 753 | 3104 | 254 | 34.4 | 58.2 | 51.7 | 74.8 | 48.3 | 25.2 |
| 1999 | 1999 | 608 | 3036 | 786 | 3575 | 298 | 30.2 | 56.1 | 45.9 | 72.5 | 54.1 | 27.5 |
| 2000 | 1737 | 501 | 2425 | 637 | 3240 | 281 | 30.7 | 54.6 | 42.8 | 69.4 | 57.2 | 30.6 |

Source: Employment and Training Corporation

Table 16. Unemployment: Shares by age and gender (%)

| | 1994 | | 1995 | | 1996 | | 1997 | | 1998 | | 1999 | | 2000 | |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | M | F | M | F | M | F | M | F | M | F | M | F | M | F |
| 15-64 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| 15-59 | 99.1 | 100 | 98.9 | 99.9 | 99.2 | 99.9 | 99.0 | 99.9 | 99.2 | 100.0 | 99.4 | 100.0 | 99.3 | 100.0 |
| 15-24 | 23.7 | 43.2 | 26.6 | 46.6 | 27.1 | 47.6 | 27.4 | 45.9 | 25.7 | 47.9 | 24.9 | 50.9 | 24.4 | 46.4 |
| 25-39 | 40.7 | 24.6 | 37.9 | 23.2 | 36.4 | 23.1 | 35.1 | 25.2 | 35.5 | 22.8 | 33.9 | 22.0 | 33.9 | 22.5 |
| 40-59 | 34.7 | 32.2 | 34.5 | 30.1 | 35.7 | 29.2 | 36.5 | 28.8 | 38.1 | 29.3 | 40.6 | 27.1 | 40.9 | 31.0 |
| 60-64 | 0.8 | 0 | 1 | 0.1 | 0.8 | 0.1 | 1 | 0.1 | 0.7 | 0 | 0.6 | 0 | 0.7 | 0 |

Source: Employment and Training Corporation

Table 17. Unemployment: Rates * by age and gender (%)

| | 1994 | | | 1996 | | | 1998 | | | 1999 | | | 2000 | | |
|-------|------|-----|-----|------|-----|-----|------|-----|-----|------|-----|-----|------|-----|------|
| | T | F | M | T | F | M | T | F | M | T | F | M | T | F | M |
| 15-64 | 4.2 | 2.2 | 4.9 | 4.4 | 2.8 | 5.0 | 5.2 | 2.5 | 6.2 | 5.3 | 2.7 | 6.4 | 4.5 | 2.2 | 5.8 |
| 15-59 | 4.2 | 2.2 | 4.9 | 4.5 | 2.8 | 5.1 | 5.2 | 2.6 | 6.3 | 5.4 | 2.7 | 6.5 | 4.9 | 2.2 | 5.9 |
| 15-24 | 4.4 | 2.1 | 6.3 | 5.2 | 3.1 | 7.0 | 6.5 | 3.3 | 9.1 | 7.0 | 3.9 | 9.6 | 5.9 | 3.1 | 8.35 |
| 25-39 | 4.4 | 1.7 | 5.2 | 4.4 | 2.1 | 5.1 | 4.9 | 1.7 | 6.2 | 4.8 | 1.6 | 6.1 | 4.1 | 1.3 | 5.31 |
| 40-59 | 3.8 | 2.9 | 4.0 | 4.1 | 3.3 | 4.2 | 4.8 | 2.8 | 5.3 | 5.1 | 2.6 | 5.7 | 4.32 | 2.4 | 4.8 |
| 60-64 | 2.0 | 0.0 | 2.3 | 2.0 | 0.3 | 2.3 | 2.2 | 0.0 | 2.5 | 1.7 | 0.0 | 2.0 | 1.62 | 0.0 | 1.95 |

Source: Employment and Training Corporation

* NB: Proportion of labour supply cohort

Table 18. Unemployment by region in 1999

| Region | Total unemployed | % of total unemployed |
|----------------------|------------------|-----------------------|
| Inner Harbour region | 2381 | 31.0 |
| Outer Harbour region | 2307 | 30.0 |
| South-eastern region | 1114 | 14.5 |
| Western region | 747 | 9.7 |
| Northern region | 620 | 8.0 |
| Gozo and Comino | 526 | 6.8 |
| Total | 7695 | 100.0 |

Source: Employment and Training Corporation

Table 19. Unemployment by educational qualification, 1998-2000

| | 1998 | | 1999 | | 2000 | |
|---------------------------------|------|------|------|------|------|------|
| | M | F | M | F | M | F |
| Total | 100 | 100 | 100 | 100 | 100 | 100 |
| Working knowledge/Operator | 61.8 | 54.7 | 57.6 | 40.8 | 52.6 | 32.7 |
| Competent/Skilled operator | 28.4 | 15.7 | 29.1 | 17.8 | 30.8 | 22.9 |
| O-level/City and Guilds | 7.4 | 19.0 | 10.3 | 26.7 | 13.5 | 32.4 |
| Intermediate | 0.1 | 1.1 | 0.1 | 0.4 | 0.1 | 0.8 |
| A-level/Technical qualification | 1.5 | 7.3 | 2.1 | 11.2 | 2.0 | 8.6 |
| Diploma | 0.4 | 0.5 | 0.4 | 1.1 | 0.5 | 1.1 |
| Degree | 0.4 | 1.7 | 0.5 | 2.1 | 0.4 | 1.6 |

Source: Employment and Training Corporation

Table 20 : Social security contributions, 1985 -1998

| Source | 1985 | 1985 | 1990 | 1990 | 1995 | 1995 | 1998 | 1998 |
|---------------|--------|------|--------|------|---------|------|---------|------|
| | Lm000 | % | Lm000 | % | Lm000 | % | Lm000 | % |
| Self-employed | 4,009 | 7.7 | 6,981 | 9.8 | 7,794 | 6.7 | 9,462 | 6.9 |
| Employees | 15,378 | 29.5 | 20,274 | 28.5 | 31,762 | 27.5 | 36,808 | 27.1 |
| Employers | 10,569 | 20.3 | 13,333 | 18.7 | 26,598 | 23.0 | 31,878 | 23.5 |
| Government | 22,150 | 42.5 | 30,646 | 43.0 | 49,325 | 42.7 | 57,507 | 42.4 |
| Total | 52,106 | 100% | 71,234 | 100% | 115,479 | 100% | 135,655 | 100% |

Source: Ministry of Finance

Table 21: Main tax revenues 1992 -1998

| | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 |
|---|--------------------|-------|-------|-------|-------|-------|-------|
| Revenue from major taxes In Lm million | 154.3 | 169.5 | 160.7 | 211.4 | 204.7 | 239.2 | 237.0 |
| As share of GDP (%) | 17.6 | 18.0 | 15.6 | 18.5 | 17.0 | 18.6 | 17.5 |
| Of which: (as share of GDP) | | | | | | | |
| Income tax | 8.15 | 9.1 | 8.5 | 8.7 | 7.8 | 8.6 | 8.1 |
| Consumption tax | n/a ^(a) | n/a | n/a | 6.8 | 6.5 | 6.6 | 5.3 |
| Customs duties | 9.5 | 8.9 | 7.1 | 2.9 | 3.3 | 3.4 | 3.9 |

Source: Government estimates for years 1994 to 2000.

Notes: (a) Value-added tax was introduced in 1995.

Table 22: Social security revenue & expenditure as % of GDP

| | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 |
|--|-------|-------|-------|-------|-------|-------|-------|-------|
| | % | % | % | % | % | % | % | % |
| REVENUE | 9.20 | 10.32 | 9.89 | 10.08 | 10.50 | 11.04 | 9.99 | 9.97 |
| Social security contributions | 6.16 | 6.84 | 6.58 | 6.75 | 6.93 | 7.34 | 6.66 | 6.65 |
| Other contributions | 0.01 | 0.01 | 0.02 | 0.03 | 0.04 | 0.02 | 0.00 | 0.00 |
| State grant | 3.03 | 3.47 | 3.29 | 3.30 | 3.54 | 3.67 | 3.33 | 3.32 |
| EXPENDITURE ON CONTRIBUTORY BENEFITS | 8.95 | 8.94 | 8.98 | 8.72 | 9.44 | 9.44 | 9.53 | 9.42 |
| Retirement pensions | 4.17 | 4.24 | 4.22 | 4.21 | 4.54 | 4.47 | 4.62 | 4.57 |
| Children's allowance | 1.66 | 1.54 | 1.52 | 1.36 | 1.53 | 1.58 | 1.48 | 1.32 |
| Bonus | 0.54 | 0.65 | 0.79 | 0.73 | 0.73 | 0.69 | 0.67 | 0.70 |
| Other benefits * | 2.58 | 2.52 | 2.46 | 2.43 | 2.64 | 2.69 | 2.75 | 2.83 |
| EXPENDITURE ON NON-CONTRIBUTORY BENEFITS | 1.79 | 1.91 | 1.88 | 1.72 | 2.03 | 2.23 | 2.32 | 2.35 |
| Old-age pension | 0.39 | 0.37 | 0.35 | 0.32 | 0.38 | 0.40 | 0.42 | 0.40 |
| Disability pension | 0.20 | 0.18 | 0.18 | 0.18 | 0.19 | 0.18 | 0.19 | 0.19 |
| Social assistance | 0.73 | 0.83 | 0.81 | 0.73 | 0.84 | 0.92 | 0.98 | 1.05 |
| Medical assistance | 0.31 | 0.33 | 0.30 | 0.29 | 0.32 | 0.33 | 0.34 | 0.35 |
| Bonus | 0.15 | 0.19 | 0.24 | 0.20 | 0.20 | 0.20 | 0.21 | 0.20 |
| Supplementary assistance | 0.00 | 0.00 | 0.00 | 0.00 | 0.11 | 0.20 | 0.18 | 0.17 |
| Difference between Revenue and Expenditure | -1.54 | -0.53 | -0.97 | -0.36 | -0.97 | -0.63 | -1.86 | -1.79 |

Source: Economic surveys, and Department of Social Security

Note: * 'Other benefits' include the following:

- Unemployment benefits
- Invalidity pensions
- Injury and sickness benefits
- Widows' and survivors' pensions
- Orphans' allowance
- Disablement pension and gratuity
- Marriage grant
- Maternity benefit

Table 23: Expenditure on passive & active measures

| Item | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 |
|--|---------|---------|---------|---------|---------|---------|---------|---------|
| US\$ to the Lm | 2.73 | 2.55 | 2.69 | 2.82 | 2.78 | 2.55 | 2.64 | 2.51 |
| GDP in Lm million | 874.8 | 940.0 | 1028.5 | 1145.5 | 1201.3 | 1288.2 | 1358.0 | 1446.7 |
| Total expenditure In Lm million | 4.17 | 5.19 | 5.69 | 5.22 | 6.14 | 7.49 | 8.29 | 9.23 |
| As % of GDP | 0.48 | 0.55 | 0.55 | 0.46 | 0.51 | 0.58 | 0.61 | 0.64 |
| Total passive measures in Lm million * | 3.17 | 4.19 | 4.59 | 4.12 | 5.04 | 6.39 | 7.19 | 8.03 |
| As % of GDP | 0.36 | 0.45 | 0.45 | 0.36 | 0.42 | 0.50 | 0.53 | 0.56 |
| Total active measures in Lm million | 1.0 | 1.0 | 1.1 | 1.1 | 1.1 | 1.1 | 1.2 | 1.2 |
| As % of GDP | 0.11 | 0.11 | 0.08 | 0.09 | 0.09 | 0.09 | 0.09 | 0.08 |
| Of which: | | | | | | | | |
| Employment & training Services ** | 0.7 | 0.7 | 0.7 | 0.7 | 0.8 | 0.7 | 0.8 | 0.7 |
| Administration | 0.3 | 0.3 | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | 0.5 |
| Ratio of passive to active | 1:0.125 | 1:0.114 | 1:0.107 | 1:0.104 | 1:0.088 | 1:0.081 | 1:0.076 | 1:0.068 |

Sources: Department of Social Security; Employment and Training Corporation
Economic Surveys 1992 – 1999

Note: * See table below for breakdown

Only includes Employment and Training Corporation expenditure; excludes expenditure on Staff Development Organisation and adult education.

Table 24: Expenditure on passive measures

| Year | Unemployment benefits Lm | Special unemp benefits Lm | Social assistance (unemp) Lm | Total passive measures Lm | GDP In Lm million | Passive measures as % of GDP |
|------|--------------------------------|------------------------------------|---------------------------------------|------------------------------------|-------------------------|------------------------------------|
| 1992 | 330789 | 306714 | 2531686 | 3169189 | 874.8 | 0.36 |
| 1993 | 317432 | 395597 | 3473909 | 4186938 | 940.0 | 0.45 |
| 1994 | 276706 | 348529 | 3967318 | 4592553 | 1028.5 | 0.45 |
| 1995 | 377848 | 259840 | 3481111 | 4118799 | 1145.5 | 0.36 |
| 1996 | 564267 | 370141 | 4104628 | 5039036 | 1201.3 | 0.42 |
| 1997 | 697154 | 512802 | 5186542 | 6396498 | 1288.2 | 0.50 |
| 1998 | 403567 | 497492 | 6293294 | 7194353 | 1358.0 | 0.53 |
| 1999 | 397435 | 350982 | 7283857 | 8032274 | 1446.7 | 0.56 |

Source: Dept of Social Security; economic surveys 1992 – 2000

Table 25: Unemployment benefits: beneficiaries & coverage

| Year | Total unemployed | Claimants unemp benefit * | Claimants social asst | Coverage unemp ben | Coverage social asst | Total coverage |
|------|------------------|---------------------------|-----------------------|--------------------|----------------------|----------------|
| 1990 | 5216 | 678 | 2577 | 13.00 | 49.41 | 62.40 |
| 1991 | 4332 | 646 | 2936 | 14.91 | 67.77 | 82.69 |
| 1992 | 4988 | 821 | 3365 | 16.46 | 67.46 | 83.92 |
| 1993 | 5585 | 702 | 2719 | 12.57 | 48.68 | 61.25 |
| 1994 | 5761 | 638 | 3365 | 11.07 | 58.41 | 69.48 |
| 1995 | 4681 | 626 | 2719 | 13.37 | 58.09 | 71.46 |
| 1996 | 4987 | 794 | 2657 | 15.92 | 53.28 | 69.20 |
| 1997 | 6297 | 931 | 3230 | 14.78 | 51.29 | 66.08 |
| 1998 | 6677 | 701 | 3890 | 10.50 | 58.26 | 68.76 |
| 1999 | 7301 | 1288 | 4428 | 17.64 | 60.65 | 78.29 |
| 2000 | 7091 | 1184 | 4451 | 16.70 | 62.77 | 79.47 |

Source: Department of Social Security

Note: Includes special unemployment benefit

Table 26: Job placements by the ETC

| Employment services | | | | | | |
|-------------------------------|--------|--------|--------|--------|--------|-----------|
| | 1994-5 | 1995-6 | 1996-7 | 1997-8 | 1998-9 | 1999-2000 |
| Job vacancies | 7575 | 6330 | 5277 | 4687 | 4711 | 6591 |
| Submissions | 24085 | 38593 | 56278 | 61074 | 77777 | 119031 |
| PLACEMENTS | 3113 | 3317 | 2538 | 1878 | 2305 | 2564 |
| Placements to vacancies ratio | 41% | 52% | 48% | 40% | 49% | 39% |
| Placements in private sector | 2685 | 2811 | 2212 | 1511 | 1697 | 1814 |
| Placements in public sector | 428 | 506 | 326 | 367 | 608 | 750 |

Source: ETC annual report 1999

Table 27: Students opting for post-secondary education

| | Total | | Males | | Females | |
|------|-------|----|-------|----|---------|----|
| | No. | % | No. | % | No. | % |
| 1990 | 1961 | 56 | 1027 | 52 | 934 | 48 |
| 1991 | 2554 | 63 | 1435 | 57 | 1108 | 43 |
| 1992 | 2653 | 60 | 1417 | 65 | 1205 | 55 |
| 1993 | 2652 | 60 | 1461 | 67 | 1165 | 56 |
| 1994 | 2790 | 61 | 1498 | 67 | 1256 | 56 |
| 1995 | 2734 | 58 | 1481 | 63 | 1206 | 52 |
| 1997 | 2846 | 65 | 1168 | 60 | 1560 | 69 |
| 1998 | 3189 | 67 | 1497 | 65 | 1671 | 68 |
| 1999 | 3496 | 66 | 1706 | 65 | 1708 | 66 |

Source: Tracer studies 1998, 1999 – Education Division

Notes: Data not compiled in 1996

'Other' covers the non-active; emigrants and job seekers

Table 28: Growth in tertiary student population, 1991-1998

| Year | Total (number) | Male % | Female % |
|--------|-------------------|-----------|-------------|
| 1986 * | 1447 | | |
| 1987 * | 1867 | | |
| 1988 * | 2354 | | |
| 1989 * | 2511 | | |
| 1990 * | 3242 | | |
| 1991 | 3602 | 53.8 | 46.2 |
| 1992 | 4662 | 51.9 | 48.1 |
| 1993 | 5177 | 51.2 | 48.7 |
| 1994 | 5805 | 51.9 | 48.1 |
| 1995 | 6263 | 50.3 | 49.7 |
| 1996 | 6368 | 48.7 | 51.3 |
| 1997 | 7146 | 49.5 | 50.5 |
| 1998 | 6959 | 48.8 | 51.2 |

Source: Central Office of Statistics 2001, except for * Baldacchino, G. et al (1997). The Graduating Workforce (for which sex-segregated data unavailable).

Table 29: Students in vocational education, 1999

| | Males | Females | Total |
|---------------------------------|-------|---------|-------|
| Malta | | | |
| Technical institute | 737 | 13 | 750 |
| Other vocational | 278 | 431 | 709 |
| Post-secondary in trade schools | 561 | 27 | 588 |
| Banking, accounts tech. | 47 | 78 | 125 |
| Secretarial/insurance | 14 | 168 | 182 |
| Institute for Tourism Studies | 424 | 264 | 688 |
| Gozo | | | |
| Gozo technical institute | 67 | 0 | 67 |
| Secretarial course | 3 | 29 | 32 |
| Banking and acc. Tech. | 11 | 22 | 33 |

Source: Education Division

Table 30: University graduates by subject and gender, 1998

| Subject | Total | Males | Females | Total % | Males % | Females % |
|--|-------------|------------|------------|------------|------------|------------|
| Architecture and civil eng'g* | 32 | 24 | 8 | 1.8 | 2.9 | 0.9 |
| Mechanical and electrical eng'g | 68 | 63 | 5 | 3.9 | 7.7 | 0.5 |
| Medicine and surgery | 77 | 30 | 47 | 4.4 | 3.7 | 5.1 |
| Dental surgery* | 11 | 8 | 3 | 0.6 | 1.0 | 0.3 |
| Economics, mgt & accy. | 388 | 220 | 168 | 22.3 | 27.0 | 18.2 |
| Arts | 208 | 93 | 115 | 12.0 | 11.4 | 12.5 |
| Science | 13 | 7 | 6 | 0.7 | 0.9 | 0.7 |
| Education | 494 | 152 | 342 | 28.4 | 18.7 | 37.1 |
| Law | 128 | 61 | 67 | 7.4 | 7.5 | 7.3 |
| Theology | 58 | 34 | 24 | 3.3 | 4.2 | 2.6 |
| Institute of Health Care | 115 | 50 | 65 | 6.6 | 6.1 | 7.0 |
| Institute of Gerontology | 28 | 14 | 14 | 1.6 | 1.7 | 1.5 |
| Academy of Diplomatic Studies | 41 | 27 | 14 | 2.4 | 3.3 | 1.5 |
| Institute of Forensic Studies | 8 | 4 | 4 | 0.5 | 0.5 | 0.4 |
| Institute of Agriculture | 10 | 6 | 4 | 0.6 | 0.7 | 0.4 |
| Institute of Youth Studies | 6 | - | 6 | 0.3 | 0 | 0.7 |
| Institute of Social Welfare | 33 | 5 | 28 | 1.9 | 0.6 | 3.0 |
| European Documentation Resource Centre | 5 | 3 | 2 | 0.3 | 0.4 | 0.2 |
| Board of Studies for I.T. | 1 | 1 | - | 0.1 | 0.1 | - |
| Mediterranean Institute | 3 | 3 | - | 0.2 | 0.4 | - |
| Institute for Masonry and Construction Res.* | 4 | 4 | - | 0.2 | 0.5 | - |
| Board of Studies of Islands and Small States | 6 | 6 | - | 0.3 | 0.7 | - |
| Worker Participation Development Centre | 1 | - | 1 | 0.1 | 0 | 0.1 |
| Total | 1738 | 815 | 923 | 100 | 100 | 100 |

Source: University of Malta

NB * = biennial courses; graduates for 1997

Appendix B: Legislative framework for employment in Malta

The Constitution of Malta recognises the right of all citizens to work and the state's role in promoting the conditions to make this right effective. The Constitution also upholds a number of workers' rights, such as the maximum number of daily working hours, a weekly rest day, minimum working age, gender equality, professional and vocational training for workers, contributory social insurance, and provision of the means of subsistence for those unable to work.

The main legal provisions establishing the minimum conditions of employment are found in the Conditions of Employment Regulations Act (1952)⁶. The Act has been amended regularly and is once again being reformed in response to labour market change. It provides for a tripartite Labour Board that sets national minimum conditions of employment, including overtime rates, working hours and holidays. The aspects regulated by the Act include updating the national minimum wage, and annual cost of living increases for full-time workers. The Act also provides for 13 weeks of maternity leave on full pay, and regulates the termination of employment.

While the CERA establishes the national minimum wage and other basic conditions of work, collective bargaining is the principal means of agreeing wages and other working conditions. There are numerous collective agreements fixing the wages and conditions for employees in different enterprises. Labour relations in Malta operate in a tripartite framework, with the social partners playing a vital role in social and economic development. The Industrial Relations Act (1976) recognises the right of workers and employers to form and register associations and establishes a framework for the settlement of industrial disputes. The Government is responsible for providing mediation and conciliation services in the event of industrial disputes, which have, in general, decreased over recent years. In 1990, the Malta Council for Economic and Social Development was set up by the Government to provide a tripartite forum. The social partnership model of industrial relations in Malta will soon receive legal backing under a broadened remit for the Council.

Other pertinent legislation affecting the labour market includes:

- Employment and Training Services Act (1990)
- Equal Opportunities (Persons with Disability) Act (2000)
- Occupational Health and Safety Act (2000)
- Business Promotion Act (2000)

⁶ The Public Service Commission governs recruitment and discipline in the civil service, where conditions of employment are guided by the Estacode.

Appendix C: The Employment and Training Corporation

