

THE LABOUR

MARKET

Looking Back

&

The Road Ahead



GOVERNMENT OF MALTA
MINISTRY FOR FINANCE
AND EMPLOYMENT

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The next stage is to take stock of the new challenges faced by the labour market and provide effective and tangible solutions to address them.



FOREWORD

Over the past eight years Malta exceeded all expectations in terms of economic growth rates. The main reason behind this was a strong economy underpinned by important labour market reforms. These reforms had the primary objective of incentivising employment through the introduction of policies based on the principles of 'Making Work Pay'.

The framework of these policies was done in such a way to encourage uptake and engagement, rather than being punitive or creating disincentives. The outcome of all this was a labour market which reached its potential and increased the productive output of the economy. This step, together with other pro-investment policies, created the perfect environment for growth.

This Government's track-record on the labour market speaks for itself. The next stage is to take stock of the new challenges faced by the labour market and provide effective and tangible solutions to address them.

We will continue to foster the mentality of creating win-win policies for the benefit of those seeking jobs and those creating them.



Clyde Caruana
Minister for Finance and Employment

THE 2014 NATIONAL EMPLOYMENT POLICY



The financial crisis in 2009 created lasting challenges for economies throughout the world. It is a fair statement to say that Malta measured well in key indicators in terms of how it managed to smooth the wide-ranging impacts of the financial crisis.

While other countries, even ones close to us, were looking down at the precipice, the Maltese economy was relatively steady and absorbed the punches.

The energy needed to keep the ship steady during those tough times had the inadvertent ramification that much needed reforms in the economy, and in the labour market, were delayed and the potential of our workforce and our economic output never reached their true potential at the time.

The reforms initiated in 2013, which reached implementation stage a year later through the 2014 National Employment Policy, opened the doors for a more productive economy.

The formula used at the time was a simple and effective one - build the principles on a foundation with a wide consensus, highlight the key challenges and the dysfunctions which were impeding progress, and formulate policies which are doable and impactful.

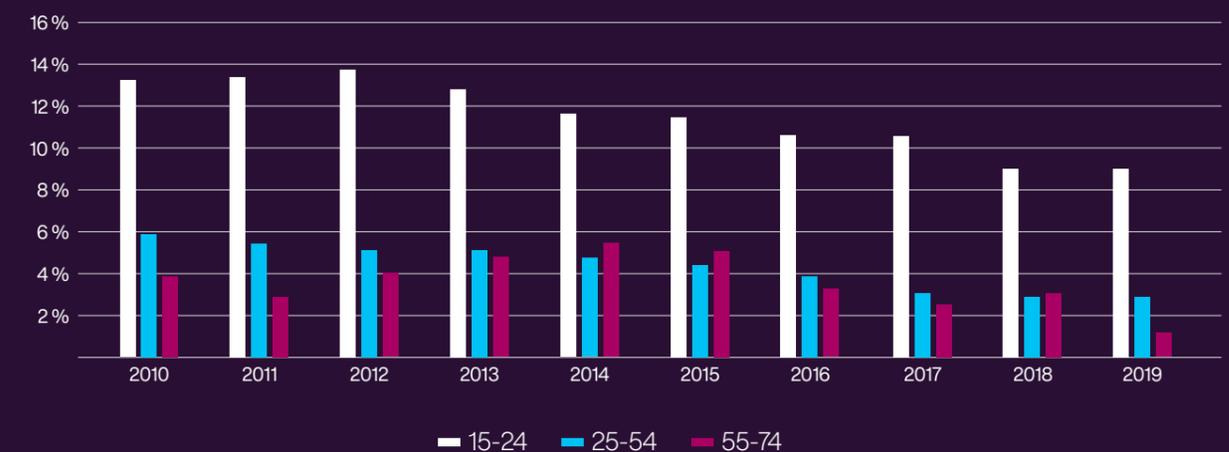
Over the past years, measurable progress has been made on many fronts. Maltese unemployment rates were consistently among Europe's lowest, youth found no difficulty in finding employment, persons with disability were able to compete for jobs and female participation rate in the economy substantially increased due to the introduction of free childcare for all.

Economists often highlight these key indicators as the destination point for an economy, however we must always integrate the social aspect to this narrative. A high female participation rate or a high rate of persons with disability in employment not only point towards fulfilling our economic goals, but also lead us fulfilling our social goals - that of giving people the tools to progress, help them reach their potential and accomplish social justice.

Inactivity Rates



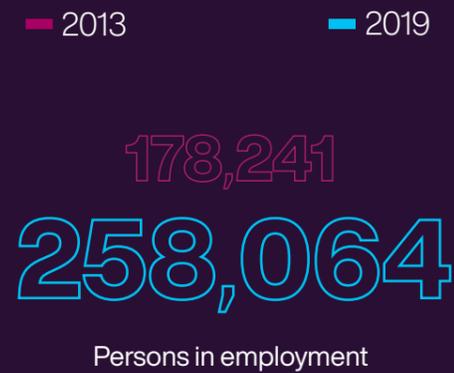
Unemployment Rate



Female Employment Rate



KEY INDICATORS



Persons over the age of 61 who remained in employment



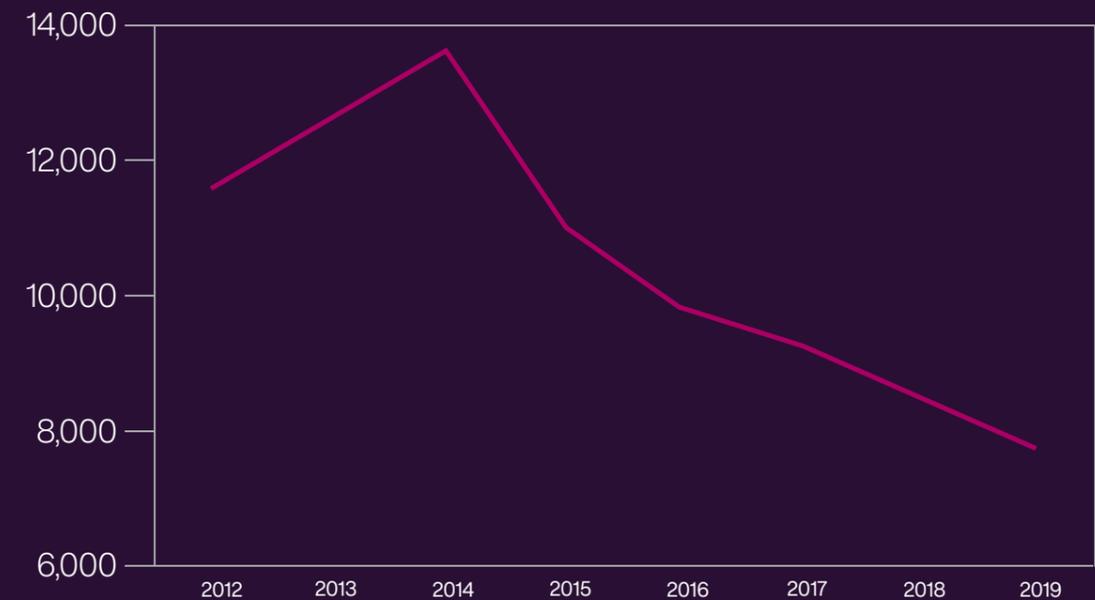
Persons with Disability in Employment



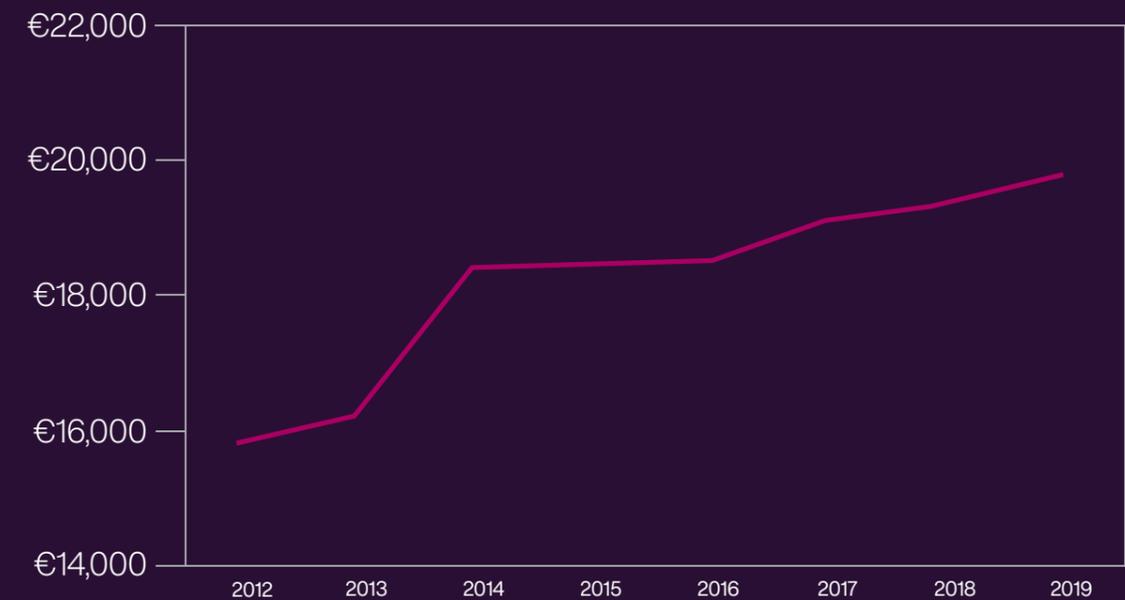
Children attending childcare services

Source: NSO, Malta

Number of Beneficiaries of Social Assistance



Household Disposable Income for two minimum-wage earners with two dependent children



Source: NSO, Malta



THE ROAD AHEAD

The time has come for new policies focusing on consolidation of the successful measures in the previous years but also presenting tangible solutions for the new challenges that have emerged.

Taking stock of these issues is a process which the Ministry for Finance and Employment will be undertaking in the coming weeks and months. This will be done through engagement with key stakeholders and society at large.

Some of the answers of the problems tackled in 2014 and onwards have helped address an issue, but it may have also created a consequence.

In these times of change, standing still is not an option.

Among the challenges which the new employment policy will need addressing are the following:



1
Ways to strengthen and sustain the growth of the female participation rate and persons with disabilities in the labour market



2
The reality of underemployment and other impacts of Covid-19



3
The need of up-skilling and re-skilling the Maltese workforce



4
Maltese low-skilled workers and the opportunities and threats facing this sector



5
The lack of salary increases in specific employment areas, leading to a deteriorated standard of living for workers



6
TCN workers and the downward pressures they put on salaries



7
The volume of TCN workers and the comparable increase in infrastructural, education, healthcare and housing needs



8
The demand of specific industries, primarily construction and tourism, for TCN workers



9
The demand of certain industries, such as finance, gaming and engineering for high-skilled workers



10
Automation and other technological advancements and what this will bring to specific sectors



11
Address the issue of pay inequalities



12
Decentivising the black economy and strengthening the rights of workers and employers in the formal one



