Assisting the Disadvantaged Groups
Discussion Paper

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Preamble

As the public employment service in Malta, the Employment & Training Corporation (henceforth ETC) finds itself intersecting with the lives of two main stakeholders at different times in the evolution and life course of either their business or career history. On one hand, employers touch base with the ETC to communicate job vacancies, source trainees, announce potential redundancies, apply for training refunds, connect with potential recruits, and offer on-the-job training to individuals who might then become their employees. On other hand, members of the labour force refer to the ETC to register as unemployed, look for suitable training and retraining or skill redeployment programs, be identified in relation to job vacancies, and be selected for on-the-job training or apprenticeship opportunities. Of course, the ETC does more than that: it is also a depository of national labour market data, the administrator of various ESF-supported projects, and the coordinator of various training programs.

For the purpose of this paper, “disadvantaged groups” refer to persons with physical or mental disability and health challenges, current or former substance abusers, former convicts, the illiterate, the very long-term unemployed, single parents, the aged (40+) unemployed, unemployed youth, and the un/underemployed from third (that is, non-EU) countries. However, the unemployed generally, as well as other specific categories within this group (such as the non-registered unemployed, victims of collective redundancies, and women) can also be seen as deserving of special policy instruments.

A: Description of the Main Elements of the Policy

A.1 Background (the reasons for developing the policy, the baseline situation against which the policy will be measured, the problems it is intended to solve)

Like all public employment services, the ETC is operating in a specific demographic, economic and social context which largely explains the nature, mix and thrust of its programmes addressed at “disadvantaged groups”.

Demographics: Like most EU countries, Malta is recording a slow-down in population growth\(^1\), an increase in life expectancy and therefore of mean population age\(^2\), a decline in fertility rates and therefore of birth rates, and a marked increase in the proportion of its ageing population\(^3\) with a

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\(^2\) Life expectancy at birth in Malta is 81.4 years for women & 77.7 years for men. NSO (2005); NRSSP (2006).
\(^3\) Persons aged 64 years or older in Malta increased by 28.2% over 1995-2005. NSO (2005); NRSSP (2006).
projected increase in the dependency ratio. Unlike most EU countries (but similar to Spain & Italy), Malta is experiencing relatively substantial numbers of undocumented migrants.

Economic Trends: Malta is a small, open, but fairly diversified, island economy. Tourism, banking and financial services, retail and wholesale trade, export-oriented manufacturing and public administration are key employment clusters. 96.6% of all firms are micro-enterprises. Malta’s gross domestic product (GDP) per capita in 2005 stood at 67.6% of the EU25 mean in purchasing power parity (PPS) terms. GDP growth (2004 to 2005) stood at 2.4%. Public deficit as a percentage of GDP has fallen from 10.2% (2003) to 3.3% (2005). The unemployment rate stood at 7.3% in 2005 (8.8% for women; 6.6% for men), while long-term unemployment stood at 3.4% in 2005. The ‘gender pay gap’ has fallen from 11% in 2000 to 4% in 2005.

Social Trends: Family ties remain strong: at 4.2%, Malta has the lowest share of single adult households, and the highest mean household size (3.1, shared with Slovakia) amongst EU member states. Maltese households with 3 or more adults constitute 20.2% of the total number of households. Malta is the only European country that legally sanctions neither abortion nor divorce. The incidence of women in formal employment (33.7%) remains much lower than the equivalent employment rate for men (73.8%). The official female participation rate in Malta is the lowest amongst the EU member states. The informal (or underground) economy however, with its non- or under-declaration of remuneration of income for tax purposes, is recognized as extensive; and at “between 20% and 30% of GDP: this activity is (by definition) not captured in official statistics. The number of women working in the informal economy is arguably “significant”. A 2003 survey that asked a national sample of working age women whether they had worked for remuneration or not during the previous week suggests a participation rate closer to 42%.

4 The current dependency ratio of 45% is forecast to increase to 64.6% by the year 2050. NRSSP (2006).
5 In the first half of 2006, 967 illegal immigrants arrived in Malta: almost double the 473 who arrived in the same period in 2005. Source: (Workpermit.com, 2006). The total number of undocumented migrants for 2006 was 1,780.
7 EU25 = 100. Source: Eurostat.
8 NRSSP (2006).
9 NRSSP (2006); Eurostat (2005).
11 NRSSP (2006); Eurostat (2005).
12 Gender pay gap in unadjusted form is the difference between men’s and women’s mean gross hourly earnings as a percentage of men’s mean gross hourly earnings. Source: Eurostat.
14 Those who, during reference week, did any work (or had jobs from which they were temporarily absent) for pay or profit for at least one hour.
16 ILO (2003); Caruana (2006).
17 Micallef (1988) estimates the ‘underground economy’ in Malta at 25% of gross GDP: this ratio is alleged to have declined with the introduction of Value Added Tax (VAT) in 1995 - Cassar (2001).
19 E.g. “NCW is very aware of the extremely low female participation in the labour market and is equally aware that a significant female participation is in the underground economy” – National Council of Women (2006).
20 Baldacchino (2003).
A.2 The goals and target groups of the policy (indicating which aspects of the European Employment Guidelines are addressed by the policy)

In the 2000 Lisbon European Council, EU member states agreed to the long-term goal of strengthening competitiveness and encouraging employment and sustainable growth by a close coordination of economic, employment and social policies. The Guidelines & Recommendations of the European Employment Strategy (EES) – revamped in 2003 - represent a vital instrument for achieving this objective. National Action Plans for Employment (NAPemp) represent the responses, and indicators of progress on commitment of national governments in line with the 10 EES guidelines. This was superseded by the National Reform Programme (NRP) after 2005.

2004

Malta’s first NAPemp, submitted in 2004, followed the signing in 2001 of the Joint Assessment Paper of the Employment Policy Priorities of Malta. In Malta’s case, the 3 specific priorities were:

a) increasing the adaptability of workers and companies;
b) attracting more people to the labour market and making work a real option for all; and
c) investing more and more effectively in human capital and lifelong learning. These are reviewed in turn below.

a) Increasing the adaptability of workers and companies

Malta overhauled its labour law, with the promulgation of the Employment & Industrial Relations Act, in December 2002. This sought to “improve the balance between flexibility and security” so, for example, the notice period for termination of indefinite employment was extended from a maximum of 8 to 12 weeks. The management of restructuring was strengthened by providing a legal basis for the Malta Council for Economic and Social Development, with a plan to boost the technical and administrative capability of this national, multi-partite Council later on. The Business Promotion Act was targeted for revision, driven by a need to provide improved incentives for job creation and training. A privatization program continued being implemented and hitherto public sector employees were being redeployed: the public sector share of employment fell from 42% (in 1993) to 34% (in 2003). Still, certain restructuring exercises (such as in the ship-repair sector) provided early retirement schemes rather than a redeployment of workers to productive employment. The private sector share of the economy continues to show significant changes: between 1993-2003, employment in direct production fell from 33% to 29%; while market services grew from 40% to 47%.

21 Article 36(5)(e) of the Employment & Industrial Relations Act (Chapter 452 of the Laws of Malta).
22 NAPemp for Malta (2004, p. 6).
23 Particularly in footwear and clothing and transport equipment. NAPemp for Malta (2004, p. 6).
24 Mainly in hotels & catering, wholesale & retail, and community & business services. NAPemp for Malta (2004, p. 6).
b) Attracting more people to the labour market and making work a real option for all

The key institutional tool for delivering on this measure in Malta has been, and continues to be, the ETC. Organisational restructuring, capacity building, the introduction of new active and preventative services, and the revamp of current measures are some implemented commitments.

Meanwhile, the promulgation of an *Equality for Men and Women Act* in 2004 was slated as one legal measure that defines direct and indirect discrimination and strengthens the machinery to address it; establishes child care standards and subsidies; hastens the removal of any gender segregation in employment; and removes any fiscal distortions that may serve as disincentives to married women considering joining the labour market. Vague statements were made about government's resolve to “empower both men and women to reconcile work and family life”. However, already in 2004, there was a resignation to the unlikely achievement of EU targets by Malta where the female participation rate is concerned.\(^{25}\)

\(^{25}\) The employment target rate for women set for the EU by the European Councils of Lisbon and Stockholm is 57% by January 2005 and 60% by 2010. NAPemp for Malta (2004, p. 4).

\(^{26}\) MNRP, 2005-2008, p. 3.

c) Investing more and more effectively in human capital and lifelong learning

While the proportion of youth, both in compulsory secondary education and continuing into post-secondary education has been on the increase, the overall proportion of youth in post-secondary education remains lower than the EU average. The establishment of Malta’s post-secondary vocational college, MCAST, in 2000, has alleviated this gap in the medium term. There is also open recognition of a “lack of a national framework for the award of vocational qualifications” – a critical issue given that various workers may have considerable skills which are however not certified and therefore unrecognised. Training grants offered under the *Business Development Act* were meant for streamlining, including the application of such grants for approved training courses intended to workers in micro-enterprises (SMEs). Meanwhile, training in literacy and basic skills continues from a variety of training providers.

The ETC has emerged as a key player in the provision of adult education and vocational training in Malta, along with the Department for Adult & Further Education (in the Education Division), MCAST, and the University of Malta.

2005

With the coming into effect of the National Reform Programme (NRP) in 2005, an “orderly redirection of public expenditure” is deemed critical\(^{26}\). The ‘Deficit to GDP’ ratio, which was 10.4% in 2003, will be brought down to 3.7% in 2005, 2.3% in 2006 and 1.7% in 2007. An improvement in the structure of the Government’s recurrent expenditure is identified as a priority: social transfers, health care and the public sector wage bill make up 65% of these expenses. The sustainability of social protection measures is also seen as threatened by the changing demographics, raising a “need for reforms”. This includes expanding the productive labour force
to improve the ‘contributor-beneficiary’ ratio. A portfolio of tax incentives, public-private partnerships, further privatisations (e.g. of all yacht marinas), and the restructuring of public sector agencies is proposed. This will include the redeployment of human resources “to their most effective and efficient use”\textsuperscript{27}, necessitating redeployment and retraining.

In order to address the above general macro-economic management policies, 10 key measures are identified. That which has the most bearing on the operations of the ETC is Measure 1.9:

“Ensure a flexible and dynamic labour market through:
- Equipping the labour force with relevant and transferable skills and competencies;
- Ensuring that current and future employment legislation is consistent with a flexible and dynamic labour market;
- Promoting life-long learning and extending child care facilities; and
- Encouraging new and flexible forms of employment arrangements.”\textsuperscript{28}

Within this document, Malta chose 5 strategic themes as its pillars, 3 of which have a bearing on the work of the ETC.

These are:
- a) competitiveness,
- b) employment and
- c) education and training.

These are also being reviewed in turn below, especially as they connect with the objectives and function of the ETC.

a) Competitiveness

Under competitiveness, the need to streamline the \textit{Business Promotion Act} is restated; so is the need to reduce the administrative burden on small businesses via a coordinated national regulatory framework. Government procedures should be simplified, to make for a more attractive and less burdensome business environment. The EU’s R&D development target (of 3% of GDP by 2010) is dismissed as unachievable (the 2004 rate for Malta was a piddling 0.016%, planning to rise to just 0.2% by 2007). Enterprise policy is to be concentrated on those economic sub-sectors that have already shown success and which continue to show signs of promise: health care, pharmaceuticals, marine related business, international logistics, hi-tech or high value added manufacturing, film industry and automotive components\textsuperscript{29}. Moreover, current policies in tourism (a key sector) need to be better integrated with audiovisual and cultural policy, plus exploring partnerships with the private sector for the management of tourism products (like beaches and cultural assets).

Specific measures to support the above include:
- Re-engineering of Government work practices and processes;
- Encouragement of investment in R & D;
- Introduction of loan guarantee scheme to facilitate business start-ups;

\textsuperscript{27} MNRP, 2005-2008, p. 4.
\textsuperscript{28} MNRP, 2005-2008, p. 5.
\textsuperscript{29} As also identified in the pre-2006 budget document titled \textit{Towards a Better Quality of Life}. 
- Improvement of accessibility to high speed internet/broadband; and
- Implementation of branding exercise in tourism.
b) Employment

In Malta, 6.9% of the economically active population was registered as unemployed in 2004\textsuperscript{30} (5.8% of males and 9.5% of females)\textsuperscript{31}. Yet, this sector is recognized as facing a number of inter-related issues. These include the low female participation rate in employment (already identified above) but also: a low employment participation rate by those aged 55+ (8.8%) or 65+ (0.7%)\textsuperscript{32}; a gender pay gap\textsuperscript{33} of 3.6% in 2004; a gap in work-life policies between the public and private sector\textsuperscript{34}; a 20-hour-per-week ‘floor’ for employees benefiting from pro rata leave provisions; the obligation to pay a minimum national insurance contribution, irrespective of weekly hours worked; substantial occupational segregation by gender (while females are now a majority of post-secondary students, they remain concentrated in social, health & educational programmes).

The main remedies proposed to counter some of the above issues include: personalized employment pathways to boost the participation rate of both female and older workers; training provision; pensions and taxation reviews; and the provision of more “family friendly measures”\textsuperscript{35}. Concrete measures associated with the above remedies deal with:

- Launching of an ETC Youth Employment Strategy that would include generating personal unemployment paths for unemployed youths;
- Training and engagement of mothers not in the labour market to provide a range of “occasional educational services” (including child-minding) to the community;
- Provision of tax credit to women returning to work after a minimum absence of 5 years (now implemented);
- Amendment to the \textit{Income Tax Act} to extend applicability of lower tax on part-time work to spouses working only part-time when their spouse is in full-time work (now implemented);
- Promotion of such family friendly measures as: encouraging and assessing feasibility of teleworking; offering capped subsidies to parents pursuing ETC training and who require care services (now implemented); encouraging flexitime and other flexible employment options; gender mainstreaming;
- Minimizing illegal employment from third country nationals;
- Setting up a central Visa unit to streamline work permit requests by third country nationals; and
- Fostering entrepreneurial skills amongst the registered unemployed who may wish to set up their own business.

\textsuperscript{30} EU25 was 8.8% in March 2005. See InfoBase Europe (2005).
\textsuperscript{31} Unemployment rate was up to 7.3% in 2005. MNRP (2006, p. 28).
\textsuperscript{33} This is the difference between men and women’s mean gross hourly earnings as a percentage of men’s mean gross hourly earnings for those working at least 15 hours a week. See MNRP, 2005-2008, p. 12.
\textsuperscript{34} Unpaid parental leave was introduced in the public sector in 1996. It consists of a 1-year option plus a one-off 3-year career break. There is only a 3-month leave option in the private sector, introduced in 2003.
\textsuperscript{35} MNRP, 2005-2008, p. 13.
c) Education and Training

Several improvements have been made to Malta’s educational system over the past decade – including the development of a home-grown, 15-plus examination system; the establishment of MCAST (the Vocational College); intensive use of ICT in education; and a new national minimum curriculum for primary and secondary education. Yet, urgent issues call for suitable policy measures. These issues include a strong segmentation of formal and non-formal training provision; a high rate of persons without post-secondary education36; a low number of citizens pursuing education or training37; and a low level of participation in lifelong learning38.

The measures related to these concerns include:
- Intensification of guidance services;
- Ensuring a recognition & certification of formal and in/non-formal qualifications;
- Establishing a stakeholder forum to explore demand and supply skill mismatches; and
- Ensuring computer literacy amongst the unemployed.

2006

The 2006 Annual Progress Report by the Malta Government (MNRP, 2006) puts Education and Training on centre stage. Employment and Education and Training are the two key sectors reviewed in this document, and the initiatives taken by the ETC in favour of disadvantaged groups are showcased as a ‘best practice’ as “Malta’s success story”39 in a separate section40.

Government has also announced a scholarship scheme to finance post-graduate research in Malta and by Maltese students overseas. A Malta Qualifications Council was also set up to map all forms of (especially technical) learning with a view to eventual development of accreditation and certification processes.

With the female participation rate unchanged (actually slightly lower in 2005 than 200441), the document identifies the limited access to child care facilities42, taxation disincentives, fixed national insurance contributions, and family caring obligations, as major bottlenecks.

The ETC has recently been prominent in commissioning or undertaking research and in developing manuals intended both to chart the state of services and facilities in key areas, as well as to familiarize stakeholders with available opportunities and choices. Such reviews during 2006 include teleworking, early childhood education and care facilities, gender mainstreaming, and work-life policies. This has made the ETC also a key communication tool and information provider towards fostering a stronger and tighter labour supply and demand.

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37 9.3% of those aged 15 years and over, as at December 2004. MNRP, 2005-2008, p. 15.
41 33.7% versus 34.5%. MNRP (2006, p. 28).
42 A national policy on early childhood education & care has also been published: Government of Malta (2006).
Three ETC schemes have been launched that focus on assisting school-leaving youths: the Job Experience Scheme, the Work Start Scheme and the Active Youth Scheme.

Two ETC schemes assist workers who face redundancy. The Training & Employment Exposure Scheme is a 1-year mixed training experience geared towards assisting in finding employment for unemployed older (40-plus) workers. The Redeployment Scheme enables recently redundant workers to find alternative employment and to be trained in the new skills-set required in their new job.

The Foster Entrepreneurship Skills Scheme is a 3-phase, 40-week program intended to assess, train and support business start-ups by the unemployed.

The ETC is also Malta’s coordinating agency for gender promotion since 2003. It has created and manages a Gender Equality Action Plan\(^{43}\), which reports on the status of women in Malta in the labour market. Under the aegis of gender equality, the ETC has embarked on a series of specialized projects and courses, intended to sensitize and improve upon the equality gap between working men and women in Malta.

### A.3 Legal & financial provisions to implement policy, including relevance of ESF Funding

**Legal**

Various amendments have been published to the Income Tax Act during October 2005 to provide tax credits to various aspects of enterprise; more were published in January 2006 to provide tax credit to women returning to employment and amend part-time work regulations.

The Malta Qualifications Council Regulations were passed in October 2005, providing for a framework, compatible to the European Qualifications Framework, to regulate the setting up of national standards on vocational education & training\(^{44}\).

**Financial**

An agreement has been reached between the Malta Government and the European Investment Fund whereby businesses in Malta can benefit from guarantees for medium to long-term business development loans, with the support of the two larger commercial banks in Malta.

Moreover, the following measures relating to competitiveness, employment, education and training will be supported by secured EU (ESF) funding for the period 2006-2008, as identified in the National Reform Programme:

- The further development of the SME loan guarantee scheme: €320,000;
- The introduction of a loan guarantee scheme to facilitate business start-ups, particularly innovative ones: €200,000;
- The training and engagement of mothers absent from the labour market to provide a range of occasional educational services within the community: €104,000;

\(^{43}\) GEAP (2005-2007).

- **Gender Mainstreaming – the Way Forward**: a project co-financed by ESF, which incorporates 4 studies: research into the introduction of family friendly measures; a gender pay review; a tracer study to follow the career path and conditions of work of graduates; and a teleworking pilot project: €311,000;

- The introduction of the **Foster Entrepreneurship Skills Scheme (FESS)**, to provide for the necessary stimulus for those unemployed who wish to set up their own business: €97,000.

The ETC included 6 broad programmes in proposals for the 2007-2013 round of ESF funding. (Lm2.047m [€ 4.78 m] of the ETC’s budget for 2007 are from this round of funding):

- **Employability Programme** (involving various types of pre-employment training);
- **Employment Aid** (including wage subsidy schemes for specific groups);
- **Training Aid** (for businesses);
- **Gender Equality** (promotion, information and consciousness-raising measures);
- **Youth** (including establishing youth centres in specific locations plus TV outreach project); and
- **Social Inclusion** Partnership Programme (partnership agreements with specialist NGOs to provide tailored training and support services)

### A.4 Institutional arrangements and procedures of implementation

**Malta Enterprise**, within the Ministry for Infrastructure & Information Technology, remains the key agency responsible for promoting enterprise growth and for improving Malta’s competitiveness. It is responsible for the implementation of the first 2 measures identified above.

The **Foundation for Educational Services**, within the Ministry for Education, Youth and Employment, is responsible for the implementation of the third measure identified above.

The **Commission for Gender Equality**, within the Ministry for the Family and Social Solidarity, is responsible for the implementation of the **Gender Mainstreaming Project**, the fourth measure identified above.

The **Ministry for Gozo** is responsible for the implementation of **FESS**, the fifth and final scheme identified above.

The **ETC** is directly responsible for a variety of other projects that are not dependent on EU-funding. These include: revisions to the youth strategy, permitting personalized employment pathways; capped subsidies to parents pursuing ETC training and who require care services; developing measures to encourage teleworking, flexitime and other flexible employment patterns; developing programmes whereby all those in receipt of unemployment benefits are obliged to attend a mix of training and community services; reviewing employment policy as it applies to third country nationals to minimize illegal employment; initiate training in computer skills for the registered unemployed; establish community technology learning centres (pilot has been set up already); encourage apprenticeships; manage the European Employment Scheme; facilitate training and appropriate employment for the registered disabled; and intensify guidance services in order to enable the establishment of a comprehensive career pathway system.
The ETC also remains responsible for enforcing compliance to labour law. It continues to play a key role in containing abuse from registered jobseekers having illegal employment, or by employers employing persons illegally by not notifying the ETC, or by employing minors and foreigners without the necessary work permits. The number of persons struck off the unemployment register after having been found working illegally, or having refused ETC employment, an ETC training service or an invitation for an interview, was 2,142 in 2005.

As far as the internal operational arrangements are concerned, the ETC runs a series of schemes (more below) whose running is handled by the ETC’s Employment Services Division and the Training Services Division. There is, however, a Supported Employment Section that targets disadvantaged groups, which include registered disabled persons who are registered unemployed; former substance abusers; former offenders; correctional facility inmates on leave; the long and very long-term unemployed; and, more recently, refugees.

B: The Results so far

B.1 The quantitative results of the policy so far, in relation to the baseline situation and to the goals and targets

The Job Experience Scheme is a 13-week work experience placement, based on a 20-hour week, to school leavers and youth jobseekers (aged 16-24) who have never worked before. 85 youths (32 males; 53 females) have benefited from this scheme. The ETC pays the participant Lm15 (€35) per week, while the employer provides on-the-job training.

The Work Start Scheme is targeted at adults who lack adequate work experience or have been absent from the labour market for at least 5 years. To date (mid-March 2007), 10 adults (2 males; 8 females) have benefited from this scheme.

The Active Youth Scheme provides registered unemployed youth with a work experience placement of six months with a non-profit making organization, learning skills and earning an allowance in the interim. To date, 113 adults (48 males; 65 females) have benefited from this scheme and been deployed with NGOs.

The Redeployment Scheme enables employees recently made redundant or risking redundancy to find alternative employment via hands-on training, and supported by a 13-week maximum training subsidy. To date, 127 adults (84 males; 43 females) have benefited from this scheme.

The Training & Employment Exposure Scheme provides a 1-year training experience consisting in a mix of off-the-job, specialized training and work exposure to the registered unemployed aged 40 and over. To date, 460 adults (352 males; 108 females) have benefited from this scheme.

The Fostering Entrepreneurial Skills Scheme is a 3-phase programme, running in both Malta and Gozo. To date, 23 adults (16 males; 7 females) have benefited from this scheme.

620 youths were placed in apprenticeship schemes (with a range of 18 – 36 months’ duration) during 2002-2003; 725 were placed in 2003-2004; 108 in 2004-2005; 180 in 2005-2006. Female participation in these schemes remains low at 12% of total in 2004 (and lower at 10% in 2005).
63 very-long term unemployed were placed in employment directly as a result of an ETC initiative in 2003-2004. The number of VLTUs was 2,701 in September 2005: lowest in 5 years.

72 former substance abusers, 13 persons who had served prison sentences and 14 persons having acute social problems were placed in employment over 2003-2004 (with the assistance of Caritas Malta); 95 persons were placed in employment over 2004-2005.

The Supported Employment Scheme provides an initial training phase of 8 weeks to persons with severe disabilities. Clients are matched to vacancies by an ETC employment advisor, assisted by an occupational therapist. The supports offered include job coaching, transport services and specific financial support in employment.

The Bridging the Gap Scheme (formerly On-Line Scheme) provides work exposure to the registered disabled or special needs persons for a maximum of 1 year. During this period, registrants receive an allowance equivalent to 80% of the minimum wage. Job coach services are provided as needed. Some 60% of clients placed on this scheme were either retained by the same employer or else changed employer.

The Employment Training Placement Scheme provides a wage subsidy of half the minimum wage for an agreed period and up to a maximum of 1 year. There were 25 recipients of this scheme in 2002-2003; 39 in 2003-2004; 33 in 2005-2006.

The Training Subsidy Scheme assists the self-employed and those employed in micro-enterprises (with less than 20 employees) to participate in off-the-job vocational education and training via training grants. To date, 20 adults (10 males; 10 females) have benefited from this scheme.

Traineeships are of a minimum 13-week duration, based on a 40-hour week, involving both off-the-job and on-the-job training. They seek to facilitate occupational skill development, and are targeted at new labour market entrants, the unemployed, or employees involved in restructuring exercises. To date, 249 adults (66 males; 183 females) have benefited from this scheme.

B.2 Other results & achievements of the policy (including in relation to other goals and priorities of the European Employment Guidelines, or any significant unintended or indirect effects)

Other ETC results & achievements that have affected services to disadvantaged persons include:

- extending the assessment and/or trade testing of the unemployed who participate in training programmes and to provide the relevant certificates;
- offering literacy (including IT literacy) training programmes, particularly to the unemployed;
- launching research on the aptitudes and aspirations of inactive workers aged 55 and over;
- launching schemes to promote active ageing;
- publishing manual on organisational ‘good practices’ in gender equality;
- completing studies on teleworking, addressing regulatory, organisational & social issues;
- revamping ETC job centres with touch screen computers;
- supporting the general or specific training of employees in employment via part-refunds (which provide more pro rata benefits to SMEs); and
- revamping the ETC web-site as an interactive tool (to include a vacancies alert system).

Moreover, the responsibility of issuing employment licences to foreigners passed to the ETC in 2005. This was a response to address the labour shortages in some sectors of the economy, as well as the “probable widespread use of illegal employment of foreign nationals”\textsuperscript{45}.

The ETC has also extended its services to refugees, persons with temporary humanitarian protection & asylum seekers, who are eligible to partake in all employment & training schemes.

B.3 An assessment of the obstacles and constraints encountered.

Things can always be done better, but it is just as important to appreciate the circumstances which may militate against improvement.

\textbf{a) Parental Resistance to Child(ren)’s Employment}

In Malta’s tightly-knit society, members of the same family are never more than an hour’s drive away from each other (unless abroad). This means that people grow up in an environment where family links are robust and span across generations; in-laws maintain close links with married couples; the most popular (and free) form of child care remains grandma; and women (home workers in particular) have been overly protective of their children. Maltese post-secondary students do not stay in college or university residence (except in the case of many Gozitans). Where the labour market and disadvantaged individuals are concerned, parents may not wish to see their physically, mentally or emotionally challenged child to go to work and suffer the consequences of that exposure; they would thus create serious impediments to any attempts at crafting schemes or programmes which seek such objectives. Maltese Employers have identified the resistance of parents to the employment of their challenged child(ren) – even though the latter may be of adult age – as the key obstacle to the employment of disabled persons\textsuperscript{46}.

\textbf{b) Informal Economy, Tax Evasion, Benefit Fraud}

A fruitful area for research inquiry relates to the intersection of the formal and the informal economy. This speaks directly to the stubbornly low, official female participation rate in the Maltese labour market, one which no measure of policy initiatives appears capable of budging. Part of the problem is fiscal, and Government has recently taken measures to remove the obligation of a fixed minimum payment for social security contributions that was penalizing those working less than 10 hours a week (mainly women), along with a revision of tax bands\textsuperscript{47}. However, whether this measure, and others (such as the introduction of VAT in the mid-1990s) would actually lure workers (and especially women who are in atypical, short-term, part-time or otherwise precarious employment) into the formal economy is anybody’s guess. Tax evasion (and undeclared work as part thereof) in Malta probably

\textsuperscript{46} ETC (2005, p. 43, Table 21).
\textsuperscript{47} European Commission (2007) Assessment of Malta’s National Reform Programme, p. 4.
remains extensive, as does benefit fraud. The prevalence of the informal economy is particularly acute on the sister island of Gozo (population = 28,000). The number of registered unemployed in Gozo is now around 700, and the labour market situation there is arguably distinct and more elastic than on the Maltese ‘mainland’: mean unemployment levels in Gozo rose by 17% in 2003-4 over the previous year. A Government Minister has been quoted as stating that tax compliance in Malta is 65%.

The Catholic Church in Malta has lauded the role of mothers in child rearing and general home and family care. The male breadwinner and the female homemaker models remain strongly entrenched in local culture (even in dual-earner families). It is thus easier, and more socially condoned, to find (especially parenting) women engaged in remunerated or otherwise value-adding activity while in the home or in support of a family business. In fact, the participation rate for women aged 15-20 in Malta’s labour market is actually higher than that for men in the same age cohort: the rate only drops sharply for women with betrothal, marriage and/or parenthood.

The provision of affordable and regulated child care (supported by tax breaks), as well as the provision of more flexible work arrangements that permit a better work-life balance, are 2 top policy priorities to encourage appropriate increases in working women, especially in the search for pension sustainability in Malta. This is also supported by what appears to be a significant discouraged female worker effect. However, it is a stronger perception of broad fiscal responsibility in Maltese society, accompanied by reduced levels of income tax, which are most likely to lure those already working in the informal economy out into the formal one.

c) Qualitative Assessments via Tracer Studies

Turning to the ETC’s core services, these are distinctly intended to be tailor-made to the unique, specific and idiosyncratic desires of a particular employer or a particular worker at a particular point in time. The ETC is essentially a service provider and so must resolve a key contradiction of service management: providing what is seen and appreciated as a personalized service by the client; while running such services effectively and efficiently via a legal-rational bureaucracy.

This distinction identifies the key problematic of undertaking an assessment of the workings of an agency like the ETC. Of course, the bureaucracy maintains substantial records of its activities: information about scheme availability and eligibility; statistical data concerning the number of clients who have benefited from or resorted to its services by unit time; allocation of financial resources; allocation of staff to specific project initiatives; the crafting and administration of specific project initiatives. This quantitative information is useful to justify the agency’s operations to policy makers, provide information to the media, identify trends in its practice, and compare performance to benchmarks and indicators that may be developed.

48 Tax & Benefit Reform in Malta have been deemed as “insufficient”: see European Commission (2005).
51 Tabone (1994).
52 Baldacchino (2003).
54 Some 1,700 females are registered as unemployed with the ETC. Yet, the Labour Force Survey suggests that some 5,500 women claim to be “ready for work”. Minister Louis Galea in Parliament, November 16, 2006.
to pre-set targets of achievement, either by local politicians, stakeholder groups, or regional institutions like the EU.

But, all these are ultimately aggregate ‘macro’ data, when the bulk of services offered are ‘micro’, essentially and intimately personal. Developing custom-made services to specific client groups (such as via a Supported Employment Section since 1996 and a variety of different schemes) is the key strategy that the ETC has been using in recent years. However, while addressed to “disadvantaged groups” or “target groups” (terms found in this document), the ETC’s policies should, and barring exceptional cases, essentially address the needs of disadvantaged or target individuals. One key challenge therefore is to develop the right tools that assess the multiple interactions of individuals with the ETC, across different episodes and across time. Longitudinal studies (such as tracer studies of say, disabled school leavers and other scheme beneficiaries), life history accounts of individual workers and employers; plus mystery shoppers, asked to turn up unannounced and incognito in order to test out a particular ETC service - should be well suited to identify gaps in service and newly emergent client needs, provide a better measure of service “success”, support, refine the client profiling exercises and personal action plans, and would complement the rigorous statistical data that is already available. These approaches would match the person-driven, ‘case load’ strategy deployed by the ETC via its Case Officers, whose responsibility includes direct involvement in the initial screening of a client, identification of training needs and job referrals, pro-active job searches, the request for professional assistance, and the charting of suitable personal action plans.

d) A Self-Contained or a Specialized Organization?

One of the key strategic dilemmas of the ETC since its setting up in 1990 has been whether to replicate services that may be already, or else could be, performed by other agencies, or else adopt them in-house. The research and compliance (inspectorate) functions of the ETC have been particularly debated in this context. The Opposition Labour Party has been arguing that the ETC should focus on its core competences (“training and placements”), and leave other tasks to the designated authorities (like the National Statistics Authority, the Department of Social Security, the Tax Compliance Unit or the Police).

Moreover, the ETC is increasingly subcontracting activities to civil society actors. Much of the training programmes supervised by the ETC are actually hived-off to the private sector; while the ETC has entered into cooperation agreements with such NGOs as the Eden and Richmond Foundations for the latter to provide assessment, training, work experiences and follow-on support to various disadvantaged clients.

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55 Such as collective redundancies, even though customization to specific individuals will still be necessary.
56 As recommended in Borg & Cassar (2006, p. 28) and Spiteri et al. (2005).
58 As also undertaken by Baldacchino et al. (1997).
C: The Policy Debate

C.1 An assessment of arguments of different interest groups (social partners, civil society organizations), including mention of the results of any evaluations of policy undertaken by them.

A measure of the effectiveness (or otherwise) of the ETC’s services to disadvantaged groups can be discerned from statements and reports submitted by key interest and client groups, media reports, dissertations by University students, as well as by issues raised in the context of the Financial Estimates of the ETC being debated in the Maltese legislature. An e-mail request was also sent on March 10, 2007 to key officials of the Malta Labour Party (in Parliamentary Opposition), the General Workers’ Union (GWU), the Union of United Workers (UHM), the Confederation of Malta Trade Unions (CMTU), the Malta Employers Association (MEA), the Department of Industrial & Employment Relations (DIER) and the National Council of Women (NCW). As at April 1, 2007, 2 substantive replies have been received (1 from the UHM and one from the Opposition Labour Party Spokesperson for Employment); one other person pledged a substantive reply, which however has yet to materialise.

Gejtu Vella, Secretary-General of the Union of United Workers (UHM), recalls that his organization, along with the GWU, have foundations set up to advance worker and adult education, thus promoting the culture of life-long learning which should facilitate worker empowerment in career development. Moreover, an involvement of trade unions on the Board of Directors of the ETC should, in his view, facilitate the improvement of opportunities for the long-term unemployed in landing suitable jobs.

The Malta Employers Association has published a recent short policy paper on family friendly measures. It is wary of a ‘one size fits all’ approach, or of an imposition of any such measures by law. It appreciates that Malta’s collective bargaining is not sectoral but enterprise based, and so permits a fine degree of policy fine-tuning at firm level. Moreover, market forces would reward firms that offer family friendly policies with a higher labour demand, and thus maintain competitiveness. The MEA also urges the provision of suitable infrastructure to make family friendly measures work, including “temping agencies” – but acknowledges that the jury is still out on this measure at EU level.

In its reply to the pre-budget 2007 document, the MEA points out that Malta’s key challenge is to expand labour supply while ensuring the availability of sufficiently high value-added jobs to absorb the increase in the labour force. The MEA identifies benefit fraud, the refusal of various registered unemployed to consider employment when that is made available to them, youth illiteracy, the need to accredit foreign educational institutions in Malta including those which are already practising there, and the need to shift from direct to indirect taxes, as critical issues. One key concern is the early mean age for exiting the labour force, “… partly the result of easy access to boarding-out and early retirement schemes”.

[^60]: MEA (2006, p. 10).
The MEA goes on to praise the TEES project administered by the ETC as “... an example of an ESF-funded scheme that has, so far, yielded desired results in finding job placements for unemployed persons over 40 years of age through training”\(^{61}\).

A graduate dissertation submitted by Maria Brown explored the perceptions of ETC training programmes held by 40+ registered unemployed. A questionnaire distributed to 104 clients of the ETC’s *Training and Employment Exposure Scheme* suggests that these have some concerns about both the market relevance of, and the tuition styles adopted in, their core skills training\(^{62}\).

The ETC had sought to implement a policy of commissioning regular external evaluations of its policies. One example is the December 2006 evaluation of the Supported Employment Scheme\(^{63}\). The report’s key objective was to appraise the effectiveness of the scheme in assisting persons with severe disability in finding gainful employment and in assisting employers to meet labour and skill shortages. The report suggests: a move away from a “checklist type of assessment”\(^{64}\) to a more integrated profiling method (as is used with other registrants); a recognition of familial overprotection and workplace interference; better preparation for work by clients, including work simulations; reviewing the ambiguity surrounding the definition of ‘disability’; introducing a “buddy system” to facilitate client integration in the workplace; introducing a gendered approach to the employability of severely disabled persons (females are reported as having less options than men)\(^{65}\); giving more serious consideration of part-time employment options for clients, allowing these to earn wages without foregoing their pension; extending the *Bridging the Gap Scheme* from 2 to 6 months to facilitate client integration in the workplace; and reviewing the current legal requirement\(^{66}\) of allocating 2% of all posts in medium to large firms to those who are registered as severely disabled.

However, the ETC’s experience with the commissioning of external papers and evaluations has not been a positive one. The quality of reports received has been poor, lacking both thorough analysis and robust recommendations. As a result, the ETC has stopped commissioning such external reports and has shifted to evaluating its services via its own, 2-person, research team\(^{67}\).

### C.2 Main questions & areas of debate on policy within the country, or at European level.

The focus of attention on the low female participation rate may detract interest from other areas of concern. One is the decreasing participation rate of working men aged 55 to 64. This is partly an effect of early and voluntary retirement schemes that the Malta Government had been deploying with surplus employees in public corporations, compounded by a retirement age of 61 (and 60 for women). These measures have now been replaced with a labour pool for redeploying redundant public employees; and an extension of the retirement age.

Another area of distress is the decline of males in higher education. At the University of Malta, there were 1,410 more female students than male in a student population of 9,802 (November 2006).
2005). In the Faculty of Medicine, with the stiffest course entry requirements, there were 100 more female students than male out of 486 students\textsuperscript{68}. Is there a tacit understanding by males that they are still likely to make good money as workers without having to ‘endure’ more years in education which, meanwhile, has taken on a more “feminine mode of interaction”?\textsuperscript{69}

Thirdly, the proportion of 17-year-old males and females in post-secondary education in Malta, while increasing, remains at around 70%: one of the lowest in the EU\textsuperscript{27}, and this in spite of the provision of maintenance grants. One measure that remains largely unconsidered is the opportunity to make post-secondary education more modular, enabling individuals to study and work at the same time. The University of Malta in particular needs to make possible the pursuit of core diploma and undergraduate programmes on a staggered, part-time basis for individuals who are currently obliged to choose between a full-time education and a full-time job. This also implies a broadening of core course offerings over a longer period, including year-long evening programmes. Such a shift will facilitate the acceptance of a lifelong-learning approach, rather than that of a segmented, mutually exclusive view of education and work.

Further flexibility and seamless transitions need to be developed between the various post-secondary education providers in Malta: these now include various foreign private agencies, but primarily affect the University of Malta and MCAST. Students of one institution should be able to transit seamlessly to the other, and have their qualifications accepted. Educational Pathways also need to be developed so as to make it easier to transit between work and education. The role of a recently set up Malta Qualifications Council in streamlining inter-institutional pathways is crucial here. The ETC may find that training services may need to be redesigned or recast in order to plug “holes” or provide missing steps that may emerge in such transitions.

Fifthly, a growing policy concern in Malta, as in other EU member states, relates to employment of third party nationals, which would include refugees and asylum seekers. Minister Louis Galea declared in Parliament that the ETC had issued no less than 7,094 work permits during the 2005-2006 financial year, of whom some half to 3\textsuperscript{rd} country nationals\textsuperscript{70}: a staggering figure for an economically active population of just 140,000. This statistic is an indirect indication that various job vacancies, especially in the low wage/low skill category, are not being filled by unemployed Maltese. Various employers report on job registrants who get sent to attend interviews but who make it clear that they are disinterested in landing jobs and request the employer to declare them unfit for work\textsuperscript{71}.

Meanwhile, the public sector continues to shed personnel in the interests of fiscal sustainability. In the period 2003-2006, Malta Shipyards shed 930 jobs; EneMalta shed 250 jobs; Air Malta shed 400 jobs; the Water Services Corporation shed 100 jobs\textsuperscript{72}. Such restructuring and downsizing create additional challenges on the economy to assess, (re)train and (re)absorb redundant workers in the private sector, many of whom would be 40 years and older. All the more so when the same private sector is undergoing dynamic change: 2,500 collective redundancies were announced during 2006\textsuperscript{73}; while the SmartCity project may strain the local labour pool with its

\textsuperscript{68} Chair of Gender Issues Committee at the University of Malta, as reported during Commonwealth People’s Forum, November 2005. Available at: \url{http://www.ncwmalta.com/maradetail.asp?id=168}.

\textsuperscript{69} E.g. Coates & Keen (2007: pp. 60, 61).

\textsuperscript{70} Debates of the Chamber of Deputies, The 10\textsuperscript{th} Parliament, Session 461, November 14, 2006.

\textsuperscript{71} In the same vein, ETC Deputy CEO Felix Borg states that some registrants are ‘well informed about how to ‘beat’ the system’ (Borg, 2007, p.10).

\textsuperscript{72} As announced in Parliament by Minister Louis Galea, November 14, 2006.

\textsuperscript{73} As announced in Parliament by Minister Louis Galea, November 14, 2006.
demands for skilled labour, especially in IT and computer engineering skills; some 5,600 new jobs are envisaged over 8 years, two-thirds of which in knowledge-intensive skills. These changes call for dynamic responses in occupational guidance and career counselling. Both the ETC itself and the Education Division have realized the need to move from psychology-oriented counseling personnel to include sufficient professional staff that are trained to have a wider appreciation of market forces and organizational trends, and of the need to foster employability and flexible specialization in the Maltese workforce.

Sixthly and lastly, while the ETC has obvious fiscal and personnel limitations, it finds itself in a situation where there is no clear, local, external evaluative mechanism for any of its policies. Getting its own research unit to evaluate the success of its policies is better than having nothing at all in place, but there are obvious limitations to the degree of criticism that can be forthcoming from within the organisation. The only whiff of criticism of the ETC’s practices hails from interest groups and political parties in opposition who have their own agendas to peddle and whose comments may be driven by expectations rather than assessments of current ETC practice.

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References


75 As alluded to by Dr Karl Chircop, Shadow Minister for Work & Employment, in Parliament, Nov. 16, 2006.


