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PARLIAMENT AND OF THE COUNCIL**

of 19 October 2022

on adequate minimum wages in the European Union

National Action Plan for Malta

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Context

This National Action Plan (NAP) has been developed in response to Malta's obligations under Regulation 4 of the Minimum Wage and Collective Bargaining Regulations (Subsidiary Legislation 452.135 of the Laws of Malta), which transposes Directive (EU) 2022/2041 of the European Parliament and of the Council of 19 October 2022 on adequate minimum wages in the European Union. The Plan operationalises the requirement for Member States with collective bargaining coverage below 80% to establish a clear framework to promote and enhance collective bargaining. Given that Malta's current collective bargaining coverage rate is below the 80% benchmark, this Action Plan is particularly critical. The National Action Plan acts as a strategic tool to progressively expand coverage and secure compliance with the Directive's obligations, representing an initiative that goes beyond existing efforts to enhance the wage regulation orders¹, otherwise known as 'sectoral minimum conditions of employment'.

Collective bargaining is recognised as a key mechanism for securing fair wages, decent working conditions, and social justice, especially in the face of emerging labour market challenges such as digitalisation, platform work, and sectoral fragmentation. This NAP outlines a national strategy to overcome key barriers to expanding collective bargaining, including implementation complexity in low-density sectors, financial sustainability for enterprises and employee representative bodies, legislative and institutional gaps, and the need for industry specific approaches that reflects Malta's economic diversity.

The Plan sets out a structured roadmap of legal reforms, capacity-building initiatives, and stakeholder engagement measures aimed at fostering an enabling environment for inclusive

¹ A Wage Regulation Order is Subsidiary Legislation kept in force under the Employment and Industrial Relations Act that regulates certain conditions of employment of employees working in a specific sector of the industry. At present, there are 31 different WROs in force. The conditions specified in these Orders include – maximum hours of work, minimum wages, overtime rates, sick leave, special leave, and other working conditions. The WROs are currently being overhauled to tailor them more closely to the specific needs of each industry.

collective bargaining, while ensuring alignment with Malta's social dialogue traditions and EU-level commitments.

Objective

To support the strengthening of trade union capacity and promote inclusive collective bargaining frameworks that are practical to implement, legally sound, and adaptable to the specific characteristics of different industries. This includes equipping unions with the tools and support they need to engage constructively in collective bargaining, while ensuring that the frameworks remain manageable for stakeholders and responsive to Malta's diverse economic landscape.

Action Points for Malta

Action Point 1: Building Trade Union Capacity

As part of Malta's strategic efforts to strengthen collective bargaining and address the country's current coverage rate, which is below the 80% benchmark set by Directive (EU) 2022/2041, it is proposed to establish a 'Resources Fund'. This fund will be jointly financed by the Government and where possible with European Union resources, and will serve as a key instrument to build the institutional capacity of trade unions and employers' organisations. Its primary objectives include providing structured training programmes, supporting outreach initiatives, and modernising union operations to meet the evolving needs of the labour market.

The Fund will be governed by a five-year financial plan, subject to annual reviews to ensure transparency, adaptability, and alignment with national priorities. It will finance continuous training for union officials, with a particular focus on representing precarious and non-standard workers and developing legal and economic analysis skills to support effective bargaining strategies. In parallel, the Fund will support research initiatives aimed at analysing Malta's current

collective bargaining structure and identifying opportunities for improvement, with sector-specific insights to guide future reforms.

In addition to these objectives, government can play an active role in strengthening collective bargaining coverage by providing unions with both human and financial resources. This may involve allocating additional funds from the Resources Fund, tied to clear deliverables and measurable outcomes from the unions' side. Such an approach would ensure accountability while enhancing unions' ability to negotiate and represent workers effectively, thereby extending coverage to a wider share of the workforce. By linking funding to tangible results, government can encourage unions to broaden their reach, while promoting a balanced and sustainable system of industrial relations.

Furthermore, the Resources Fund can be reinforced by utilising the following potential European funding resources: (1) European Social Fund Plus (ESF+) for employment, social inclusion, and education-related capacity building, (2) EU4Health Programme – applicable for strengthening union capacity in health-related sectors. (3) Technical Support Instrument (TSI) – for targeted institutional reforms and governance improvements, and (4) Level-Up Project – supports multi-employer bargaining and union development initiatives.

Action Point 2: Creating a High-Level General Agreement for Non-Unionised Precarious Sectors

To address the lack of collective bargaining coverage in non-unionised and precarious sectors, the National Action Plan proposes the creation of a High-Level General Agreement (HLGA) tailored specifically for these areas. This agreement will apply to all workers in sectors where no active union presence or sectoral agreements currently exist. It will be negotiated by a High-Level Tripartite Council, composed of representatives from government, employer organisations, and trade unions. The agreement will establish minimum sector-wide wage floors that exceed the statutory minimum wage. It will also define core working conditions, including working hours,

leave entitlements, overtime practices, and health and safety standards and include equal treatment provisions for precarious workers, especially those that are not covered by Wage Regulation Orders.

To ensure broad applicability and impact, the agreement will incorporate legal and extension mechanisms. These will include an incentive-based extension clause whereby, once 30% of an industry is covered by the agreement, its terms become binding on all employers within that sector, with the agreement remaining valid for its full duration.

Furthermore, to support micro and small enterprises (MSEs), the agreement will be accompanied by simplified compliance guides and streamlined procedures to facilitate participation. Implementation will be supported by the Department for Industrial and Employment Relations, which will publish plain-language summaries of the agreement and maintain an online portal where employers can voluntarily sign on and report compliance. This digital infrastructure will help ensure transparency and accessibility, particularly for smaller businesses.

Study on Collective Bargaining in Malta (2025)

Between July and September of 2025, the Department for Industrial and Employment Relations commissioned a study which was done by an external consulting company. The study shows that while collective agreements are well established in the public service and larger enterprises, they remain largely absent in micro and small businesses, which make up most of the economy. Moreover, Malta's system is almost entirely based on enterprise-level bargaining, with no sectoral or cross-sectoral agreements in place. This fragmented landscape underscores the need for new bargaining models that can reach precarious and non-unionised sectors and provide accessible frameworks for SMEs.

Conclusion

This National Action Plan represents a decisive and forward-looking commitment by Malta to strengthen collective bargaining as a cornerstone of fair wages, decent working conditions, and inclusive labour market governance. In alignment with Directive (EU) 2022/2041, the Plan sets out a structured and actionable roadmap to progressively increase collective bargaining coverage, particularly in sectors where it is currently absent or limited.

By introducing targeted measures such as the 'Resources Fund' and the High-Level General Agreement for non-unionised precarious sectors, the Plan addresses both institutional and structural barriers to collective bargaining. It promotes capacity-building, legal reform, and stakeholder engagement, while ensuring that the diversity of Malta's economic landscape is reflected in sector-specific approaches.

Recognising the country's current coverage gap, the Plan outlines a five-year roadmap to expand bargaining coverage, improve working conditions, and reinforce social dialogue. In accordance with Article 10 of the Directive, the Plan will be reviewed every two years to assess progress and make necessary adjustments. Its success will depend on sustained collaboration, transparency, and responsiveness to Malta's evolving labour market.