



Industrial relations and social dialogue  
**Malta: Institutions, policies and  
practices for enforcing minimum  
wage compliance**

[Minimum wages: Non-compliance and  
enforcement across EU Member States](#)  
[Comparative report](#)

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*Research carried out prior to the UK's withdrawal from the European Union on 31 January 2020, and published subsequently, may include data relating to the 28 EU Member States. Following this date, research only takes into account the 27 EU Member States (EU28 minus the UK), unless specified otherwise.*

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# 1. Legal framework and minimum wage enforcement institutions

## Regulation of minimum wage enforcement

<b>LEGAL/REGULATORY FRAMEWORK</b>	The enforcement of minimum wage is regulated by Chapter 452 of the Employment and Industrial Relations Act (EIRA, 2002).
<b>SPECIFIC REGULATIONS</b>	<p>There is no regulation that focuses only on the enforcement of minimum wage for specific sectors, territories, or group of workers. However, provisions for the enforcement of minimum wage for certain sectors and groups of workers are included in the following regulations:</p> <ol style="list-style-type: none"> <li>1) the Employment Status National Standard Order (2012) was enacted to combat bogus self-employment and enforce proper conditions of employment;</li> <li>2) the Posting of Workers in Malta Regulations (2016) enforce the minimum working conditions of posted workers in Malta;</li> <li>3) the Temporary Agency Workers Regulations (2011) regulate the working conditions of persons doing temporary work in Malta;</li> <li>4) the National Minimum Wage National Standard Order (2020) determines the national minimum wages and is updated annually;</li> <li>5) 30 sectoral Wage Regulation Orders (WROs) specify working conditions, including MW, in particular sectors of the economy.</li> </ol>
<b>DISPUTE RESOLUTION MECHANISMS</b>	Employees claiming to be paid less than the minimum wage may file a complaint with the Department for Industrial and Employment Relations (DIER). Once a claim is raised, an inspector is assigned to the case. The main aim of the Department for Industrial and Employment Relations is to act as a mediator between employees and employers, to reconcile the matter. If not solved, cases proceed to the Criminal Court, which holds a monthly hearing for cases submitted by the Department of Industrial and Employment Relations. In case of unionised workers, unions are encouraged to discuss the matter with the employer and only in case an agreement is not reached the Department for Industrial and Employment Relations steps in as a mediator.

## Enforcement institutions and coordination system in place

<b>ENFORCEMENT INSTITUTIONS</b>	<p>The Department for Industrial and Employment Relations is the only institution in charge of enforcing the MW in Malta. The Department has a generalist scope. Inspectors' status and mandate is regulated by the Employment and Industrial Relations Act.</p> <p>The Industrial Tribunal may hear disputes and deliver judgements relating to alleged infringements listed in Employment and Industrial Relations Act.</p> <p>The Criminal Court may hear disputes and deliver judgements relating to minimum wage.</p>
<b>INTERNAL ORGANISATION</b>	<p>The Department of Industrial and Employment Relations falls under the Office of the Prime Minister.</p> <p>The enforcement branch is under the responsibility of an Assistant Director. It operates at national level and covers all employment matters. Its enforcement branch consists of two sections: the Inspectorate Section, which monitors employment conditions and investigates complaints, and the Customer Care Section, which serves as the first contact point for the general public seeking information on employment relations.</p>
<b>COORDINATION</b>	No coordination: there is only one responsible body.

<b>MONITORING AND DATA COLLECTION SYSTEM</b>	No monitoring or data collection systems.
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## Resources and capacity of control/enforcement institutions in charge of MW compliance

<b>FINANCIAL RESOURCES</b>	<p>No data available</p> <p>The Department for Industrial and Employment Relations has lacked resources in the past, but according to the Department the situation has now improved. According to trade unions, however, funding is still not adequate.</p> <p>Increased over the last decade.</p>
<b>HUMAN RESOURCES</b>	<p>The number of inspectors has increased from 3 (2010) to 10 (2021).</p> <p>Information on staff dealing only with minimum wage enforcement is not available.</p> <p>Over the past decade, there was considerable staff turnover at DIER and staffing levels tended to be insufficient. The situation appears to have improved, however trade unions argue that the number of inspectors is still not proportionate to the number of complaints and interventions.</p> <p>The educational level of inspectors is adequate, and they also receive training.</p>

## 2. Enforcement measures

<b>BALANCE BETWEEN DETERRENCE AND PREVENTIVE MEASURES</b>	<p>The balance between deterrence and preventive measures shifted towards preventive measures as the Department's role changed to a more proactive approach.</p> <p>Deterrence measures are considered only partially effective and trade unions complain that fines should be increased.</p> <p>Persuasion and preventive measures are effective, even if the DIER and employers' organisations find it difficult to cooperate with employers who operate in the black economy and which represent the majority of non-compliant employers.</p>
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### Deterrence measures

<b>TYPE OF MEASURE AND CHANGE IN USE IN THE LAST DECADE</b>	<p>Routine inspections, spot check, inspections by request: stable.</p> <p>Targeted inspections: increased, especially in sectors where many third country nationals are employed such as the construction sector.</p> <p>Follow-up of previous offenders, use of data matching and information exchange with other authorities, use of sanctions: stable.</p> <p>Peer-to-peer surveillance, supply chain responsibility, blaming and sharing of blacklists: increased.</p>
<b>INSPECTIONS AND VIOLATIONS</b>	<p>The number of inspections has decreased from 2010 (1,696 inspections) to 2019 (371 inspections). In 2019, 131 irregularities were found, but data do not refer specifically to minimum wage as the existing statistics do not specify the type of violation found.</p>

<b>SANCTIONS</b>	<p>According to the Employment and Industrial Relations Act, the Criminal Court can impose fines between EUR 232.94 and EUR 2,329.37 and order the payment of the due amount to affected employees.</p> <p>There is disagreement between the Department for Industrial and Employment Relation and social partners on the effectiveness of these sanctions: while the Department argues that the sanctions are very effective, trade unions believe that they are insufficient and that they should be increased to affect the activities of non-compliant companies.</p> <p>No data available on the number of sanctions imposed.</p>
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## Persuasion/preventive measures

<b>TYPE OF MEASURE, INSTITUTION IN CHARGE, CHANGE IN THE LAST DECADE</b>	<p>Provision of advice/counselling/training to workers and employers by the DIER, social partners and Jobsplus (Malta's public employment services organization): increased.</p> <p>Awareness raising and information by the DIER, social partners and Jobsplus: increased.</p> <p>Incentives and awards for compliant firms by the Office of the Prime Minister, DIER, Occupational Health and Safety Authority and Jobsplus: increased.</p> <p>Reduction of administrative burden/simplification of procedures by the DIER: increased.</p>
<b>ROLE OF DIGITAL TOOLS</b>	<p>A new IT system was introduced, with the aim to reduce bureaucratic burden and improve data gathering while allowing workers to file online complaints. With the COVID-19 pandemic the use of this system increased and allowed inspectors to perform part of their tasks while working from home.</p>

## 3. Role of social partners

### Social partners

<b>ROLE + FOCUS ON SPECIFIC SECTORS/TERRITORIES/WORKERS</b>	<p>Trade unions: raise awareness among their member by providing training, guidance and advice; ensure that all the cases reported to them are brought to the attention of the DIER, together with any necessary documentation. Through collective agreements, they ensure that employees are paid at least the minimum wage.</p> <p>Employers' organisations: inform their members about annual adjustments to minimum wage and promote compliance with minimum wage regulations.</p>
<b>CHANGE IN LAST DECADE</b>	<p>In recent years, trade unions have intensified their action to promote knowledge about minimum wage, especially among foreign workers.</p>
<b>COORDINATION</b>	<p>The highest level of tripartite discussion among the social partners takes place at the Malta Council for Economic and Social Development (MCESD).</p> <p>Minimum wages, however, are more likely to be discussed within the tripartite Employment Relations Board (ERB).</p>
<b>STRENGTH/WEAKNESSES</b>	<p>Trade unions: collective agreements may be the main strength of unions in minimum wage enforcement since they standardise conditions of employment.</p> <p>The main challenge for trade unions' enforcement efforts are sectors where workers are not unionised and with no collective agreement in force.</p>

	<p>Undeclared work is also an issue.</p> <p>Compliance with minimum wage regulations is a mandatory requirement to be part one of Malta's biggest employers' organisations. Non-compliant employers are not members of the association, so the biggest challenge is that social partners will neither have awareness nor control over such situations.</p>
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## Role of other institutions/stakeholders

<b>OTHER INSTITUTIONS/STAKEHOLDERS</b>	<p>The Department for Industrial and Employment Relations is the only institution involved in minimum wage enforcement.</p> <p>Other organisations may play a role in informing workers about their rights and providing support: Jobsplus (Malta's public employment services organization), the Department of Social Security, Malta Inland Revenue, NGOs.</p> <p>The International Migration Organisation provides the Department for Industrial and Employment Relations with cultural mediators.</p>
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## EU cooperation

<b>EXAMPLES OF EU COOPERATION</b>	<p>The Department for Industrial and Employment Relations cooperates with the European Labour Authority. Inspectors of the Department sit in different European working groups to exchange best practices and have been involved in joint inspections in other Member States as a form of experiential training.</p>
<b>CHANGE IN LAST DECADE</b>	<p>Increased in the last three years.</p>
<b>STRENGTH/WEAKNESSES</b>	<p>Cooperation gives inspectors the opportunity to learn and be exposed to different practices. It also allows to discuss with institutions of other member States about the interpretation and implementation of European directives. ELA also offers free translation services which allowed the Department for Industrial and Employment Relations to prepare informative documents with workers' rights in different languages.</p>

## 4. Enforcement challenges, strengths and weaknesses of the enforcement system

<b>MAIN ENFORCEMENT CHALLENGES</b>	<p>The main challenge to minimum wage enforcement is irregular and undeclared work, which is particularly frequent in sectors like hospitality and catering. In this case, the fact that the burden of proof lies on the employee and not on the employer represents an issue: payments are in cash and not documented, and proceedings are sometimes abandoned due to lack of evidence.</p> <p>Another challenge in the enforcement of minimum wage is represented by third country nationals who are more exposed to violations and undeclared work and, at the same time, are less likely to file a complaint.</p> <p>The insufficient number of inspectors has also represented a challenge in the past, but the Department has recently increased the number of inspectors.</p>
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<b>STRENGTHS AND WEAKNESSES</b>	<p>The legal framework is one of the strengths of the enforcement system as it provides a clear framework and clearly defines the role and mandate of labour inspectors. The Department for Industrial and Employment Relations also enjoys good relations with both trade unions and employers' organisations.</p> <p>As for weaknesses, the Department for Industrial and Employment Relations does not have the power to protect workers who file a complaint from adverse treatment, including dismissal and deportation for third country nationals. The Department resources have also been limited in the past, but the situation has improved in recent years.</p>
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**Source: National Eurofound Correspondent for Malta**

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