



# Social dialogue and conflict resolution in Malta

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## *Context*

This report is part of a series of projects from the Foundation which focus on aspects of industrial relations in the run-up to enlargement. The national report for Malta is part of the second phase of a project on 'Social dialogue and EMU' carried out by the European Foundation for the Improvement of Living and Working Conditions in 2002-3, in cooperation with the Swedish 'Work Life and EU Enlargement' programme. This phase of the project looked at the current mechanisms for resolving industrial conflicts prevailing in each of the ten acceding countries involved in the project: Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia.

The main report provides an overview of the whole project and is available online at <http://www.eurofound.eu.int/publications/EF0421.htm>. It looks specifically at the role of social dialogue in resolving industrial relations conflicts. In most of these countries, both the systems of industrial relations as well as conflict resolution mechanisms are relatively new and have been subject to intense upheaval during the transition phase to market economy. Collective and individual industrial disputes are a new phenomenon for these countries as well. The report gives an overview of the existing institutional and regulatory frameworks for industrial action prevailing in each country, then goes on to describe the various systems in place to deal with conflict resolution. The overall aim of the research is to show how social dialogue can be harnessed to devise a road map for industrial peace.

## *Introduction*

The experience of social conflict is never distant from the world of work. This is due to the delicate balance, which characterises industrial relations and the interconnectedness between workplace relations and the wider areas of social life. The dire consequences of industrial conflict necessitate the establishment of effective mechanisms for its resolution. In this context the collective role played by the social partners is universally recognised and has become established particularly since the establishment of the International Labour Organisation (ILO) in 1919. Likewise in the European Union the institution of social dialogue as a concrete form of social partnership has increasingly become a characteristic feature of European economic and social policy formulation. It is played at the local enterprise, sectoral, regional, national and international levels.

This paper focuses on the mechanisms, which are established in Malta for the resolution of conflicts in industrial and social relations. As most conflicts emerge in the context of collective bargaining, the paper initially presents an outline of the roles played by the social partners in bargaining at both the enterprise and national levels. This leads to a review of recent trends in industrial conflict and an analysis of the institutional frameworks for conflict resolution. Finally, the mechanisms used in conflict resolution are assessed and some recommendations for future development are presented.

### *Industrial relations framework*

Free and voluntary collective bargaining is carried out by the social partners at both the enterprise and national levels. For most employees this is the main means of wage determination. However, the minimum national and sectoral conditions of employment are established by legislation, following tripartite consultation at the Employment Relations Board. Furthermore, sectoral bargaining is sometimes also carried out in certain segments of the public sector and more rarely in the private sector.

### *Enterprise-level bargaining*

The principal means through which wages and the other working conditions are determined is through bipartite, enterprise-based, collective bargaining. There are hundreds of collective agreements through which employees in specific enterprises may receive wages and working conditions above the statutory minimum.

Recognition of a trade union at a particular enterprise is normally based on the membership exceeding fifty per cent of the entire workforce. From time to time, a number of conflicts erupt over this issue, as the number of workers enrolled with a particular union may fluctuate, sometimes even during the proceedings of collective bargaining. There is also the tendency for the management of a single enterprise to sign more than one collective agreement on behalf of different categories of employees. This trend has been endorsed by the industrial tribunal for what have been termed 'separate bargaining units'.

In addition, recently there is a tendency for particular categories of employees to claim a separate recognition from that of the other workers. There are some rare cases where a union is recognised by an employer and a collective agreement is negotiated with it even though the union may not enjoy the majority of employee membership. On the other hand, there are also cases where the enterprise management agrees to negotiate with a common front formed between two or more unions, none of which individually command a majority, but do so collectively. The above evidence indicates a tendency towards the fragmentation of collective bargaining processes.

It has been estimated<sup>1</sup> that in 2002 the total number of agreements in force in the private sector was 297, distributed as follows: GWU - 157, UHM - 107, MUT - 13, other unions - 20. Out of an estimated total of 200 private sector enterprises with collective agreements in 1995, 60% concerned enterprises in manufacturing, and 40% in the services sector. On the other hand the total number of employees covered by collective agreements amounts to less than one third of all full-time employees in the private sector. These figures reflect the economic situation where 75% of all industrial companies employ fewer than five persons. Furthermore, looking at each sector separately the following picture emerges. No collective agreements are recorded in the primary sector, comprising mainly agriculture, fisheries and stone quarrying. The number of employees covered by agreements in the secondary sector amount to 45%, whereas those in the tertiary sector amount to 22.7%. The latter category includes employees in banking and finance, the main hotels and private schools. Nevertheless the situation is very different in the public sector where the unionisation rate is around 90% and practically all employees are covered by collective agreements.

The terms of a collective agreement normally follow a standard pattern and cover both procedural aspects, relating to dispute resolution, and substantive issues, relating to conditions of employment. The standard duration of collective agreements is for successive three-year periods.

According to the Economic Survey, average weekly wages rose from a nominal value of LM 99.60 (US\$ 276) per week to M115.06 (US\$ 319) between 2000 and 2003. Furthermore, a study conducted among a sample of collective agreements reveals that average weekly sectoral wages rose by 3% during 2003<sup>2</sup>.

### ***National-level bargaining***

In addition to enterprise-level bargaining, there has been a parallel development of national-level bargaining during recent decades. These developments may be traced back to the period of government under the Malta Labour Party (MLP) prior to 1987 when the GWU and the government collaborated closely in the formulation of social and economic policies and even signed a statutory fusion. The more important development in national social and economic bargaining, however, took place since that time - during which the Nationalist Party (NP) has been in power, except for a brief two-year period (1997-1998). An important catalyst in this development has been provided by the European policy of social dialogue in the process of Malta's adoption of the *acquis communautaire*.

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<sup>1</sup> Baldacchino G., Rizzo S., and Zammit E.L., *Evolving Industrial Relations in Malta*, WPDC/Agenda, Malta, 2003, pp. 159-170. See also Montebello J., *Trends in Collective Bargaining in Malta:1998-2003*, WPDC/DIER, Malta, 2003.

<sup>2</sup> Ministry for Economic Services, September 2003, p. 38.

This policy entailed a departure from the divisive policies and the political domination of the previous era and from the informal, ad hoc relations among actors which often predominate in a small-scale society. It thus constitutes one of the main instruments for conflict resolution. The Act establishing the 'Malta Council for Economic and Social Development...' (MCESD) became law in 2002 (Cap. 431: 2001). It is envisaged as an advisory body to provide a forum for consultation and social dialogue between social partners and, where necessary, with organisations of civil society. The council is entrusted with the task of advising government on all issues relating to 'the sustainable economic and social development of Malta'.

In addition to representatives of government, employers and workers, the Act also provides for the establishment of a standing Civil Society Committee, appointed by the tripartite council itself. This committee is to be consulted by the council 'on all those issues which the council may, in its discretion, refer to it'. In discharging its functions, the council is expected to reconcile individual sectoral interests with overriding national interests.

The Act does not exclude the possibility that the council may express its own independent opinions - including those critical of government policies. Such opinions would inevitably carry a lot of weight. Nor does the Act preclude the social partners from negotiating on specific issues - a role in which they are traditionally well versed to play and which they assume as second nature. In practice, however, everyone seems to prefer an advisory and consultative role for MCESD. The ultimate political responsibility for any decisions remains firmly in the hands of government while the social partners, after giving advice, remain at liberty to air their individual views in public.

### ***Industrial conflict***

In recent years, apart from a few sporadic instances, Malta has enjoyed an atmosphere of relative industrial stability. This can be attributed to the readiness of the social partners to work together and engage in effective collective bargaining in a highly competitive international market. The success of the system is also due to Government's eagerness to solve industrial relations issues as soon as these emerge.

The number of industrial disputes registered with the DIER has fluctuated in the last few years. However, the number of striker days has been following an overall downward trend, as can be seen below:

#### *Strikes and Lost Working Days*

<b>Year</b>	<b>Strikes</b>	<b>Workers involved</b>	<b>Days on Strike</b>
1970	26	23,979	148,499
1975	30	5,262	14,136
1980	13	764	5,019
1985	6	975	874
1990	25	3,610	4,487
1995	13	2,877	5,302
1996	7	4,000	16,500
1997	9	3,289	14,652
1998	8	785	1,828
1999	15	4,849	1,261
2000	12	5,000	2,564
2001	14	1,849	2,792
2002	5	678	744

Source: *Department of Industrial and Employment Relations*

There are other work stoppages that are not officially registered as industrial disputes such as those by self-employed persons or actions called by a body which is neither a union nor an employer organisation (e.g. a political party).

The highest number of registered disputes (60%) was over conditions of work. These were followed by disputes over collective agreements (16.6%), over dismissals from work (11.7%) and union recognition issues (3%). It should also be noted that the vast majority of registered industrial disputes do not actually result in strikes. For instance, out of the 70 industrial disputes registered in 1994, only 10 resulted in strikes.

## ***Regulatory framework***

### ***Role of the state***

The state plays a prominent active mediatory and regulatory role in industrial relations in Malta. This it does through: (a) the enactment of appropriate legislation regarding industrial relations and the minimum of conditions of employment; and (b) its role as the major employer directly responsible for the conditions of work for around 37.8% of the total full-time work force. It should be noted that since 1993 the practice of collective bargaining regarding wages and conditions of work has also been extended to the public sector whereas previously it was only practised in the private sector. Finally and most importantly, the Government performs a pivotal role in conflict resolution through (c) the Department of Industrial and Employment Relations (DIER).

### ***Employment and Industrial Relations Act (EIRA)***

The main law regulating work relations in Malta is the Employment and Industrial Relations Act (EIRA, 2002). This recent law replaced two earlier ones on the same topic, namely, the Conditions of Employment (Regulation) Act (CERA, 1952) and the Industrial Relations Act (IRA, 1976). It was enacted following more than 10 years of intensive consultations with the social partners and public debate in society at large. The new Act is divided into two sections (or 'titles'): the first dealing with individual conditions of employment and the second with collective industrial relations. In addition to updating the old legislation with today's changed conditions, the current law aims to bring Malta's employment and industrial relations legislation into conformity with the European Union's *acquis communautaire*. This is being done through a series of Legal Notices published by government on topics related to the European social policy such as the organisation of working time, parental and maternity leave, and European Works Councils.

The main legal provisions include the establishment of a tri-partite Employment Relations Board (ERB), which has a consultative function to government on a wide range of issues concerning labour legislation. Following consultations with the ERB, the minimum conditions of employment including payment of wages and overtime rates, hours of work, holidays etc. are established by Government at both the national and sectoral levels. These minimum conditions are currently being brought in line with the directives issued by the European Commission.

A national minimum wage was established in 1977. Currently it amounts to Lm53.13c (US\$ 147) per week. In the last few decades, the practice has been adopted to grant annual cost of living increases to all full-time employees by means of a national standard order issued under EIRA. Such statutory wage increases are usually determined around budget time, following discussions among the social partners at the MCESD. The statutory increases are roughly based on the current, official rate of inflation index, which is regulated by a tripartite board established under the Malta Statistics Authority. Thus, in 1999 the cost of living adjustment was Lm1.75 per week, whereas in 2003/4 it is only 0.75 cents per week.

Title 2 of EIRA deals with matters relating to collective industrial relations. It recognises the right of workers and of employers to form their own unions or associations, provides for their official registration and rules of conduct, and grants them immunity from prosecution for actions normally taken in the course of an industrial dispute. However, there

is also a list of persons, providers of essential services who are debarred from industrial action. These are intended to ensure the uninterrupted functioning of Malta's international airport, harbour, provision of medical services, basic food supplies, civil protection, distribution of water and electricity, and a small number of civil servants and managers of industry.

The Act provides for the voluntary settlement of industrial disputes through mediation and conciliation services. For this purpose, there is the appointment of a panel of at least five independent professional conciliators, appointed by the Minister following consultation with MCESD.

When these fail, there are provisions for the involuntary settlement of disputes in court. For this purpose the Act establishes the Industrial Tribunal, which arbitrates in industrial disputes by means of a panel made up of employer and employee representatives together with an independent chairperson. Cases of alleged unfair dismissal, however, are decided by the chairman acting alone. In such cases, the award may include compensation and/or reinstatement. In the case of an industrial dispute, the Tribunal's decisions are enforceable for one year. In cases of disputes concerning alleged unfair dismissal, statutory rights or conditions of employment, there is also the right of appeal on points of law.

### ***Department of Industrial and Employment Relations***

This employs 10 industrial relations officers, whose task is to advise both employers and employees on emerging issues, to oversee places of work and to ensure conformity with legal standards. During 2002 these officials dealt with issues covering 10% of the entire labour force. Their main duties involve carrying out interviews with clients, investigating irregularities and other claims, and prosecuting in court cases of alleged irregularities. In order to carry out its functions, the Department also employs three economic officers and two legal officers. During 2002 the DIER reported the following activities:

- no. of enquiries made - 16,000;
- inspections carried out - 4,628 (covering 14,200 employees);
- employees interviewed - 5,999;
- irregularities reported - 600;
- prosecutions - 77;
- court sittings - 745;
- claims issued - 61 (for the value of LM 94,000).

Furthermore, the Department provides support to the Employment Relations Board and it is also responsible for the official registration of trade unions and employers' associations. Following the notification of an industrial dispute, the Department normally assumes the main responsibility for providing conciliation services to the contestants.

Finally, once a dispute is referred to for a court decision, the Minister is responsible for setting up the Industrial Tribunal which is normally composed of an independent chairman accompanied by two persons, one nominated by the employers' side and the other by the unions. At this stage, the Department provides logistical support to the Industrial Tribunal.

## ***Conflict resolution mechanisms***

EIRA provides for both the voluntary settlement of disputes through mediation and conciliation and for a settlement determined by the Industrial Tribunal (IT). It should be noted that in practice no distinction is made in Malta between conciliation and mediation. In addition to the services for conflict resolution provided by government, at all levels there are also possibilities for similar alternative services to be provided through private agencies. The law authorises the Minister to appoint a Conciliation panel made up of not less than five persons, following consultation with MCESD. As noted above, however, the task is normally entrusted to the Director of the DIER.

The functions of the conciliator are to:

- communicate with the parties concerned,
- organise and preside over conciliation meetings,
- consider the causes and circumstances of the dispute,
- endeavour to bring about an amicable settlement,
- make any necessary recommendations for a resolution.

What usually happens is that as soon as there are indications that an industrial conflict may erupt, the DIER - with ministerial concurrence - offers its conciliation services in an effort to solve the problem before further harm is done. The effectiveness of this course depends heavily on the skills, experience, standing, and personal commitment of the director who normally plays the leading role. The present incumbent describes his role as one of 'trust building and confidentiality'.

If, as often happens one of the parties makes a mistake - such as that of basing one's arguments on miscalculations - the director tries to find an honourable way out, while maintaining good relations with both sides. During conciliation meetings he gives both sides time to air out their grievances, while keeping to the subject under discussion. He has to be a good listener. His task is to make a distinction between disagreements on matters of substance and other details. He has to expose the case of both sides, while keeping the necessary distance and impartiality. When a stalemate is reached, he often finds it useful to speak to each side separately in order to help them reach a compromise.

In order to perform his role well, he has to be on call, flexible with his own time and ready to meet at odd places. He has to keep on cordial terms with both protagonists. He finds that a good sense of humour helps to defuse tense situations. Some experiences help the protagonists to get to know each other better and to build personal relations such as their attendance at educational seminars and, particularly, at the annual ILO conference. There they stay together for three weeks in Geneva. When a voluntary settlement is reached, a memorandum with the terms of the agreement is drawn and signed by the parties involved. Such a settlement is binding on the parties as well as on the workers represented by them.

The effectiveness of the existing conciliation services emerges from the fact that during the five-year period 1998-2002, 80% of all emerging industrial disputes were referred to conciliation and of these, the success rate of reaching agreement was 78.3%.

These trends are shown below:

<b>Year</b>	<b>Disputes</b>	<b>Conciliations</b>	<b>Agreements</b>
1998	72	53	36
1999	92	92	76
2000	103	77	62
2001	103	68	48
2002	116	102	85

Source: *Department of Industrial & Labour Relations*

On the other hand, when a deadlock is reached, the minister may appoint a court of enquiry in order to establish the causes and circumstances of the dispute. This option, however, is rarely chosen. More commonly, when deadlock is reached, the minister is normally requested by either or both parties to refer the case to the Industrial Tribunal. This is a special judicial body, established under EIRA, and given exclusive jurisdiction over employment and industrial relations conflicts.

The tribunal is chaired by a member of a panel appointed by the Prime Minister, following consultation with MCESD. Such members serve as chairpersons either in turn or according to competence. The tribunal also includes two other members, chosen from two other panels representing in turn the interests of both employers and employees. Both panels are also appointed through MCESD. Nevertheless, in cases other than those dealing with industrial relations - such as those of unfair dismissal - the tribunal is chaired by the chairperson alone. The tribunal's decision is binding on all parties and may not be appealed against for a period of at least one year. In giving its award, the tribunal is expected to take into account the social policies of the Government, the requirements of any national development plan and other economic policies of the government.

Reference to the tribunal may be made by any of the parties involved in the dispute, once the possibilities of an amicable settlement have been exhausted. When a dispute is referred to the tribunal, all industrial actions are normally suspended. Hence, any hasty resort to this line of action without its prior consent is seen by the union as a restriction of its right to strike. In addition there are a number of cases of alleged unfair dismissals also referred to the industrial tribunal.

The numbers of disputes referred for adjudication and decided by the Industrial Tribunal during 1998-2002 are the following:

<b>Year</b>	<b>Unfair Dismissals</b>	<b>Industrial Disputes</b>
1998	94	7
1999	87	7
2000	72	8
2001	83	13
2002	105	13

Source: *Department of Industrial & Labour Relations*

The process of conflict resolution in Malta is summed up in the road map in annex 2.

## ***Conclusion***

This paper has reviewed the existing mechanisms for the resolution of industrial conflict in Malta. The strengths, weaknesses, perceived opportunities and future threats to the system, based on a SWOT analysis, are summarised below.

Experience has shown that over the years, the system has acquired a degree of stability. The mechanism is effective in averting or solving 80% of all the cases of conflict that emerge. The number of strikes has decreased. Although the services offered by DIER are free of charge, the system leaves room for the parallel development of private conflict resolution services.

Nevertheless, the system is too dependent upon the services of one single person, i.e. the director. The process can also be time consuming. The unions on their part complain that resort to the IT can occasionally be used as a strike-breaking tool. On the other hand employers contend that all industrial actions should cease prior to the start of the IT proceedings, and this is what normally happens. Furthermore, the system makes no clear distinction between conciliation and mediation, and is over reliant on ministerial discretion, particularly which recourse is made to the IT. Finally the system is not applicable to the public service, which is one sector where disputes may often erupt.

As Malta is currently on the threshold of EU membership, there are new opportunities for learning the best practices in conflict resolution from other member states. This experience may provide a catalyst for the development of a more mature system of conflict resolution.

One perceivable current threat to the system as a result of widespread individualism is a trend towards the progressive fragmentation of trade unions. This may result in clogging the system due to the inability of trade unions to represent and harness their members' aspirations. There is also a shortage of promising, young persons getting attracted to play leading roles in the field of industrial relations. This does not augur well for the future. Simultaneously, the pressures emanating from globalisation and loss of competitiveness may well result in a new wave of industrial unrest.

The above listed points refer mainly to disputes emerging at the enterprise level. In addition to these, in Malta there are other difficulties obstructing the practice of conflict resolution through social dialogue at the national level. Clearly, the political divisions, social allegiances, personality differences and patronage networks which dominate Maltese society are also reflected in the relationships among the social partners. Up to the present, the general atmosphere has not been conducive to social dialogue.

Nevertheless, there are some positive signs of a gradual, emerging realisation that the politics of confrontation are ultimately self-defeating and that much is to be gained through constructive social dialogue. A positive indication of the new approach is found in the prolonged, pre-budget consultations that are being carried out annually among the social partners at the MCESD. In the past, the social partners used to submit their own proposals individually to Government just before budget time. In contrast, intensive discussions are now carried out collectively at the MCESD - with the direct involvement of the Finance Minister. Different working sub-committees are organised to deal with different aspects of the budget. These sessions are concluded with a full day, plenary meeting of the council held at a local hotel. Most of the social partners express their satisfaction that even if there are still areas of disagreement about the right solutions, at least they are managing to hold serious discussions and identify some of the existing problems.

Such experiences clearly indicate that beneath the public rhetoric, and despite the existing difficulties and outside pressures, there is a gradual development of a positive relationship among the social partners which may eventually blossom into a mature social dialogue. This is the best guarantee for the resolution of industrial and social conflicts in future.

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## ***Annex 1: National development project***

### **Vision for the future of social dialogue and conflict resolution development: strengthening conflict resolution at sectoral and national level**

#### ***Conflict resolution at enterprise level***

The above evidence suggests that the services for conflict resolution, particularly these offered by the Department of Industrial and Employment Relations, are effective in dealing with enterprise level conflicts. The institution of free collective bargaining is well established and its functioning reflects the efficiency of the organisations representing the interests of both workers and employers. Nevertheless, the changes that the Maltese economy and society are currently undergoing demand that these services become more expeditious. The need to restructure Maltese industry - both the manufacturing and services sectors due to increased international competition - is posing a serious threat to these institutions. Very often, the term 'restructuring' is simply a euphemism for 'downsizing'.

It is becoming increasingly evident that the maintenance of a constant increase in living standards - which has been at the root of successful collective bargaining for several decades - is no longer feasible. In other words the limitations to collective bargaining are becoming increasingly evident. A new basis for industrial relations must be sought and established if the system is to continue to operate in future. Undoubtedly this is a major challenge.

At present the services of conciliation/mediation are too dependent on the services of a single person, the Director of DIER and occasionally a few others. These may intervene spontaneously and act as conciliators/mediators whenever conflicts arise. This expertise needs to become more institutionalised and the expertise of the Department's officers needs to be upgraded through professional training.

Furthermore, the system needs to become more proactive through the strengthening of the Department's research and advisory services. These services may be performed both 'in-house' and may be farmed out through an agreement with the relevant research department at the University. These services, which are currently performed on an occasional ad hoc basis need to be provided regularly. This, in addition to the professional training of the DIER's staff, is likely to lead to the long-term improvement of conflict resolution mechanism and to meeting the new, emerging challenges.

#### ***Conflict resolution at sectoral level***

The experience of sectoral level collective bargaining has, up to now, been very limited in Malta. Variations in the economic performance of different enterprises and hence in their ability to pay their employees, makes such bargaining difficult and undesirable among trade unions and employers alike. Nevertheless, where enterprise level bargaining does not take place, mainly due to non-unionisation, particularly in SMEs, the minimum levels of pay and other conditions of employment are determined by law. In these circumstances the minimum conditions of employment are established through EIRA. These take the form of 'National Standard Orders' and the relevant Legal Notices applicable to various Sectoral/Wages Councils. There are currently 32 of these tripartite councils, operating under the Employment Relations Board, which advise the Minister on the specific minimum conditions applicable to the various sectors.

It is proposed that the role of these councils should be reviewed and rationalised. Such an exercise should also be based on the outcome of research - particularly aimed at establishing objective criteria for the measurement of productivity and competitiveness in the different sectors.

Another area where sectoral bargaining in Malta takes place is in the public sector and this is where a number of industrial conflicts tend to erupt from time to time. Nevertheless, EIRA excludes the application of its dispute resolution mechanism to the 'government employment' sector. (Sec.84 (1)). This situation prevails despite the experience of

collective bargaining in the public sector for many years. Disciplinary cases, including dismissal, of employees in the public service fall under the Public Service Commission - which is protected by the Constitution. In the case of disputes involving parastatal organisations and other semi-autonomous public sector bodies, however, the same provisions prevail as for all other employees. The application to civil servants of the section of EIRA dealing with minimum conditions of employment (Title 1) and the establishment of an Industrial Tribunal for them awaits a future decision by Government.

### ***Conflict resolution at national level***

Following the outcome of the referendum on EU accession and the general election which succeeded it, one main issue regarding Malta's future has now been settled. As a result, a more constructive atmosphere now generally prevails. This is also reflected at the level of MCESD. The social partners are now eager to look for collective solutions to national problems through national level bargaining. Some results have already been achieved such as an agreement among the social partners, including government regarding the search for a long-term reform of the National Pensions Scheme and a re-structuring of the shipyards' workforces.

Exhaustive consultations were also made among the social partners and the Ministry of Finance prior to the presentation in parliament of the Government's 2004 Budget. It is also significant that frequent public references are being made to the need for negotiating a 'national social pact' among the social partners - along the lines of similar agreements which were reached in countries like Ireland, Holland and most other EU member states. This goal was echoed in the 2004 Budget Speech under the title of 'Competitiveness' where it is stated that: 'The Malta Council for Economic and Social Development... is committed so together we look into all those factors that affect competitiveness in order that we reach a Social Pact that paves the way to speed up progress.'<sup>3</sup>

The success of this venture, however, requires a fundamental change in the culture which characterises relations among the social partners - including their reciprocal attitudes and relations. A code of practice needs to be developed. The ultimate aim is to bring about a change in culture from confrontation to cooperation. New ideas, perceptions, values and norms must be developed through focused training programmes. These programmes must themselves be based on comparative research supported by experiences of effective social dialogue both in Malta and in other European states. The media of mass communications may also contribute towards the cultural change which needs to be supported by the people in the country at large.

Assistance must be provided by Government to strengthen the social partners themselves. Experience shows that a degree of self-confidence is required to enable them to lead their members and followers along uncharted territory.

### ***Action plan***

It is proposed that informal discussions should be held as soon as possible among all the different parties (i.e. involving the Ministry for Social Policy, MCESD, DIER and the university) aimed at devising a strategy for the implementation of the development project outlined above. Following these discussions, a formal agreement should be made among the social partners at the level of MCESD. This agreement should also include a commitment of the necessary human and financial resources for its implementation. Furthermore an application should be submitted for supplementary assistance from the relevant EU programmes aimed at strengthening the mechanisms for conflict resolution in Malta at the various levels.

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<sup>3</sup> Budget Speech - 2004. Ministry of Finance and Economic Affairs, Malta, November 2003.

Annex 2: Road map for conflict resolution

