



# MCESD Activity Report

2021



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## Contents

Chairperson's Note	4
Executive Secretary's note	6
MCESD Council Meetings	8
Civil Society Committee themes	20
Gozo Regional Committee themes	26
Conferences	32
EU Funding Projects	44
National Productivity Board	46
MCESD Media Coverage	48
Working Groups	52

## Chairperson's note



Social  
dialogue  
is a  
catalyst  
for  
socio-economic  
recovery

From the onset, when I joined MCESD in the last quarter of 2020, I saw how best we, as a team, can enhance the status of this forum, building on the efforts of my predecessors.

However, I felt that I wanted to give MCESD a boost in a bid to continue to further the development of social dialogue in Malta, most especially when Maltese society is going through a pandemic. We are the only organisation in Malta that facilitates dialogue at the highest level. COVID was on top of the agenda and still is – as expected - two MCESD meetings were held at the office of the Prime Minister within 24 hours for our Council members, whereby the Council, together with a number of Ministers and the Prime Minister, discussed the most practical and objective strategies the country must implement for the good of society at large, as far as the social and economic aspects are concerned.

MCESD's team is trying to set a practical way in setting up working groups based on the EESC/ILO model and prior to each and every meeting, we engage researchers to conduct preparatory work on the theme to be discussed so members are more technically informed and updated, establishing a better understanding of what should be discussed during each meeting. This enables the contribution of concrete recommendations.

One of the main economic challenges brought about by COVID-19 was the changes in the labour market, creating both skills' shortages and surpluses, therefore it was more important than ever to ensure that skills' gaps are addressed.

In this context, we held a number of MCESD meetings at MCAST after partnering up to promote the college's apprenticeship schemes among our members as we view this educational institution as one of the hubs to prepare students for the world of work.

We are putting our energy to share what we were doing for all citizens through representative organisations like the Civil Society Committee and the Gozo Regional Committee who are members of the MCESD Council. We also have a good outreach by means of our online social media channels as society at large is represented by our Council members and whatever is discussed and implemented, impacts people from all walks of life.

MCESD is also helping establish an environment of trust between members despite that it is natural that all representative organisations have their own agenda. It is our responsibility that we strive hard to build the best relations between all social partners.

In this evolving scenario, with a wealth of communications' technology at our fingertips, I believe that the most basic element of success is human interaction.

My aim is to engage myself in a way that whilst we try to create an environment of trust, **We will transform our meetings from a firefighting strategy**, serving instantaneous objectives, into a more creative strategy leading to a road that serves a purpose for a continuum towards our long-term vision.

**James H. Pearsall**  
Chairperson,  
MCESD



## Executive Secretary's note



MCESD  
ups  
its  
efforts  
amid  
the  
pandemic



Like 2020, 2021 has been a challenging and eventful year. The demands on social dialogue were high as Maltese society sought to not only adapt to changing circumstances but to keep ahead, to stir clear of the turbulent waves and find opportunities amidst the challenging times.

Efforts were enhanced in a bid to ensure that the proceedings of all meetings, be they council, committee or work group meetings, are underpinned by research reports so that these reports form the basis of the evolving discussions at MCESD. The feedback of the social partners is factored in and passed on to Government. The COVID pandemic has brought about new challenges and MCESD has sought to look towards the future to recognize the changing economic scene and to adapt rapidly to new demands. Demands that either emerged during the pandemic or have been accelerated by the pandemic as in the case of changing work practices such as the increase witnessed when it comes to the work from home aspect. Some of these practices are likely here to stay beyond the pandemic.

This year, MCESD embarked on a new European Social Fund (ESF) project which is two-pronged in that it includes training for staff and four research studies, all funded by the ESF. MCESD continues to manage the National Productivity Board, and this year under the stewardship of its chairperson, the report of the National Productivity Board has been distributed and discussed with all ministries and permanent secretaries. Feedback has been received and factored in the National Productivity annual report. Mr James Pearsall is also now heading the Low-Wage Commission.

I would like to thank all the staff at MCESD for their commitment to the goals of MCESD. They have worked hard to contribute to the mission of MCESD in a meaningful manner. I would also like to thank the chairperson, Mr James Pearsall, for his leadership and for giving all the staff members place to grow and learn which, in turn, helps contribute to purposeful social dialogue.

**Adriana Chircop**  
Executive Secretary  
MCESD

# MCESD Activity Report

January to December 2021

## Themes discussed during the Malta Council for Economic and Social Development (MCESD) Council meetings

During the past year, the MCESD Council met to discuss various socio-economic pertinent issues. The following are the themes discussed:



## Good governance and rule of law

On January 26, Prime Minister Robert Abela participated in an MCESD meeting, along with the Minister within the Office of the Prime Minister Hon. Carmelo Abela. He outlined to members of the MCESD Council the Government's work during the last months in terms of good governance and rule of law.

The Prime Minister said that the Government concretely showed that good governance is at the top of its agenda and will continue with this pace to create new and sustainable prosperity.

## Pensions System

On February 24, an MCESD meeting took place at MCAST on the solidarity, adequacy and sustainability of the pensions' system. Mr David Spiteri Gingell gave an in-depth presentation on pensions. Discussions also covered the newly set-up MCESD Research Steering Unit (MRSU) and the MCESD work plan covering 2020. Dr Stephanie Fabri gave a presentation on the role of the Research Steering Unit within MCESD.

Mr Pearsall gave a brief description on the working groups, the MRSU and the strategy for MCESD for the year 2021. He explained that the research team, made up of a number of experts from various fields, will conduct research for future MCESD meetings and other topics and issues that may crop up from time to time. It was established that the steering committee will primarily focus on five themes, namely: Environmental Sustainability, Fairness, Productivity and Innovation, Fiscal Stability and Short-term Recovery Measures.

## Update on the COVID situation

The Social Partners requested an update on the COVID situation. A decision was taken to hold MCESD meeting virtually due to COVID-related restrictions. The Council was addressed by Deputy Prime Minister and Minister for Health Dr Chris Fearne, Minister Carmelo Abela and the Superintendent for Public Health Prof. Charmaine Gauci. The Council members agreed that future MCESD meetings will include a COVID update, as a standing item on the Agenda.



Amongst the benefits of teleworking, the study showed that work from home helped businesses retain staff members who need to take care of their children, and brought about more productivity. Colleagues do not stop to chat from desk to desk when working from home which helps increase productivity. Moreover workers were using their cars less, leading to less pollutants in the air.

## Work from home

The meeting held on 26th March discussed a study conducted by Dr Marie Briguglio on working from home. The study looked at the implications of working from home for businesses and the environment in Malta.

Present for the meeting, held in conjunction with the Malta Business Bureau (MBB), were Minister Carmelo Abela and Minister for the Environment, Climate Change and Planning Aaron Farrugia.

The study revealed that

- one in five workers gives his/her 100% when working from home.
- 44% work a full 40 hours from home.
- the majority are satisfied with work from home and the flexible arrangements that come with it.



Notwithstanding, the use of cars is still on the high side despite the fact that many workers are working from home.

Work from home also reduced expenses for businesses. Thus, as an overall conclusion, the impact of working from home is considered positive. The issue at stake with teleworking is how Businesses can encourage more team work and communication tools. Isolation of workers, as a result of not working on site, needs to be tackled as well. Tools needed to measure productivity outside the place of work, need to be designed. Mr Simon De Cesare, President of Malta Business Bureau (MBB), said that most businesses are applying a mix of work from home and the place of work.

## National Post COVID-19 Strategy

The Chairperson for the Steering Group for the Coordination of the Post-COVID-19 Strategy, Prof. Simone Borg addressed the Council and gave an update on the workings of the steering group. She invited the social partners to give their feedback.

The same issue was discussed in a follow-up meeting.

Minister for Equality, Research, Innovation and the Co-ordination of Post COVID-19 Strategy Owen Bonnici told social partners during a virtual meeting that a much-anticipated report on a post-COVID strategy will be out as planned in June. The strategy, he explained, will serve as a base for other strategies to follow. He urged MCESD Council members to give their feedback on the strategy. Prof. Borg gave a brief overview of the strategy.

Minister Carmelo Abela highlighted that our economy should be geared to withstand shocks and that we should learn from what we have been through in the past 15 months. He added that we need to have an economy that is resilient and sustainable and embrace change while welcoming new methods of work. Meanwhile, Dr Michael Borg, who forms part of the strategic COVID team, gave an overview of the vaccination programme.

## The importance of evidence-based research

A new system whereby social partners are provided with evidence-based research from experts prior to each and every meeting was put to work during a virtual meeting held in April that tackled a number of national priorities. The evidence-based research was introduced by Chairperson James Pearsall after he was appointed as chairperson in the last quarter of 2020.

The topics for discussion included the new COVID-19 measures and what is to follow, the cannabis reform, and the recovery and resilience plan.

The meeting was organised after calls from social partners to meet and discuss the issues at stake. An overview of the COVID situation, through a presentation of fact sheets was delivered by Ms Karen Vincenti and Ms Chiara Tanti. It emerges that the 80+ category was seeing less COVID-19 cases as a result of the vaccines administered to this age group.

## Cannabis reform

This meeting focused on three aspects, the medical or recreational use of cannabis, decriminalisation and impact on employment. In his opening remarks, Minister Carmelo Abela spoke about the pandemic situation and that it was improving as a result of the vaccine roll-out.

With respect to cannabis he said that the White Paper is not about stating that it is cool to abuse of certain drugs but it is directed to address those instances where persons who are caught with a small amount of cannabis, end up having their police conduct tainted for years on end for small amounts.

Malta Employers' Association Director General Joe Farrugia, said that the use of cannabis will have an effect on workers' productivity but had nothing against the use of medical cannabis.

Mr Farrugia claimed that not many stakeholders were roped in to give their take prior to the release of the White Paper. He was speaking during an online presentation he gave on the topic.

Mr Farrugia also spoke about the option of giving community work to youths instead of prison sentences and the need for information courses to be given to highlight the dangers of drug use. He said that a serious discussion needs to be made before anything is decided.



## The Recovery and Resilience Plan

Parliamentary Secretary for European Funds within the Office of the Prime Minister Stefan Zrinzo Azzopardi gave an overview on the Recovery Resilience Plan (RRP). Further details of the situation of the RRP funds were given by the Permanent Secretary Mr Paul Zahra who focused on the purpose of the funds, the quantum in as much as grants and loans and the timeframes for the disbursement to be adopted by the European Commission.

## Meeting on Malta's Economic Vision

Minister for the Economy and Industry Silvio Schembri participated in a virtual meeting and presented Malta's Economic Vision 2021-2031.

Minister Schembri urged stakeholders and the public to participate in the consultation process.

Minister Schembri stated that for this vision to be truly owned by everyone, this consultation document is being launched to seek feedback from all interested parties since Government is interested in the ideas and opinions of all, including citizens, stakeholders and social partners

## MCESD working groups, EU-funded project

Mr James Pearsall gave an update on the functioning of the working groups and the MCESD's European Social Fund (ESF) project and other ongoing research projects.

## Financial Action Task Force (FATF) outcome, Recovery and Resilience Plan (RRP) Developments

A number of themes were discussed during the meeting held on June 30 in the presence of the Prime Minister, including on the FATF outcome.

The Prime Minister told social partners that under-declaration of tax dues was a major reason why Malta was placed on the grey list by the FATF. He urged social partners to help out in weeding out tax dodgers while assuring that no new taxes will be introduced. During the meeting, Parliamentary Secretary Stefan Zrinzo Azzopardi spoke about the RRP developments.





## ESF+ funds

The meeting was held in July prior to a public consultation session on ESF+ funds. Some €2 million in European funds are being invested in social partners and non-governmental organisations.

Parliamentary Secretary for European Funds Stefan Zrinzo Azzopardi announced a call for project proposals tied to European funds for social partners forming part of MCESD and other non-governmental organisations which actively contribute to society. This call is aimed at promoting a more participatory society through social dialogue. The main objective is to incentivise these entities to revolve their work around a more inclusive society, which ensures that opportunities reach everyone.

Mr Mario Cutajar, Deputy Chairman of the MCESD, said that civil society provides the foundations for our society, whereby the policies incentivise the work conducted by these entities. He added that the Government not only gives society at large importance but, also invests in it and, because of that, it welcomes projects which address existing vulnerabilities and difficulties.



## Wage supplement tapering system

Minister within the Office of the Prime Minister Carmelo Abela and Minister for Energy, Enterprise and Sustainable Development Miriam Dalli addressed the meeting whereby Minister Dalli spoke on business development for growth in lieu of the COVID-19 wage supplement.

A representative from Minister Dalli's Ministry delivered an in-depth presentation to explain the wage supplement tapering system, which is basically an extension of the supplement with changes or add-ons based on past wage supplements.

Since the outbreak of the COVID-19 pandemic, the Maltese Government - through Malta Enterprise - introduced the wage supplement to serve as a support mechanism for those businesses and employees mostly affected by the pandemic.

On his part, Minister Abela explained how in addition to the wage supplement, which was agreed at an MCESD meeting, his Ministry played an important role through the Department of Industrial Relations and Employment (DIER). Article 42 of the Industrial Relations and Employment law by allowing employers to temporarily change the working conditions of their workers to safeguard jobs. Thousands of jobs were saved as a result of the wage supplement measure.





## Pre-Budget proposals

MCESD held its annual pre-Budget meeting whereby all social partners put forward a list of proposals to be considered by the Government, the aim of which was to eventually have a positive impact on society at large. The number of proposals reached 230. The proposals came from trade unions, employer organisations, the Civil Society Committee and the Gozo Regional Committee.

Minister for Finance and Employment Clyde Caruana was officially presented with a consolidated report conducted by the MCESD working groups (the working groups comprise of expert researchers and social partners) and the report tackled five specific themes. Ms Anne-Marie Darmanin gave a detailed presentation on the reports by the working groups.

The five specific themes are: Environmental Sustainability, Fairness, Productivity and Innovation, Fiscal Stability and Short-term Recovery Measures.

The body of research emanating from these working groups is to feed into the Governmental policy-making cycle, including the national pre-budget and budget documents, however not limited to the Budget but also to other national priorities, as envisaged within the National Post-Pandemic Strategy launched last June.

The chairperson of the MCESD, Mr James H. Pearsall, acknowledged the efforts by the working groups. He said he hopes that these recommendations will assist the Government in terms of enhancing economic growth and minimising poverty. Meanwhile, the MCESD will continue to play its important role so that "together we can make this country economically sound and prosperous".

## EU fund programming period 2021-2027 information meeting

Minister under the Office of the Prime Minister Carmelo Abela and Parliamentary Secretary for EU Funds Stefan Zrinzo Azzopardi addressed the meeting on EU funds 2021-2027. Ms Mandy Falzon, CEO, Servizzi Ewropej f'Malta was also present for the meeting.



## Themes of MCESD Working Groups discussed

Minister under the Office of the Prime Minister Carmelo Abela said that as soon as he was given the task to oversee social dialogue, he called on MCESD to be more pro-active in its operations. He was speaking on the reports compiled by the MCESD working groups.

The themes discussed were Fairness, Productivity and Innovation, Short-term Recovery Measures, Fiscal Stability

The Minister also said that MCESD is moving in a new direction and is being pro-active. He highlighted that MCESD is ensuring that the reports compiled by the researchers of each working group are not just there to be looked at by those who are handed the reports but to review and eventually implement the proposed measures and to take up the recommendations.

Mr Etienne Caruana, Director-General, from the National Statistics Office (NSO) gave an in-depth presentation to social partners on the Malta Census of Population and Housing 2021 whereby a counting process of every resident and dwelling in Malta and Gozo is conducted. The NSO will collect, analyse and publish all results in relation to the Census. Mr Caruana urged members to provide all necessary support to ensure compliance in participation in the 2021 Census of Population and Housing.





## Mechanism for socially vulnerable

The MCESD discussed an income protected mechanism that will see socially vulnerable individuals, mainly low-income earners benefit from a protection mechanism. The meeting also focused on an overview on the Budget in terms of public finances. The announcement tied to the proposed mechanism was made prior to the Budget speech by Finance Minister Clyde Caruana.

MCESD immediately took the initiative to see that the mechanism is discussed in an MCESD meeting among social partners comprising of representatives of employer organisations, trade unions, civil society and the Gozo Regional Committee.

Economists Kirsten Cutajar Miller and Stephanie Fabri gave an in-depth presentation on the mechanism, and Budget 2022 overview.

## MCESD meeting kicks off public consultation process on EU funds

EU Funds for Malta tied to agricultural funds was the focus of the November 18 virtual meeting. The meeting kicked off a public consultation process.



Minister within the Office of the Prime Minister and who is responsible for Social Dialogue Carmelo Abela, Parliamentary Secretary For EU Funds Stefan Zrinzo Azzopardi and the Secretariat's Permanent Secretary Mr Paul Zahra participated in the meeting along with social partners.

Minister Abela said that EU funds should be utilised wisely even more so due to the pandemic, funds should be used even more cautiously than ever.





## Malta's Foreign Policy Strategy

Malta's Future Foreign Policy Strategy was discussed during the December 14 meeting. Minister under the Office of the Prime Minister Carmelo Abela addressed the meeting, along with Foreign Affairs Minister Evarist Bartolo.

Minister Abela explained how our foreign policy depends on people working on behalf of the country every day, both locally as well as abroad.

To this end, the Minister referred to the fact that despite the small size of our country, Malta is nearing 40 representations around the world, which representations and missions Minister Abela referred as a mirror of our country, and which have their crucial and particular challenges.

Speaking on the importance of the discussion on Malta's foreign policy strategy, he spoke about the achievements that our country has made over the years, which achievements make us proud and lead us to continue to believe in the contribution that our country can make.

Among the achievements that our country has achieved during these times were the summits that took place in our country; the Presidency of the European Union and success from a bilateral aspect; that Malta has good political, economic, and social connections with foreign countries; policies regarding Africa; that Malta was the second European Union country with a strategy for Africa; as well as the solidarity that Malta is showing with countries that will be able to develop COVID-19 vaccines.

All these continue to strengthen relations and expand the possibility of our country with a number of countries, reiterated Minister Abela.

Minister Evarist Bartolo spoke on Malta's Foreign Policy Strategy. The Minister explained that this strategy and its goals, especially with regard to the first pillar which deals with the role of foreign policy in improving the lives of the people, will assist businesses and prosperity. Here, Minister Bartolo mentioned the various opportunities for investment, and economic activity that exist abroad, where he also stated that one of the main obstacles is our mentality, as it needs to change in order to move forward.

Minister Bartolo stated that even in the light of the COVID-19 pandemic and the changes the world is undergoing, the need to change business models is not an option, but a necessity.

# Civil Society Committee

Themes discussed  
and points raised during  
CSC meetings

## Discussion on Poverty

During a CSC meeting on poverty, a report presented by Caritas was discussed. A number of points were raised including on the European Pillar of Social Rights. Principle 14: Everyone lacking sufficient resources has the right to adequate minimum income benefits ensuring a life in dignity at all stages of life helping to reduce the number of people at risk of poverty or suffering poverty promoting human development and social justice.

- The main actions to reduce poverty are:

To revise the minimum essential components of a basket of basic goods and services to achieve a decent standard of living in Malta. To calculate the minimum essential budget for three low-income household categories in Malta based on this basket, food turns out to be the highest share of the cost of the total basket at 41% to 51%.

## Personal Assistance for Persons with a Disability

CSC members discussed personal assistance for persons with disability whereby it was discussed that key to 'living independently and being included in the community' for persons with disability is the provision of personal assistance as otherwise there would be no future to look forward to. This assistance, they said, is directed at the whole person. It supports living and inclusion in the community. Personal assistance is a social model recommended by the United Nation Convention on the Rights of Persons with Disability (UNCRPD).

## Pensions

In another meeting, 'Pensions and the way forward' was one of the topics discussed whereby suggested pension measures by the Association of Pensioners were put forward. Moses Azzopardi gave a presentation on the above topic and highlighted that more needs to be done for the elderly when it comes to pensions. He added that pensions are crucial as they can have an impact on the risk of poverty.

In fact, if one were to quote a report that appeared in The Times earlier this year, wherein an evaluation of the Government's policy for poverty reduction and social exclusion since 2013 was published, the proportion of pensioners at risk of living in poverty in Malta is increasing year on year. According to the report, 20.9% of pensioners were at risk of poverty in 2013, rising 29.1% from the previous year.

One committee member said that the meaning of equal income and the difference between the median and the average needed to be understood. Progress, he said, was achieved in elderly one-person households.

On the other hand, the risk of poverty increased in all other types of households involving the elderly. He also spoke about the issue of the service pension that has been lodged in the Court of Justice as it is being maintained that it goes against the provision of the constitution. The Government has been awarding an amount on a yearly basis plus a 75% deduction from the amount computed.

For instance, a person who has been in the receipt of a pension for 20 years has not yet benefitted a cent from this measure. It is to be added that this will affect persons who have occupied a post from grade 1 to grade 5 to date, the Government has not taken in consideration more than €2000 additionally

when a person reaches 72 years, 75% of the commuted sum is disregarded. Moreover, if the spouse is then entitled to a pension on his or her own contributions, the pension is further reduced by €17 per week.

On the credits to mothers born from the year 1952, awarded in line with the number of children and higher number of credits granted to mothers having a child suffering from a disability, he suggested that credits are awarded to all mothers irrespective of their age.

As for the cost of living, he said it is to be pointed out that the law already provides that as from the year 2027, the yearly increase in the cost of living will be calculated at 70% and 30% respectively for persons who were born from the year 1962. Also, the Survivors pension has already been granted in the same ratios as from the year 2014.

The increase in the cost of living should be given at least 50% on the increase of the average wage and 50% on the normal one indicated by the NSO, he explained. He also said that the measure that the contributions from the age of 16 to 18 should be taken into consideration. This, he said, is a measure which has been suggested by their association (the Association of Pensioners) unfortunately it does not fully meet their expectations as it is going to be implemented in their opinion in a very discriminatory way.

## Gender pay gap

CSC member Mary Gaerty spoke about the gender pay gap and said that the gap currently stands at 11%. The gender pay gap takes the ratio of the median earnings of women to men (take-home earnings). The gender pay gap is one of the subjects that was tackled by the working groups set up by MCESD.



She identified a number of issues that are leading to the gap, such as the fact that women were going for jobs out of the tech sector (which usually command a higher wage) and instead are opting for more 'traditional jobs' such as teaching, to enable them to cope with the needs of their children.

Ms Gaerty also said that with the introduction of home-schooling, mothers who have children cannot progress in their career as their children were spending less time at school and they were having to work reduced hours to look after them and assist them in their school work.



## Covid-19 impact

The impact of the pandemic on the economy was discussed. Topics tied to the pandemic that emerged during the meeting included the EU's resilience and recovery facility fund.

## Agriculture Proposals

A meeting on agriculture focused on the issue on agriculture land leased to farmers and the committee called for a stop to farming land being given permit for other uses.

Other points that came up included the aging farming population and how one can improve agricultural products in order to present them to the public better.

## New Work Practices

Flexibility is key and communication between the employer and employee is crucial to reach the best solution for all interested parties. This and more merged during a CSC meeting, discussing new work practices.

Points raised, included:

- Occupational health and safety, especially mental health, should be seen to, irrespective of the workplace.
- Cost agreements (for any extra costs the employee may incur and savings the employer may benefit from) should be made in advance.
- Women were making career sacrifices in order to cope with family commitments. Result: choice of work that pays less, but may have working hours that coincide with commitments of women.
- Less females in Technology, Engineering, and other STEM subjects related to jobs, which are the requirements for well-paid jobs. Result: lower earnings
- Women that work within the family business and their National Insurance is not paid. Result: basic pension
- Lack of male participation in family commitments
- Women who leave work at around 35 years of age to start a family and generally return to work as part-timers or to a lesser paid job that allows flexibility
- Women who leave work at age 55 to care for elderly family members, losing out on pensions



Mr. Ben Rizzo  
Chairperson CSC

## Pre-Budget proposals

The CSC discussed the pre-budget proposals for Malta and the proposals were compiled in a report and sent to the Finance Ministry for consideration prior to the Budget speech on October 11. It is normal practice that the MCESD Council and the committees that form part of MCESD discuss the priorities to be considered by government prior to the Budget later this year.

### ID Cards for homeless, post-Budget analysis

The issue of ID cards for the homeless and those who do not have a roof were discussed. The issue of the ID cards was also discussed during a previous meeting whereby it is being suggested that such individuals are issued an ID card.

Some themes tied to the Budget speech were also discussed, including the free public transport measure and that it was vital for us citizens to change our mentality first and foremost for this measure to work. In other major European cities, people commute through the use of trains and public transport and two-wheelers.

The issue of food security was also brought up during the meeting.

## Budget 2022

A number of points tied to the Budget speech were raised during the meeting held in October.

The outcome of a meeting between Fr Ivan Attard and Minister Michael Falzon was also discussed. The meeting had focused on ID cards for the homeless. One idea that was put forward was some kind of P.O. Box system for the homeless and for persons without a roof.

Chairperson Ben Rizzo highlighted that in the Budget speech, there was a reference on the matter, in the context that those without a roof on their heads should be given support. It was also highlighted that there needed to be data compiled on such individuals so that it will be easier to help such persons.

### Proposed ID cards for homeless, tourist call centres, pre-Budget proposal, new mechanism for vulnerable among matters discussed

During the November CSC meeting, a number of issues were discussed, including the newly proposed mechanism for the socially vulnerable, ID cards for homeless people and those without a roof on their head, tourist call centres, and on the fact that pre-Budget proposals made by the CSC should always be followed up so that they reach the Ministers concerned.

## **Agriculture, MCESD workshops on skills shortages, ID cards, cannabis discussed**

The CSC December meeting focused on a number of issues. Mary Gaerty spoke about the workshops organised by MCESD following a report issued by two researchers namely Dr Stephanie Fabri, and Kirsten Miller on the Skills Shortages.

The meeting with Minister Julia Farrugia on the Personal Assistants for persons with a disability which was spearheaded by Marthese, was brought up, along with the issue of funds for farmers.



# Gozo Regional Committee

Themes discussed  
during GRC meetings

## Post-COVID-19 strategy

On January 19, a GRC meeting tackled the post-COVID-19 strategy. The main topics discussed varied from tests for Maltese persons travelling to Gozo to the Government's funds to cope with the pandemic and the impact of the pandemic on Gozo, including that operators of farmhouses and other holiday residences see that measures are being adhered to, and on the issue of shortage of workers.

## Post-Covid-19 national strategy consultation

On February 4, MCESD Chairperson James Pearsall gave an overview of the MCESD Research Steering Unit set up to turn threats into opportunities in a fast-changing world in the midst of a pandemic which will look at development and trends beyond our shores so as to conduct research which is relevant locally and which also is relevant globally as Malta has an increasing open economy.

Mr Pearsall also spoke about the fact that he is involved in the national post-COVID strategy where he is calling for a constructive and comprehensive effort. He explained that existing data and future data will be gathered to emerge with a strategy.

Mr Pearsall called on the chairman of the Gozo Regional Committee to prepare the committee to contribute ideas for the consultation process tied to the national post-COVID-19 strategy.

On a separate note, Mr Pearsall also spoke about the National Productivity Board, handled by MCESD, whereby a report was conducted by experts on Malta's economic, social and environment perspective and outlines a list of recommendations for a way forward.

## Gozo infrastructural projects update, new GRC chairperson elected

The GRC held its elections to elect a new Chairperson and Deputy Chairperson. Mr Joseph Borg was elected chairman while Mr Joe Muscat, who was previously chairperson, has been made deputy chairman.

Minister for Gozo Clint Camilleri participated in the meeting to discuss various pending issues including the Marsalforn and Xlendi masterplans. He said that work on the Marsalforn masterplan was to start at the beginning of summer. No Objection phase now ended while the Xlendi masterplan was approved.

The issue of parking cropped up in relation to the Xlendi project. However, if the Government created a Park and Ride service, it would help solve the issue of parking at Xlendi. While some committee members suggested Rabat, others totally opposed the idea as Rabat is already jam-packed with parked cars.

The Minister said that a new Park and Ride system will soon be introduced next to the race course which will transport commuters to Mgarr and eventually Xlendi too. The issues tied to the uprooting of trees and cycle lanes were also discussed.

The Aquatic Centre project was also discussed. The Minister explained that there are some 5,000 square metres of land and the demolition works have been conducted. He added that the excavation works have also been finalised and the foundation stones will be placed soon. The Minister said that by early next year, the sports complex, which will also host an Olympic-sized pool, should open.

## Construction: Planning Policy for Gozo

A number of Gozo NGOs presented a position paper to GRC members entitled 'Overdevelopment and Sustainable Development in Gozo' which spoke about the importance of proper planning for Gozo and that rules are adhered to.

At the start of the meeting, Chairperson Joe Borg thanked members of the Committee for compiling presentations tied to the subject matter. He said that the meeting is pertinent since the abuse in construction and excessive developments have been widely discussed for quite a while by Gozitan entities since "it was spoiling the Gozo we know".

Mr Borg highlighted that the Gozo Regional Committee has also expressed its concerns on the issue of construction, a statement that was backed by various entities and NGOs. Dr Samuel Azzopardi, President of the Region said that the GRDA board requested a meeting with Minister Aaron Farrugia – a meeting which was accepted and planned for April. The presentation was to be circulated among all members before being presented to the GRDA.

During the meeting, a number of suggestions were put forward by GRC members, including the need for a Planning policy for Gozo and the setting up of a Planning committee made up of experts in the field solely for Gozo. Studies on parking spaces should be included as a member cited an example whereby apartments were being sold without garages or car spaces and this was exacerbating the parking problem in Gozo, especially in narrow roads.

The GRC said that the impact assessment of a tunnel needed to be done as both major political parties discuss the tunnel for Gozo. The presentations were to be compiled and a stand by the administrative committee issued.

Regarding the ad hoc Covid-19 meeting proposal with the health authorities, the Chairperson asked all members whether they were all in agreement for a meeting to be held on the Covid situation.

Mr. Joseph Borg  
Chairperson GRC



## White Paper on Cannabis reform

On April 29, a discussion was held on the White Paper entitled 'Towards the Strengthening of the Legal Framework on the Responsible Use of Cannabis.

Mr Joe Farrugia, Director General, MEA was invited to present the concerns of the association's members, that is the employers. A presentation was delivered by the OASI Foundation.

It had also been suggested by the MEA for all social partners to sign a statement with their thoughts on the White Paper to present it to Government. This issue was brought up during the meeting.

## Preliminary consultation document on Regional Impact Assessment studies

During a meeting held on May 27, members were given a detailed explanation on the Regional Impact Assessment Studies (RIAS).

The Gozo Regional Development Authority (GRDA) has been entrusted with ensuring RIAS are carried out whenever a policy, strategy, action plan or regulation of major development is drawn up and will influence Gozo.

GRDA issued this consultation document to obtain the feedback from interested parties – that may include Ministries, other national authorities, national entities and agencies, NGOs, constituted bodies and the public - in relation to the proposed application of the Regional Impact Assessment Framework as mandated by Article 8(1)(f) and Schedule II of the GRDA Act.

The presentation of the consultation document tied to the Draft Regional Strategy for Gozo 2020-2030 was prepared by the GRDA, the presentation of which was conducted by Mario Borg, CEO GRDA.

## **Budget proposals for GRC to present consolidated position to Government; report on MCESD Working Groups and themes, ferry service to Gozo**

On June 24, feedback from the GRC members sitting on the five MCESD working groups gave their feedback. The themes of the working groups are namely: Environment Sustainability, Productivity and Innovation, Fairness, Fiscal Stability and Short-term Recovery Measures.

The Gozo Business Chamber presented their feedback on a clear and focused digital strategy for Gozo, on the financial sector, important capital projects and major initiatives for Gozo, the agricultural fisheries and artisanal sectors, and sustainability. The Gozo Tourism Association presented their feedback on productivity and innovation.

## **Pre-Budget proposals**

The meeting focused on the pre-Budget proposals ahead of the MCESD meeting to be held at the end of August.

The MCESD set up working groups to work on specific themes for the national Budget and for other national priorities. Members of the GRC also participated in these working groups. The Budget proposals were presented during the MCESD meeting to the Minister for Finance and Employment, Clyde Caruana.

Meanwhile, a report presented on August 5 to Gozo Minister Clint Camilleri and Parliamentary Secretary Stefan Zrinzo was also discussed.





## Recovery and Resilience Plan (RRP) funds for Gozo

Parliamentary Secretary Stefan Zrinzo Azzopardi met GRC members on the RRP funds for Gozo. The RRF for Malta was discussed by European Commission President Ursula von der Leyen and Prime Minister Robert Abela, during a Malta visit earlier this year.

Dr Zrinzo Azzopardi explained that some €172 million was earmarked for Gozo for various projects as a result of such funds, including digital services, a change-over to electric vehicles, among others, which will see Gozo benefit from such funds. Some €60 million of the total sum are for sustainable urban development. The funds will be used over a span of seven years during the funding period 2021-2027.

Members of the committee lauded the fact that MCESD applied for EU funding successfully for the benefit of social partners. Mr Paul Zahra, Permanent Secretary Office of the Prime Minister (EU Funds), gave a detailed presentation on the funds.

## Distinguishing between the GRC and the Gozo Regional Development Authority (GRDA)

The meeting held in November focused on the need for the GRC to have more of a voice after a presentation themed 'The Way Forward' and compiled by Joe Muscat, David Apap, Chris Attard and Saviour Grech, was presented to the Committee members. It was said that one also needed to distinguish between the Gozo Regional Development Authority (GRDA) and the GRC which are different although they move in tandem when it comes to issues in relation to the island of Gozo and both work for the good of Gozo.

## Addressing Gozo's 'double Insularity': Regeneration proposals of Gozo heliport discussed

During a Gozo Regional Committee December meeting, an in-depth presentation was delivered by Captain Mark Anthony Said, on Connectivity: The airlink.

The presentation tackled the eco-friendly regeneration proposals of the Gozo heliport following a public consultation.

- The air link is aimed at addressing Gozo's insularity.
- The air link is essential to reduce Gozo's double insularity and to open Gozo's markets to new opportunities, making travel between the two islands easier.
- The possibility has been discussed for decades but project is now nearing fruition.
- Airfield lighting will promote eco-friendly measures to save on energy and to protect birds in the area.

The background is a complex geometric composition. It features several overlapping shapes: a large teal triangle pointing downwards from the top center, a dark blue triangle pointing upwards from the bottom left, and a large orange square in the bottom right corner. The remaining space is filled with various shades of blue and teal, creating a layered, abstract effect.

# Conferences

## **Future of Europe: MCESD participates in EESC virtual conference**

The European Economic and Social Committee (EESC) adopted, at its April plenary session, a resolution on the Conference on the Future of Europe in which it calls on "a new narrative grounded on the realities of everyday life" to reconnect and engage with European citizens. For this to happen, according to the resolution, it is essential to ensure that organised civil society is involved and plays a major role.

Among other aspects, the resolution outlines the need for a "fair and sustainable recovery from the COVID-19 crisis that paves the way to a more inclusive society and builds long-term competitiveness".

The adopted text also recognises the "paramount importance" of the double green and digital transition and the need to use the opportunity represented by the CoFoE to modernise and transform the EU's industrial sectors and their supply chains, so that they remain competitive in a world of lower emissions.

## **MCESD Council members attend 'Labour Market' Business Breakfast**

MCESD Council members, along with MCESD staff members, attended a business breakfast themed 'The Labour Market': Looking Back and The Road Ahead.

Speakers included representatives from Parsons Group and BOV, who gave an account on current conditions of work, including the benefits of working from home for parents raising children, and the importance of inclusion at the workplace.

Minister of Finance and Employment Clyde Caruana addressed the conference whereby he launched a consultation process tied to a new employment policy issued by October 2021 that will address key areas such as salaries that are stagnated, underemployment, lack of skills and pressures brought about by foreign workers. He said that social partners will have the opportunity to give their views on the above-mentioned issues or topics.

MCESD Executive Secretary Adriana Chircop and Media Officer Duncan Barry were present for the conference

## **Virtual meeting with International Monetary Fund**

A virtual meeting was held with MCESD and National Productivity Board Chairperson James H. Pearsall at the end of June which specifically tackled the National Productivity Report after the IMF requested such a meeting as part of a procedure of the IMF. Dr Philip von Brockdorff and Dr Ian Cassar also participated in the meeting.

## The Opinion of Youth Counts

MCESD Chairperson James H. Pearsall participated in a discussion with youth themed 'The Opinion of Youth Counts'. Minister Carmelo Abela emphasised that he believes that the young generation is the future of our country but we are living in the present and we need feedback of youths on the present as well.

Mr Pearsall motivated young people to participate in social dialogue while emphasising the need for an evidence-based approach when discussing a topic to stay in line with the subject at stake not to mix other issues and to focus on the topic for discussion. The seminar also tackled laws and regulations at the place of work.

## 562nd Plenary Session of Economic European Social Committee (EESC)

MCESD Executive Secretary Adriana Chircop participated in a virtual conference on July 7 that focused on 'A post-COVID economy that works for all: Towards a well-being economy?'

The next debate that followed on the same day tackled Artificial Intelligence (AI) and Machine Learning.

A presentation on the Priorities of the Slovenian Presidency was delivered by Anze Logar, Minister for Foreign Affairs of Slovenia on July 8.

## Chairperson participates in informal meeting on Social Dialogue with Irish counterparts

MCESD Chairperson James H. Pearsall participated in an informal meeting on social dialogue. The informal meeting saw representatives from Ireland participate in the meeting, along with Malta's leading social dialogue entity, MCESD. The discussion focused on how to enhance procedures tied to discussions carried out specifically on topics that are of national interest.

## Technical Support Instrument EU Programme

The National Productivity Board (NPB) within the Malta Council for Economic and Social Development (MCESD) participated in a virtual conference titled 'Opportunities for National Productivity Boards and economic analytical institutions'.

The Technical Support Instrument (TSI) is the EU programme that provides tailor-made technical expertise to design and implement reforms within the public service. Funding comes entirely from the EU, i.e. no co-financing from Member States is required. The instrument covers some €864 million of the budget for the EU funding period 2021-2027. All Member States were invited to participate and the instrument comprises of a wide range of reform areas of technical support, covering any stage of reform (design, implementation, and evaluation).

## Social partners play vital role in pre-Budget document consultation

The social partners presented a Pre-Budget consolidated report to the Minister for Finance during MCESD's annual pre-Budget meeting.

The Government received a consolidated report from social partners, the report of which includes some 230 concrete proposals.

Hon. Caruana told an MCESD meeting that Malta had the resources to combat the pandemic while other countries had to struggle as they did not have the resources. He said that as a result of the Government's tough decision-taking during the pandemic, Malta can now boast of lower unemployment levels than the levels registered prior to the pandemic, and more workers entering the labour force.

## MCESD holds introductory meeting on Low-Wage Commission

An introductory meeting to establish the Low-Wage Commission was held with MCESD Council members, led by MCESD Chairperson James Pearsall. The Council comprises of social partners (unions and employers). The aim of the meeting was to initiate the way forward for the setting up of the Commission in relation to the agreement signed by social partners in 2017 regarding minimum wage mechanisms.

Minister within the Office of the Prime Minister Carmelo Abela, officials from the Economic Policy Department within the Ministry for Finance, and the Department for Industrial and Employment Relations (DIER) also participated in a meeting.

The Commission will focus on the minimum wage and its effects while also evaluating the current scenario in this regard. The Commission will be chaired by MCESD's Chairperson and made up of representatives from unions, employers and Government.





## National Employment Policy business breakfast

MCESD attended a business breakfast themed 'The National Employment Policy 2021-2030' organised by the Ministry for Finance and Employment.

Economist Dr Stephanie Fabri gave a detailed analysis on the labour force in general and wage income distribution.

An interesting statistic is that in 2020, the total Maltese population stood at 514,564 of which 350,356 were aged between 15 and 64, making up the working age population.

## MCESD, SEM meeting with European Court of Auditors Member Leo Brincat

The Maltese European Court of Auditors (ECA) Member Leo Brincat said that the ECA is proposing a number of measures to instil transparency in the use of EU funds such as a data collection centralised system of EU funding recipients, in this case EU Member States utilising such funds for projects.

Speaking during a meeting with Mr James Pearsall, Chairperson of the MCESD, Ms Mandy Falzon CEO at Servizzi Ewropej f'Malta (SEM) and Carmelo Abela, Minister within the Office of the Prime Minister, and other public officials, Mr Brincat explained in detail the role of the ECA, the work of the institution tied to NextGenerationEU – Recovery & Resilience Facility and the challenges of the EU Member States in this regard, including those faced by the ECA.

Mr Brincat further explained how the RRF differs from the Multi-Annual Financial Framework (MFF) in its set up as checks are done on the basis of achieving milestones and targets and not on costs.



All Member States' specific plans have individual priorities, reforms and investments that rely on monitoring systems and KPIs, as well as systems to deal with potential corruption, fraud and conflicts of interests together with arrangements to avoid double funding and protect the EU's financial interests.

Mr Brincat highlighted that the foreseen controls must include national systems to ensure correct milestones and targets indicators, agreement on internal Member State internal control systems and recording of data on final recipients.

Mr Brincat said that the RRF is challenging for all, because organisations like ECA need much Member State support to be properly resourced to address the daunting tasks ahead. On the other hand, RRFs rely heavily on the absorption and reform capacity of Member States in a very short time, while leaving them responsible for an adequate management and control system.

It is also being proposed by the ECA to set up a watchdog that allows EU Member States to call for checks and balances on other counterpart states in terms of financial expenditure.

Mr Brincat said that the Recovery and Resilience Facility is not an ATM that one can use automatically. Neither is it a set of handouts for 'charitable' purposes for the hard hit. But part of an intensive reform process where results finally matter.

The plan represents a historic opportunity but also a major risk that cannot be allowed to fail. The fight against misuse of EU funds is not new. But the challenges for transparency and accountability on use of such funds was never so strong. This is why it is imperative that organisations like ours have all the resources necessary to carry out such audits and control systems – particularly since this is the largest ever expansion of the EU budget in its history.



Meanwhile, Mr Pearsall underlined that meetings like this one will continue to be held with other EU institutions to get a clear picture of their work in a bid to widen and strengthen social dialogue.

## **MCESD participates in National Climate Change conference**

MCESD participated in the National Climate Change conference held at the InterContinental Arena Conference Centre (IACC) – Maurice De Cesare on October 26.

In response to the climate change crisis, MECP launched a nationwide public awareness campaign to promote climate action. Indeed, central to the campaign were the very concepts within the Low Carbon Development Strategy (LCDS), which was launched for public consultation earlier this year. The LCDS governance framework pays particular attention to the active participation of stakeholders at all levels of society, as well as the promotion of climate-related education.

Capacity building is also identified as a key component, as it fosters the expertise, research and innovation needed in the field of low-carbon development. In this context, the National Climate Change Conference 2021: Gaining momentum for Climate Action, gave these areas a platform for discussions and how to further explore ways on how we can tackle the climate crisis.

The agenda covered a range of key topics, and the event presented an opportunity to network with a number of stakeholders to share common challenges to achieve Malta's climate targets.

## **MCESD participates in Economic and Financial Affairs (ECFIN)-Joint Research Centre (JRC) conference**

MCESD Executive Secretary Adriana Chircop participated in an ECFIN-JRC annual research conference (ARC) on November 15. It is organised by the European Commission's Directorate-General for ECFIN and the JRC. The event plays host to researchers, academics, experts, and policy-makers who discuss the most important and relevant economic topics of the year. His edition focused primarily on the post-pandemic economy themed 'Charting the European economy post-Covid-19: Unusual times require unconventional policies'.

During the session on the Corporate and Consumer responses to the pandemic, a panel of distinguished academics and researchers presented three papers and discussed their findings. The ARC is a fully hybrid conference and all involved had the choice to either participate virtually or by attending the conference held at the Charlemagne Conference Centre in Brussels.



## European Commission's Technical Support Instrument (TSI) Project Final Conference

The Sustainable Development Directorate within the Ministry for Energy, Enterprise and Sustainable Development held a final conference in relation to the European Commission's Technical Support Instrument (TSI) Project: 'The Development of a Sustainable Development Strategy for the Maltese Islands for 2050 and Action Plan'.

During this Conference representatives from the Organisation for Economic Cooperation and Development (OECD) presented the findings to all stakeholders who have participated in this process.

The conference was held on Wednesday, November 24. Ms Anne-Marie Darmanin attended the conference.

## Turning recovery into a success: EESC underlines key role of organised civil society

Christa Schweng, European Economic and Social Committee President, said that the EESC is collecting opinions from civil society from every corner of the EU and supports today's conference that would produce tangible results that lead to follow-up measures that will be taken up.

Ms Schweng was speaking during a debate on the EU priorities for recovery and the implementation of the 2022 European Commission work programme, with Ursula von der Leyen and Maroš Šefčovič, Vice-president of the European Commission for Interinstitutional Relations and Foresight.

The MCESD followed the debate closely.

Main points: Ursula von der Leyen:

**Social Market Economy:** "We want to preserve a social market economy. There are many market economies but here is one unique social market economy."

**COVID-19:** "The world is experiencing a rapid increase of COVID-19 cases unfortunately but mostly among those who are not yet vaccinated. On top of this, there is the spread of the Omicron variant. Compared to a year ago, we have achieved breakthroughs and those vaccinated are the most protected at this stage."

**Pact for Skills:** "Its aim is to work in close collaboration with employers, employees and trade unions to ensure we can flourish in a more green and digital society. The pact is a central element of the European Skills Agenda."

The pact promotes joint action to maximise the impact of investing in improving existing skills (upskilling) and training of workers."

Media  
Coverage





## Media Coverage

Mr Duncan Barry, Media Relations Officer at MCESD, wrote an opinion piece in the Malta Independent daily on the pre-Budget meeting and gave a detailed account on the working groups and MCESD's work in the social dialogue sphere.

## Pre-Budget discussion on TVM

During a live pre-Budget discussion on the national broadcasting station on the day of the Budget speech, MCESD chairperson James H. Pearsall, who formed part of the panel discussion prior to the Budget speech, explained that a new mechanism will soon start to be discussed, even within MCESD, which benefits low-income earners.

Mr Pearsall explained that COVID taught us a lesson that social dialogue plays a vital role to get us out of an emergency situation.



Dr Stephanie Fabri, an economist, lauded MCESD's work in terms of the MRSU working groups that were set up. The working groups comprise of expert researchers from different fields who conduct research and present reports with recommendations to the Government through MCESD. In turn, all Ministers are being urged to look at the reports and take into consideration the recommendations put forward by the experts.

Dr Fabri cited the four-day week proposal as an example whereby although it was proposed during an MCESD meeting by a social partner, it didn't mean it was going to be implemented or put to practice but such proposals help trigger a discussion on the topic. She was referring to the fact that certain measures proposed or discussed don't depend on MCESD to be implemented.

Mr Pearsall meanwhile also spoke about productivity and said that productivity didn't mean that workers needed to work more than they are supposed to as that is the wrong perception if so.

## MCESD Chairperson in pre-Budget appearance on TVM

During a live Pre-Budget discussion on the national broadcasting station TVM, MCESD Chairperson James H. Pearsall, who formed part of the panel discussion prior to the Budget speech, explained that the COLA mechanism will soon start to be discussed, even within MCESD. He added that COVID thought us a lesson where neither the employers nor the employees emerged as winners.

Both employer organisations and employee representatives such as trade unions and even Civil Society, need to pull the same rope when it comes to the new income protection mechanism so that employers and employees are safeguarded. Social partners need to see how they will be affected and ensure that the interests of employees are protected and vice-versa.



Mr Pearsall said that it is high time that we don't ask what the next step is but do what is right: "We should all roll up our sleeves and face the challenges ahead."



### **MCESD chairperson James Pearsall believes industrial peace 'balanced'**

Interviewed on Radio Malta 1, MCESD chairperson James H. Pearsall said he believes that industrial peace is balanced these days. Industrial peace is achieved when both employer and employees abstain from industrial action, such as strikes and lockouts. MCESD, he said, helped bring about industrial peace, apart from social and economic changes.

Giving a snapshot of his background, Mr Pearsall explained that when he was in the GWU, he wasn't a full-time official as he was always involved in vocational training mainly but ended up being a top official of GWU as he always volunteered to help.

He explained that Council members, comprising of employers and unions, have the chance to engage in bilateral sectoral agreements.

Mr Pearsall spoke about the fact that MCESD keeps social dialogue alive but strikes a balance between unions and employers although they have different interests. MCESD gives everyone the freedom to express their opinions on their vested interests but MCESD is there to discuss national priorities first and foremost.

Asked what he would like to see happen within MCESD, he said: "I would like to see that Council members focus more on the issue being discussed; we cannot discuss an issue and go off on a tangent."

He also highlighted that when he was appointed chairperson, research was limited on the issue to be discussed within MCESD and therefore he came up with the idea of having evidence-based information for Council members prior to each and every MCESD meeting.

"In this regard, I recently introduced a Steering Unit made up of experts from various fields to conduct research. "My next step is to see that MCESD takes the leap from informing to engaging. "Engaging in this case means that if a proposal is put forward within MCESD and the Government takes it on board, members need to take responsibility and not back out."

On remote work, he said that telework started before the pandemic through a pilot project then was extended throughout the pandemic. We need to look at telework objectively. He also cited as an example Nomad work, when asked if every worker should be in a trade union. How can you tell who the employer of Nomads is for instance when they work from different countries, he asked. Having a sound background of trade unions, he was also tasked to give his take on various union-related issues, replying to questions made by programme listeners.

## MCESD chairman interviewed on TVAM's breakfast programme

MCESD Chairperson James Pearsall was interviewed by TVAM's breakfast show host Mario Xuereb on the role of MCESD, the importance of social dialogue for a better quality for all and when the Council was founded. He also spoke about the Government's active role both locally and in the international fora in terms of social dialogue, the trade unions and employers which form part of the MCESD Council and their participation in the International Labour Organisation (ILO).







## Malta Chamber's Commercial Courier magazine interviews MCESD chairperson

The Commercial Courier interviewed Mr James Pearsall on various issues, including on the work of MCESD and the National Productivity Board. He spoke mainly on the fact that MCESD is facilitating discussions on COVID-19 with social partners. He also spoke about industrial peace. The article appeared in the May 2021 edition.



## EU Funding Projects

Over €111,000 in EU funds  
awarded to MCESD for  
evidence-based research,  
staff training

The Malta Council for Economic and Social Development (MCESD) has been awarded over €111,000 in EU funds after the Government entity applied for the funds late last year to implement a European Social Funded project.

Details of the project

### **Priority Axis PA4 Building the institutional administrative capacity**

Project title: Enhancing the positive contribution of social dialogue through evidence-based research. The Agreement is considered effective from April 1, 2021 and ends on September 30, 2022.

This project will be divided into 3 main phases: – Research on four thematic areas; Training of MCESD staff on communication and outreach to stakeholders; dissemination of project outcomes to stakeholders. Leading researchers will delve into thematic subjects according to their field of expertise with the aim of presenting the outcome to MCESD and other stakeholders.

The outcome of the research will then be disseminated through printed material as well as a closing conference. As for the training of staff, a tailor-made course will equip MCESD staff with necessary skills to continue to cater for its members' needs in the social dialogue process, and for MCESD to convey its message in the best way possible.

The project is under way and MCESD is putting together the material and actions to be taken as part of the project after MCESD issued a tender for the provision of evidence-based research and training for MCESD staff.

Funding amount: €111,250.

### **Online info session on Norwegian model of Social Dialogue**

MCESD Chairperson James Pearsall and Executive Secretary Adriana Chircop attended an information session organised by SEM on the Norwegian model of social dialogue.

Effective social dialogue structures and processes can lead to the resolution of important economic and social issues, advance social and industrial peace and stability and boost economic progress among others.

In view of this, SEM is currently implementing a project entitled 'Promoting Improved Social Dialogue in Malta'. The informative online meeting tackled the Norwegian model of social dialogue, which is part and parcel of the above-mentioned project.

The background of the image is a light teal color. It features several geometric shapes: a dark teal square in the top-left corner, a bright blue triangle on the left side, a large orange triangle on the right side, and a dark blue triangle in the bottom-right corner. The text 'National Productivity Board (NPB)' is positioned in the top-left dark teal square.

**National  
Productivity  
Board  
(NPB)**

## Executive Summary

The MCESD act Article 8(b) stipulates that the National Productivity Board shall be tasked with 'preparing an annual report outlining the main competitiveness and productivity challenges facing Malta, and the policy responses required to meet them and any recommendations thereto.' In this regard, this report seeks to present an analysis of the current economic scenario in Malta and subsequently provide policymakers with several recommendations.

The report was based on various scenarios. For instance, the report tackled the macroeconomic scenario in Malta, gross domestic product (GDP), public finances, the general Government balance, the COVID-19 pandemic and its impact on key sectors of the Maltese economy, among other pertinent issues.

## Summary

This report outlines the importance of productivity while giving an in-depth analysis of Malta's productivity performance, and recommendations to enhance growth and job opportunities.

Productivity matters greatly for the wellbeing of every person in Malta. It is key to supporting high quality and rewarding jobs, and funding public services. Unlocking Malta's productivity potential will help build a stronger more resilient economy that delivers inclusive and sustainable growth. Despite Malta's strong and resilient economic performance over the past few years, its productivity performance unmasks several structural economic challenges the country and specifically non-service-based sectors are facing.

The National Productivity Report for 2021 gives an in-depth analysis of Malta's productivity performance. Authored by research-driven advisory firm Seed, Digital Malta. Digital transformation as a route to national productivity and competitiveness, dives into the concept of digital transformation.

A Digital Transformation Readiness Index was developed purposely for this study and rolled out amongst a representative sample for firms in Malta across all economic sectors.

The Index is aimed at shedding light on the micro foundations of digital transformation and firm readiness through twenty-two indicators across five main dimensions being governance & leadership, people & culture, capacity & capability, innovation, and technology. The results highlight very specific gaps in Malta's digital ecosystem as well as in the readiness of companies across sectors, particularly the low-productivity ones, to truly embrace and internalise digital transformation.

Based on the results, the report presents a holistic policy framework to support a digital Malta which will enable the country to achieve higher productivity. In addition, twenty-five specific recommendations are put forward across five enabling factors being talent & skills, research & innovation, financing & incentives, infrastructure & security, and policy & governance. Organisations, sectors, and countries are reimagining, reshaping, and retooling for a new era driven by fast technology developments which are impacting our daily lives, employment, consumption behaviours, business models and production processes.

Embracing digital transformation has become a matter of survival and if harnessed fully, it can lead to productivity enhancements, improved growth and employment opportunities and better economic outcomes that ultimately can lead to improved quality of life.

## NPB Annual Conference held

The National Productivity Board annual conference organised by MCESD took place at The Excelsior Hotel on February 18. The annual report was presented and a discussion on the recommendations ensued during the conference.

He expressed his appreciation towards the board members and to the outgoing chairperson, who, through his constructive contribution, board members managed to give their full potential, amid the pandemic's restrictions.



The outgoing chairman was instrumental in ensuring that the specialist consultants deliver to the European Commission a high level technical report that shows how Malta is fairing, while working to achieve a Sustainable Development Strategy.

Mr James Pearsall, chairperson of the National Productivity Board spoke about the importance of the report. He thanked former Minister for Finance Prof. Edward Scicluna who supported the report and he also thanked the Economic Policy Division along with the Central Bank of Malta for their support in preparing the report.

## Working groups

## Themes discussed

The MCESD Research Steering Unit (MRSU) recommended five (5) priority areas for experts of working groups to compile research on the subject matter to be discussed prior to MCESD meetings. An expression of interest was issued on MCESD's website and social media pages to appoint research experts.



The following topics were earmarked for research during 2021:

**Environment sustainability** – Research on the structural reforms and investment required for a more sustainable and competitive economic model; including the shifting towards carbon neutrality and the circular economy. This includes assessing the decoupling of economic progress from the negative environment effects associated with it, for the redefinition of 'prosperity'.

**Fairness** – Research on labour market, education and social policy matters to foster a socially cohesive, sustainably protected and inclusive social platform for economic growth.

**Productivity and Innovation** – Research on the improvement of productivity, research and innovation while recognising the constraints of limited resources and ageing populations. This includes the fast adaptation of digital technologies, AI and the Internet of Things; the nurturing of an adequately skilled workforce; and the improvement of the business environment.

**Fiscal Stability** – Research on matters relating to sustainable management of public finances, including the adequate long-term forecasting of expenditure (health, education, pensions) and revenues (taxation).

**Short-term recovery measures** – Research on immediate actions which are to be taken over the next year for the improvement of prosperity. Following the issue of an expression of interest, the below experts were appointed to conduct research in their respective fields.

The Assigned researchers were:

Rodrick Psaila  
Short-term Recovery Measures

Maria Brown  
Fairness

Brigitte Tanti  
Productivity and Innovation

J.P Fabri  
Environmental Sustainability

Nicky Gouder  
Fiscal Stability

MCESD has taken a quality leap and has set up working groups comprising of members of the MCESD Council – from trade union representatives and employer bodies – and members of the Civil Society and Gozo Regional committees within MCESD to support more constructive social dialogue.

Representatives of the working groups will hold meetings, adhering to the terms of reference provided by MCESD, on the principles tied to a topic which would be up for discussion during MCESD meetings.

As a result of the working groups, the discussions at Council level will be more fruitful and those participating have in-depth knowledge about the subject facilitating better decisions for a way forward.

## Consolidated feedback from the 'New Forms of Work' Working Group

The working group for the assessment of New Forms of Work in Malta was established on the 18th of September 2020 by MCESD. For this purpose, three sub-committees were thereafter formed representing employers, unions and civil society. The document outlining the work, objectives, and operating procedures of working groups within the MCESD, titled 'Gruppi ta' hidma fi hdan l-MCESD' provided a framework for the operations of the working group

The work of these sub-committees was concluded at the beginning of February 2021 and presented to the MCESD executive in the form of three separate documents, also including the feedback from the civil society.

The objective of the consolidated report is thereby to analyse these separate documents, consolidate them such that one clear direction is derived, and propose tangible recommendations accordingly. This report also outlines those points/recommendations where there are diverging views. In this respect researchers have been appointed to lead the working groups.

Moreover, Ms Anne Marie Darmanin, Consultant Management Efficiency Unit has been assigned to support the Chairman MCESD on initiatives being undertaken. One of her tasks is to support the working groups set up to discuss the identified areas and to assist the assigned Researchers for any data and/or information that the specific Working Group may need. Thus, MCESD has set the ball rolling in terms of directing efforts to embark on research to support more productive social dialogue.

## Expression of Interest issued on labour market gaps

An expression of interest for the development of an in-depth analysis with industry leaders for the assessment of labour market gaps to be addressed by vocational educational institutions in Malta was issued by MCESD.

The document asked for the provision of desktop research followed by an explanatory brainstorming session with experts for the development of focus group questions, strategic brainstorming on issues emerging from focus groups with experts, round-table discussions with MCAST followed by presentations, among others. Further down the line, this would lead to the compilation of a report which clearly outlines the differences between skills that employers seek, and skills that the work force can currently offer and how best to bridge the skills shortage gap.



**Distribution of MCESD Meetings**

- MCESD Meetings: 19
- Conferences and dialogue meetings: 16
- CSC: 12
- GRC: 11

### **MCESD working groups share their views on three themes during 'Skills Shortages' workshops**

On December 14, MCESD chairperson James H. Pearsall hosted workshops with social partners comprising representatives from trade unions, employer organisations, the Civil Society Committee and the Gozo Regional Committee. The themed workshops were namely: the Labour market, Skills acquisition and nurturing, and the Private sector support.

The workshops focused on a report on the Skills Shortages Report compiled by two researchers: Ms Kirsten Miller and Dr Stephanie Fabri. The teams exchanged views on the above-mentioned subjects.





