

Job retention schemes in Europe

Malta

Luke Anthony Fiorini¹

Note on ETUI classification of job retention schemes (JRSs): All job retention schemes (JRS) share the objective of preserving the ties between companies and their employees in times of temporary economic difficulties. They support incomes of workers who keep their employment contract even if the work is fully suspended. Depending on the primary objective and the nature of support, three different categories of JRS can be distinguished:

(1) Short-time Work Scheme (STW): The key objective of STW schemes is to provide support to companies to retain their employees in times of economic difficulties. The company receives financial support for the employees' wages paid for the time not worked. The extent of working time reduction can vary, including also a full work suspension.

(2) Furlough Scheme (FS): FSs can be best understood as temporary unemployment. The financial support is thus paid directly to the worker for the period of partial or full working time suspension. The aim of a FS is to enable companies to reduce their wage bill by temporarily laying off (parts of) their workforce. While retaining the ties with the employer, workers on the FS scheme are available to seek alternative employment. Integrated into the existing system of unemployment insurance, FSs can be seen as a tool to facilitate the transition towards a new job.

(3) Wage Subsidy (WS): The main objective of WS is to preserve employment through subsidizing companies' wage bills. For this purpose, a company in temporary financial difficulty receives financial support per employee, regardless of whether or not working time of specific employees is reduced. The employees keep receiving their wages. Permissible wage adjustments are not directly related to working time reductions.

Key characteristics of the job retention scheme

ETUI classification of the job retention scheme (JRS)	Wage subsidy (WS)
Name of the scheme	Covid-19 wage supplement
Start date of the implementation of the special Covid-19 JRS rules	In March 2020, the government introduced a Covid-19 wage supplement, which provides employees in certain industries with a basic wage in case of a disruption of business activities caused by the Covid-19 pandemic.
Eligibility	<p>The list of sectors eligible for the Covid wage supplement is periodically reviewed and is available on the Malta Enterprise website. This measure also applies to the self-employed. Initially, there were two categories of sectors: those severely hit (Annex A of the Malta Enterprise website) and those less severely hit (Annex B of the Malta Enterprise website). For Annex B, organisations were also asked to prove that they had lost at least 25% of their revenue compared with 2019. In July 2020, the Maltese government announced that a number of sectors that were originally in Annex A would now be receiving a lower level of support; these sectors were moved to the newly created Annex C (Annex C of the Malta Enterprise website). The requirement for Annex B organisations to prove a reduction in business was also dropped from July.</p> <p>From July 2020, pensioners and students who had been registered as employed with JobsPlus (the Malta employment authority) since 9 March would now also be considered for the wage supplement. They had previously been ineligible.</p> <p>In January 2021 it was announced that organisations that had not made a loss between March and October 2020 compared with the same period in 2019, or had made only a small loss (of 9% or less) would no longer be eligible for the wage supplement. This will be determined by means of a data-sharing agreement between Malta Enterprise and the VAT authorities.</p>

1. Centre for Labour Studies, University of Malta.

Exceptions (category of workers or companies excluded from support)	<p>Applications from employees, self-employed and companies that do not fall within a sector listed in Annexes A, B or C are not considered.</p> <p>Up until July 2020, pensioners and students in employment were excluded from the wage supplement. The scheme is also aimed only at those working for <i>private</i> organisations.</p> <p>Individuals who were not legally registered as working are not eligible.</p>
Duration of support (maximum duration for which JRS support is paid)	<p>Government has periodically announced extensions of this measure. The measure was first announced to run between March and June 2020. This was then extended up until September 2020. The date was then again extended until March 2021.</p>
Level of support for employees (percentage of gross or net wage, please also specify whether social security contributions are covered)	<p>Full-time employees and full-time self-employed in specific sectors severely hit by the crisis (Annex A of the Malta Enterprise website) receive €800 a month from the state through their employers. As part of the agreement, employers in these sectors will continue providing their workers with up to a further €400 a month. Employers that, because of the Covid-19 crisis cannot afford the further €400 must register with the Department of Industrial and Employment Relations (DIER). Part-time employees receive €500 per month.</p> <p>In less severely hit sectors (Annex B of the Malta Enterprise website), full time and part-time employees (and self-employed) are entitled to the equivalent of one day's wages per week, set at €160 per month and €100 per month, respectively. Those in Gozo are entitled to two days' wages per week; €320 per month for full-time and €200 per month for part-time employees.</p> <p>Full-time self-employed in such sectors (Annex B) who have employees will receive €320 per month, part-time self-employed, €200 per month. Full-time self-employed based in Gozo in these same sectors will also be entitled to €320 per month but this will rise to €480 if they employ staff, and the employees will be entitled to two days' wages. Part-time self-employed in Gozo will be entitled to €200, rising to €300 if they employ staff. The employees will receive two days' wages.</p> <p>Annex C, introduced in June 2020, provides a wage supplement of €600 for full-timers and up to €375 for part-timers.</p> <p>Employers are obliged to pass on the wage subsidy to their employees, less the employee's national insurance contribution: the state will give €800 (or less, according to eligibility) to the employer for each employee, although it will retain a 10% social security contribution (€80 or less) as a prepaid employee's share of social security contributions. The employee's pay slip must include the gross income paid by the employer; this includes the gross wage supplement paid by the government (€880, including the social security contribution paid by government on behalf of the employee), plus any additional wage paid by the employer, which should also include any additional social security payments due. The tax is then calculated on the entire amount. Employers are obliged to pay their portion of National Insurance (NI) contributions relative to their employees' salaries; for the purpose of calculating NI contributions, the wage supplement is considered as part of the employees' salary. Self-employed individuals are also liable to NI contributions on the wage supplement which they receive, but at a reduced rate of 10%.</p> <p>Thus, where a worker receives the entire gross €800 from the government and €400 from the employer, the level of support is 66.7% of the gross wage.</p> <p>In January 2021, it was announced that the scheme will now become one in which the level of support provided to eligible organisations and self-employed will depend on the level of losses.</p>
Cap on support (maximum amount of JRS support payable)	<p>The maximum support paid by the government is €800 per month. Other categories of workers receive less, as discussed above. There is no cap in terms of time period – duration depends on how long the government offers the scheme.</p>
What share of the support is covered by the state and by the employer?	<p>The maximum support of €800 is provided by the state. Employers are expected to provide up to a further €400 to each employee supported by the scheme: the amount to be provided by the employer is equivalent to the difference between the basic wage and the €800, up to €1,200. Thus, the total amount that can be received is capped at €1,200. It is worth noting that the Annex A payment is for sectors that have been severely disrupted. If work is ongoing and wages exceed these amounts, workers may receive in excess to €1,200.</p>
Dismissal protection	<p>In the original scheme, employers were unable to claim the wage supplement for workers replacing employees who had either been dismissed or had left the organisation voluntarily. Employers who were constrained to lay off employees prior to the scheme's introduction were eligible if they re-engaged the laid off employees.</p> <p>In January 2021, the new conditions of the wage supplement were announced and this included a clause that allowed the supplement to be received for workers replacing employees who had left voluntarily. The number of workers for whom an organisation may receive the wage supplement, however, cannot exceed the number of employees receiving it at the end of May 2020.</p>

Role of collective bargaining in the adoption and implementation of JRS support	None: employers and self-employed apply as needed to Malta Enterprise – the original scheme was developed in response to tripartite discussions at the Malta Council of Economic and Social Development (MCESD). It should be noted, however, that in order to change working conditions temporarily (for example, reducing working hours), employers must reach an agreement with their employees (or their representatives), as well as the Director of Industrial Relations.
Special conditions for support to avoid misuse of the system (for instance, ban on paying out dividends or bonuses; ban on share buybacks or operating from tax havens)	<p>A small department was set up to investigate a small number of reports that the wage supplement had been paid out to organisations that had not then passed it on to their employees. The Government reserved the right to make public any funds forwarded to applicant organisations. This may be done to inform employees of their eligibility to funds under this scheme, and to inform them as to whether their organisation has received funds that should have been forwarded to them. Furthermore, it is considered a criminal offence to submit applications for this scheme which include false information and/or for employers to fail to pass on the due funds from this scheme to their employees.</p> <p>When the scheme was first unveiled in March 2020, it was announced that applications would be accepted from those that had either ceased operating (Annex A) or experienced at least a 25% drop in turnover compared with 2019 (Annex B); this latter requirement was dropped when the scheme was renewed in June 2020.</p> <p>From January 2021, eligible organisations will be those that have recorded a drop in revenue between 2019 and 2020; this will be determined via data sharing between the VAT authorities and Malta Enterprise (who administer the scheme).</p>
Special provisions as regards training/requalification/reorientation of employees on JRS	None.

Quantitative data

How many workers were on JRS each month? (Please indicate whether these are applications for JRS or the actual numbers of workers on JRS)	March 2020	
	April 2020	87,808 employees (applications)
	May 2020	93,580 employees (applications)
	June 2020	
	July 2020	79,576 – from here onwards, the figures were discussed as the number of people who received benefits.
	August 2020	
	September 2020	85,000
	October 2020	
	November 2020	85,000
	December 2020	
January 2021	92,443	

Which sectors were most affected at the beginning of the pandemic in March/April and towards the end of the period studied in November/December? (as a percentage of overall number of workers on JRS)	<p>A number of sectors were placed in Annex A towards the beginning of the pandemic. This was because of a drop in business, while some organisations were forced to close by the public health authorities. Businesses in Annex A included: sale of motor vehicles and related parts; agents, wholesalers and retailers; taxi and land transport; hotels and accommodation; restaurants and catering; motion pictures and related activities; travel agents; security; cleaners; driving schools; performing arts and entertainers; sports and fitness; recreational activities; hairdressers and beauty; language schools, entertainment facilities.</p> <p>By July, the sectors included in Annex A were reduced, and included: air transport, language schools, hotels and accommodation, travel agency and tour operators, car renting, sports and fitness facilities, entertainment facilities.</p> <p>Statistics on the use of the scheme by sector are not available.</p>
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Is there any data on how much money the state spent on JRS and over time? (in absolute figures and as a percentage of GDP)

By the end of April, €25 million had been distributed under the scheme. This had risen to €80 million by the end of May. A pre-budget document highlighted that by July 2020, €150,776,881 had been spent on successful Annex A applicants and a further €9,457,118 on Annex B. This represents total expenditure of just over €160 million. In October, it was announced that between March and September, €233 million had been spent on the scheme, and in December it was announced that €320 million had been spent on the scheme. By the end of January 2021, the total amount spent on WS measures had risen to €345,942,993. When it was announced that the scheme would be renewed between January and March 2021, it was stated that it would cost an additional €40 million a month.

The total amount spent on the WS scheme represents 2.7% of GDP for 2020, which, according to Eurostat, was €12,823.8 million.

Information on non-standard workers and JRS²

Do non-standard workers (NSW) have access to the regular JRS scheme or are there other support schemes, for instance for the self-employed?³

Only workers who were legally employed prior to the introduction of the wage supplement can receive support by means of this scheme. The scheme caters both for employees and the self-employed. Thus, workers' eligibility for the programme depends on whether they were formally registered for work. The wage supplement does not distinguish between how long someone has been in employment.

What are the eligibility criteria?

As discussed above, workers need to register as in employment or as self-employed. They also have to either work in an organisation that has applied for the wage supplement, and is in one of the sectors in the Annexes, or alternatively be self-employed in an affected sector. While the wage supplement provides support for those in part-time employment, one can only apply if this is one's main income (for example, individuals who have both a full-time and a part-time wage cannot apply to recoup their additional part-time wage if this was negatively impacted during the pandemic).

How is the financial support for non-standard workers calculated?

As discussed above in the section describing support for full-time and part-time workers, depending on the annex one falls into. It is likely that many non-standard workers, if registered, would fall within the part-time category and thus receive limited aid.

Which sectors were most affected in terms of providing support to non-standard workers?

No statistics are available on this. However, taxi workers that work via an online platform have been hard hit by the pandemic. The taxi industry was brought to a halt almost overnight as people stayed at home towards the beginning of the pandemic. This sector, however, subsequently re-invented itself, delivering groceries and food. The hotel and restaurant sector remains one of the hardest hit (particularly hotels), which tend to hire a lot of temporary workers. Malta has seen a huge influx of foreign workers over the past few years, and while unemployment has remained very low throughout the pandemic (in particular, thanks to the wage supplement), a substantial exodus of foreign workers occurred towards the earlier phases of the pandemic.

Are there any measures for training/ requalification/ reorientation for non-standard workers?

Not specifically for non-standard workers, although Malta has stopped allowing third-country nationals to register to come to Malta for work (unless they are highly qualified), and has set up an agency to aid such workers who have been made redundant to find other work. Furthermore, in tourism, which is probably the hardest hit sector, the government has set up a free training scheme for workers in the sector, as well as for those who had intended to enter it (for example, tourism students). The aim of this is not to train people to change sector, but rather to better prepare them for its re-opening (the emphasis has been on English language training, delivered by English language schools that have also been hard hit by the pandemic, as they exclusively cater for language tourism, and tend to hire a lot of teachers on part-time contracts). The government also announced a scheme whereby tourism workers were invited to work for the Covid-19 track and trace team.

2. Non-standard workers include workers with a temporary work contract, platform workers, temporary agency workers, multiparty employment, disguised employment/dependent self-employment, freelance workers, etc.
3. The following questions refer to any existing schemes for non-standard workers.