

Department of Contracts
Notre Dame Ravelin
FLORIANA

To Permanent Secretaries
Directors General
Directors
Heads of Public Sector Organisations

17 January 2025

AWARD OF SERVICE CONTRACTS: PEGGED RATES: 2025

Reference is being made to past Contracts Circulars¹ published with the intent to establish the ‘Minimum Hourly Rates Payable to Contractor’ in relation to a set of specific Services, with the scope of mitigating precarious work conditions, especially when such services are rendered to the Contracting Authorities² / Entities³.

The new ‘Minimum Hourly Rates Payable to Contractor’ for year 2025 (which are based on the rates agreed upon in the Public Service Collective Agreement 2025-2030 as well as on any relevant arrangements announced by the Government of Malta) are enclosed as per Annex I to this Circular. Such rates are applicable and payable as of 01 January 2025.

The contents of this circular including the ‘Minimum Hourly Rates Payable to Contractor’ are relevant to signed Service Contracts and currently at Implementation Stage of the Public Contract as well as to any Public Procurement Procedures published prior to the Date of this Circular.

Other information is being included at Annex II to this Circular.

¹ Contracts Circulars N° 27/2014, 04/2015, 20/2016, 01/2017, 07/2017, 08/2017, 20/2017, 20/2018, 17/2019, 20/2020, 21/2021, 04/2023, 05/2023, 01/2024, 12/2024 and 13/2024.

² Contracting Authorities in S.L. 601.03 and S.L. 601.05 are the State, regional or local authorities, bodies governed by public law or associations formed by one or more such authorities or one or more such bodies governed by public law.

³ Contracting Entities in S.L. 601.05 are entities which: (a) are contracting authorities or public undertakings and which pursue one of the activities referred to in regulations 8 to 14; (b) when they are not contracting authorities or public undertakings, have as one of their activities any of the activities referred to in regulations 7 to 13, or any combination thereof and operate on the basis of special or exclusive rights granted by a competent authority.

Contact

Contracting Authorities / Entities may submit any queries in relation to the generic content of this Circular to the Department of Contracts' Customer Care service on info.contracts@gov.mt or by calling on +356 2378 1001.

However, regarding specific queries vis-a-vis the relevant 'Basic Rates' (or any other applicable monies) payable to the Contractor's Employees, all interested parties (including Contracting Authorities / Entities and Contractors) are to contact the Department for Industrial and Employment Relations on contract.dier@gov.mt or on Freephone 1576.

Adrian Dalli

Director General (Contracts)

Annex I

The following table is the Minimum Hourly Rates Payable to Contrators (excl. VAT) for the period 2025 based on the Collective Agreement 2025 - 2030

		2025 Minimum Hourly Rates Payable to Contractors (excl VAT)									
	Government Salary Scale	Mon-Sat	Sunday	Vacation	Bonus/Weekly	Public	National	Sick	Maternity	Mon-Sat	Sunday
		Basic Rate	Basic Rate	Leave	Allowance	Holidays	Insurance	Leave	Leave Fund	Total Rate Payable to Contractor	Total Rate Payable to Contractor
Cleaners (Offices) Operative I	20	€ 6.15	€ 12.30	€ 0.97	€ 0.25	€ 0.49	€ 0.62	€ 0.21	€ 0.03	€ 8.72	€ 14.87
Street Sweepers Operative I	20	€ 6.15	€ 12.30	€ 0.97	€ 0.25	€ 0.49	€ 0.62	€ 0.21	€ 0.03	€ 8.72	€ 14.87
Waste Collectors Operative I	20	€ 6.15	€ 12.30	€ 0.97	€ 0.25	€ 0.49	€ 0.62	€ 0.21	€ 0.03	€ 8.72	€ 14.87
Health Attendants (Public Convenience) Operative I	20	€ 6.15	€ 12.30	€ 0.97	€ 0.25	€ 0.49	€ 0.62	€ 0.21	€ 0.03	€ 8.72	€ 14.87
Cleaners (Hospitals and Elderly Homes) Operative III	17	€ 7.50	€ 15.00	€ 1.18	€ 0.25	€ 0.59	€ 0.75	€ 0.26	€ 0.04	€ 10.57	€ 18.07
Junior Clerks	17	€ 7.50	€ 15.00	€ 1.18	€ 0.25	€ 0.59	€ 0.75	€ 0.26	€ 0.04	€ 10.57	€ 18.07
Home Helpers Operative III	17	€ 7.50	€ 15.00	€ 1.18	€ 0.25	€ 0.59	€ 0.75	€ 0.26	€ 0.04	€ 10.57	€ 18.07
Care Workers (Health Carer I)	17	€ 7.50	€ 15.00	€ 1.18	€ 0.25	€ 0.59	€ 0.75	€ 0.26	€ 0.04	€ 10.57	€ 18.07
Tradesmen	16	€ 8.13	€ 16.26	€ 1.28	€ 0.25	€ 0.64	€ 0.82	€ 0.28	€ 0.04	€ 11.44	€ 19.57
Clerical Officers	15	€ 8.74	€ 17.48	€ 1.37	€ 0.25	€ 0.69	€ 0.88	€ 0.30	€ 0.04	€ 12.27	€ 21.01
Receptionists	15	€ 8.74	€ 17.48	€ 1.37	€ 0.25	€ 0.69	€ 0.88	€ 0.30	€ 0.04	€ 12.27	€ 21.01
Security Guards	15	€ 8.74	€ 17.48	€ 1.37	€ 0.25	€ 0.69	€ 0.88	€ 0.30	€ 0.04	€ 12.27	€ 21.01
Customer Care Assistants	15	€ 8.74	€ 17.48	€ 1.37	€ 0.25	€ 0.69	€ 0.88	€ 0.30	€ 0.04	€ 12.27	€ 21.01
Staff Nurses (with Diploma)	12	€ 10.83	€ 21.66	€ 1.70	€ 0.25	€ 0.85	€ 1.09	€ 0.37	€ 0.05	€ 15.14	€ 25.97
Staff Nurses (with Degree)	10	€ 12.29	€ 24.58	€ 1.93	€ 0.25	€ 0.97	€ 1.23	€ 0.42	€ 0.06	€ 17.15	€ 29.44

It is to be noted that the 'Mon-Sat Total Rate Payable to Contractor' is not inclusive of the 'Sunday Total Rate payable to Contractor' rate.
Any hours worked on Sundays shall not be remunerated at a rate less than the rates identified in the column titled 'Sunday Total Rate payable to Contractor'. Accordingly, in such circumstances, the Contractor's employees shall not be paid less than the rates indicated in the column titled 'Sunday Basic Rate'. Likewise, any hours worked between Monday and Saturday shall not be remunerated at a rate less than the rates identified in the column titled 'Mon - Sat Total Rate payable to Contractor'. In such instances, the Contractor's employees shall not be paid less than the rates indicated in the column titled 'Mon - Sat Basic Rate'.
Contractors are to note that their employees are to receive the Government Weekly Allowances and Government Bonuses in their appropriate month.

Annex II

Background: Concept of Pegged Rates

It is important to clarify that the Concept of Pegged Rates stems from one of the European Union's ideologies as depicted in Article 157 of the Treaty on the Functioning of the European Union (TFEU), which relates to the '*principle of equal pay for male and female workers for equal work or work of equal value*'. In addition, the purpose of Directive 2006/54/EC¹ is to ensure the implementation of the principle of equal opportunities and equal treatment. In fact, Article 1(b) of Directive 2006/54/EC specifies that it '*contains provisions to implement the principle of equal treatment in relation to: working conditions, including pay*²'.

The concept of 'Equal Pay for Equal Work or Work of Equal Value'³ is also in Malta's legislation. In fact, Article 27 of the Employment & Industrial Relations Act of 2002 (Chapter 452, Part IV) states that '*Employees in the same class of employment are entitled to the same rate of remuneration for work of equal value: Provided that an employer and a worker or a union of workers as a result of negotiations for a collective agreement, may agree on different salary scales, annual increments and other conditions of employment that are different for those workers who are employed at different times, where such salary scales have a maximum that is achieved within a specified period of time; and provided further that any distinction between classes of employment based on discriminatory treatment otherwise than in accordance with the provisions of this Act or any other law shall be null and of no effect*'.

To this end, this Contracts Circular shall not only refer to Service Contracts deemed as precarious, but it shall also incorporate contracts related to services which tend to be associated with pay discrimination⁴, both from a gender perspective as well as from a generic holistic perspective, including economic and social rights.

¹ Directive 2006/54/EC of the European Parliament and of The Council of 05 July 2006 on the implementation of the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation (recast).

² Article 2 of Directive 2006/54/EC defines pay as 'the ordinary basic or minimum wage or salary and any other consideration, whether in cash or in kind, which the worker receives directly or indirectly, in respect of his/ her employment from his / her employer'.

³ Article 14 (Chapter 2, Declaration of Principles) of the Constitution of Malta relates to Equal rights of men and women. In fact, it specifies that 'The State shall promote the equal right of men and women to enjoy all economic, social, cultural, civil and political rights and for this purpose shall take appropriate measures to eliminate all forms of discrimination between the sexes by any person, organisation or enterprise; the State shall in particular aim at ensuring that women workers enjoy equal rights and the same wages for the same work as men.

⁴ Article 4 (Prohibition of Discrimination) of Directive 2006/54/EC states that 'For the same work or for work to which equal value is attributed, direct and indirect discrimination on grounds of sex with regard to all aspects and conditions of remuneration shall be eliminated. In particular, where a job classification system is used for determining pay, it shall be based on the same criteria for both men and women and so drawn up as to exclude any discrimination on grounds of sex'.

Minimum Hourly Rates Payable to Contractor

Contracting Authorities / Entities are instructed to apply the ‘Minimum Hourly Rates Payable to Contractor’ for signed contracts, in line with Annex I.

Signed Public Contracts in relation to specific services shall not be paid less than the rate indicated in the ‘**Mon - Sat Total Rate payable to Contractor**’ and the ‘**Sunday Total Rate payable to Contractor**’ columns, as outlined in Annex I.

The Contractors’ employees shall not be paid less than the stipulated ‘**Mon - Sat Basic Rate**’ and ‘**Sunday Basic Rate**’ in line with the same Annex.

Furthermore, in order to ensure that all applicable remuneration (over and above the Basic Rate) due to the employees namely, overtime and Public Holidays as well as other arrangements are paid as per the provisions that arise from the Employment and Industrial Relations Act (CAP 452), its Subsidiary Legislations, relevant Wage Regulation Orders and any other subsequent Legal Notices that might come into effect after the date of the publication of this Circular, Contracting Authorities / Entities are encouraged to direct any queries raised by Contractors or their employees to the Department for Industrial and Employment Relations (DIER).

Minimum Hourly Rates: Weekday and Sunday Rates

Contracting Authorities / Entities are reminded that Contractors shall not be paid less than the ‘Mon - Sat Total Rate payable to Contractor’ in instances wherein one’s employees render their services only from Monday to Saturday. Accordingly, in such circumstances, the Contractor’s employees shall not be paid less than the ‘Mon - Sat Basic Rate’.

On the other hand, any hours worked on Sundays shall not be remunerated less than the relevant ‘Sunday Rate’. For avoidance of doubt, it is being clarified that a Contractor shall not be paid less than the ‘Sunday Total Rate payable to Contractor’ in instances wherein one’s employees are engaged to render a service on a Sunday. Accordingly, in such circumstances, the Contractor’s employees shall not be paid less than the ‘Sunday Basic Rate’.

It is to be noted that the rates indicated in Annex I are to be complied with by all relevant parties, unless more favourable rates are in place.

Applicability of the Minimum Hourly Rates

The Collective Agreement 2025-2030 relates to the Public Service⁵ of Malta employees. Therefore, the relevant ‘Total Rate Payable to Contractor’ applies to any Contractor awarded a Public Contract by a Contracting Authority / Entity forming part of the Public Service. Accordingly, such rates shall not necessarily apply to the Public Sector⁶ Contracting Authorities / Entities since the latter may be bound to other specific Collective Agreements.

In addition, it is to be noted that the contents of this Circular are also extended to the Public Private Partnerships (Elderly Care) and Homes for the Elderly Renting out Beds to the Government of Malta.

Specific Collective Agreements applicable to particular Contracting Authorities / Entities

Further to the above, in the circumstance where a specific service requested by a Contracting Authority / Entity is not regulated by the Collective Agreement 2025-2030 for the Public Service of Malta Employees, in line with the Pegged Rates Ongoing Service Contracts or Published Procurement Procedures, Contracting Authorities / Entities shall adhere to the relevant ‘Total Rate Payable to Contractor’ and the applicable ‘Basic Rate’ for the Contractors’ employees in accordance with the rates published in the respective Collective Agreement of that particular Contracting Authority / Entity. In absence of a Collective Agreement, the concerned Contracting Authority / Entity shall contact the DIER for any relevant guidance.

In any such circumstance, Contracting Authorities / Entities shall liaise with the Department for Industrial and Employment Relations to attain in writing all necessary assistance. A copy of any communication with DIER shall be retained in file for auditing purposes as well as for presentation to the Department of Contracts, as and when requested.

⁵ Public Service consists of Ministries and Departments of Government, thus, the core and integral components of the Government of Malta’s administrative machinery – Public Service Official Website.

⁶ Public Sector refers to all Government Organisations and their Employees, as distinct from the private sector. Entities in the wider Public Sector, namely Statutory Authorities and Agencies, Government Foundations, and companies with a Government majority shareholding, although belonging to the Government, they are not part of Government – Public Service Official Website.

Public Contracts at different Stages of the Procurement Procedure

An Addendum is to be prepared for Public Contracts which have already been awarded and signed and / or shall continue to be implemented in 2025.

For avoidance of doubt, it is being specified that the above-mentioned Addendum Request is required for the ‘Mon-Sat Total Rate Payable to Contractor’ and ‘Sunday Total Rate Payable to Contractor’.

Modifications and Addendum: Further to an Approved Modification Request sought through the applicable channels, an addendum reflecting the new rates as detailed in the ‘Mon-Sat Total Rate Payable to Contractor’ and in the ‘Sunday Total Rate Payable to Contractor’, covering 2025 shall be drawn up. Therefore, irrespective of the bidding rate and awarded rate to any given Contractor, the difference between the relevant 2025 ‘Total Rate Payable to Contractor’ and the previously quoted Rates for the same year, shall be paid as a Modification to the Contractor.

In addition to any customary documentation to be presented to the relevant Competent Authority, the Request for an Approval of a Modification in relation to the aforementioned Services shall specify the Estimated increase in the new Total Awarded Contract Value.

Backdated Modifications: All Contracting Authorities / Entities paying backdated modifications to Contractors shall inform the Department for Industrial and Employment Relations to be provided with any applicable guidance.

Public Contracts in Implementation Stage

Contracts in relation to the aforementioned services which are at present in the Implementation Stage and which contracts were pegged to the rates stipulated through Contracts Circulars N° 27/2014, 04/2015, 20/2016, 01/2017, 07/2017, 08/2017, 20/2017, 20/2018, 17/2019, 20/2020, 21/2021, 04/2023, 05/2023, 01/2024, 12/2024 and 13/2024 necessitate an Addendum to the Contract reflecting the new relevant ‘Total Rate Payable to Contractor’ Rates. Thus, Contracting Authorities / Entities shall request and issue the said Addendum accordingly.

Service Contracts: Different Nomenclature to the Contracts Circular

One may wish to note that the Service Grade nomenclatures of Nursing Aide, Senior Tradesman and Senior Clerk were removed from the Public Service Structure for 2025.

Thus, for existing contracts the previous scale quoted in the previous circular/s still apply, ie:

- Nursing Aide – Scale 15
- Senior Tradesman – Scale 14
- Senior Clerk – Scale 14

Queries may be liaised with DIER to make sure appropriate interpretation to the Salary Scale and accordingly its corresponding ‘Total Rate Payable to Contractor’.

If applicable, Contracting Authorities / Entities shall keep a copy of any written communication with the Department for Industrial and Employment Relations for auditing purposes as well as for review by the Department of Contracts, as and when requested.

Duration of Public Contracts

In line with Contracts Circular N° 06/2016 (dated 28 April 2016) Contracting Authorities / Entities are reminded that any awarded Public Contract in relation to the Provision of Pegged Rate Services shall not be for a period of less than one (1) year.

Transfer of Business

Contractors implementing a Public Contract are bound to the Transfer of Business (Protection of Employment) Regulations S.L. 452.85. Accordingly, it is the responsibility of any Economic Operator submitting a bid for a Public Contract in relation to the aforementioned services to ascertain that the offer submitted is in conformity to the conditions stipulated in the Employment and Industrial Relations Act (CAP.452).
