



The new legislation for the regularisation of Temporary Work Agencies (TWAs)


Malta

	Summary <p>In April 2024 Malta introduced new legislation regulating Temporary Work Agencies (TWAs) to combat exploitation and ensure compliance with employment laws. The framework mandates licensing, stringent due diligence, ethical recruitment, and robust enforcement mechanisms, promoting transparency and accountability while deterring fraudulent practices and creating a fair playing field for all operators.</p>
Title of the practice in original language	<p>Legal Notice 270 of 2023 introducing the Employment Agencies Regulations</p>
Name(s) of authorities/bodies/organisations involved	<ul style="list-style-type: none"> ▶ Department for Industrial and Employment Relations (DIER) (competent authority); ▶ Jobsplus; ▶ Identità; ▶ Malta Police Force.
Sectors	<p>All</p>
Target groups	<ul style="list-style-type: none"> ▶ Labour inspectors (directly targeted); ▶ TWAs operating in Malta (directly targeted); ▶ Employers using TWA services (directly targeted); ▶ Workers of TWAs (directly targeted); ▶ Trade unions (indirectly targeted); ▶ Employers' associations (indirectly targeted).
Purpose of measure	<p>Prevention</p>

	<p>Aims and objectives</p> <p>The legislation aims to reform Malta's temporary work sector by introducing comprehensive licensing and compliance measures for TWAs. It seeks to safeguard workers' rights, including those of third country nationals, and prevent exploitation by ensuring adherence to ethical recruitment practices and employment laws. The measures promote accountability, tackle undeclared work, deter illegal operators, and establish a fair and transparent framework, contributing to a more equitable labour market in Malta.</p>
<p>Background context</p>	<ul style="list-style-type: none"> ▶ Malta's previous model for TWAs led to widespread abuse, particularly with the growing number of third country nationals. This issue was exacerbated by rapid economic growth and greater reliance on agency workers in various sectors. The lack of stringent regulation enabled illegal practices, wage violations, and unsafe working conditions. In response, Malta implemented a new legal framework in April 2024 to strengthen oversight and foster fair employment practices; ▶ The reform was triggered by rising cases of exploitation, particularly of third-country nationals, who faced precarious conditions and wage underpayments due to weak enforcement mechanisms. The sector's unchecked growth, driven by Malta's expanding economy, further highlighted the need for more effective regulation; ▶ In September 2023 Malta adopted Legal Notice 270 of 2023, introducing the Employment Agencies Regulations (Subsidiary Legislation 452.130), which came into force on 1 April 2024.ⁱ The legislation aligns with international standards, including ILO Convention C181 on Private Employment Agenciesⁱⁱ and the EU Directive 2008/104/EC on Temporary Agency Work,ⁱⁱⁱ and applies at a national level across all sectors using agency labour; ▶ The new rules establish clear licensing requirements for TWAs, mandate regular inspections, and impose stricter penalties for non-compliance. By promoting ethical recruitment practices and increasing transparency, the legislation aims to curb undeclared work, protect workers' rights, and ensure fair competition among employment agencies.
<p>Key objectives of the measure</p>	<p>General objective:</p> <ul style="list-style-type: none"> ▶ To establish a robust legal framework that ensures fair, ethical, and transparent practices within the TWAs in Malta. <p>Specific objectives:</p>

	<ul style="list-style-type: none"> ▶ To standardise the conditions of employment agencies by introducing uniform licensing, operational, and monitoring requirements across all sectors; ▶ To establish clear procedures for licensing, renewal, and compliance to enhance transparency and efficiency; ▶ To enforce licence conditions through regular inspections and penalties, ensuring adherence to employment laws and ethical standards; ▶ To ensure that qualified and competent individuals operate TWAs by setting clear professional and integrity requirements; ▶ To define the grounds for refusal, revocation, or alteration of a licence to protect workers' rights and promote sector accountability; ▶ To prevent undeclared work and exploitation, particularly of third country nationals, by addressing vulnerabilities and promoting ethical recruitment practices.
Main activities	<ul style="list-style-type: none"> ▶ The new rules establish clear licensing requirements for TWAs, mandate regular inspections, and impose stricter penalties for non-compliance. By promoting ethical recruitment practices and increasing transparency, the legislation aims to curb undeclared work, protect workers' rights, and ensure fair competition among employment agencies. In 2024 Malta started to implement the new comprehensive regulation to transform the operations of TWAs, prioritising ethical employment practices and safeguarding foreign workers from exploitation. The new regulation aims to enhance accountability and promote dignity within the employment sector, particularly for third country nationals; ▶ The new regulations have introduced several key reforms to enhance the integrity and professionalism of employment agencies. Amongst others, these regulations mandate that applicants for an employment agency licence must have a clean record concerning tax and social security obligations, a requirement that extends to both natural persons and, in the case of legal entities, their shareholders; ▶ In addition, a comprehensive vetting process is conducted to assess whether the applicant and the designated competent person are fit and proper to operate an employment agency. This vetting includes thorough background checks and security verifications by law enforcement authorities to identify any risks, including serious

	<p>breaches related to immigration, human trafficking, labour exploitation, fraud, and money laundering;</p> <ul style="list-style-type: none"> ► Furthermore, the regulations stipulate that each employment agency must employ a competent person with relevant qualifications and experience on a full-time basis to manage the agency's operations. This individual serves as the primary point of contact for any requests or queries and is responsible for handling human resources matters within the agency; ► A cornerstone of the reforms is the introduction of mandatory licensing for TWAs, with a fee of EUR 3 000 for a licence valid for two years. Agencies must provide a bank guarantee in favour of a dedicated fund to ensure compliance with regulatory obligations. For agencies with fewer than 20 employees, the required guarantee is EUR 20 000. Agencies employing 20 or more individuals must provide the same basic amount of EUR 20 000, plus an additional sum equivalent to 2% of the total annualised wages payable to all employees of the applicant. These measures ensure adherence to the law and protect employees impacted by sudden job loss. TWAs that violate the regulations will face blacklisting, barring them from public tenders and international recruitment. The new rules also impose fines, ranging from EUR 5 000 to EUR 30 000, for TWAs found guilty of misconduct, along with licence suspension or revocation. To maintain high standards, a working committee will oversee the licensing process, while the Department for Industrial and Employment Relations (DIER) will ensure robust supervision and provide an appeals mechanism for aggrieved parties.
Funding/organisational resources	<p>The initiative is state funded. The legislation was drafted using state financial, human, and technical resources, with coordination and management provided by the Department of Industrial and Employment Relations (DIER).</p>

	<p>Outcomes</p> <p>The mandatory licensing requirement for agencies providing temporary employment services ensures rigorous due diligence before granting licences, leading to improved transparency and accountability in the sector. Initial observations show that well-prepared operators have successfully obtained licences, while inadequately prepared agencies have ceased operations, contributing to a more reputable and fair employment market. Ongoing monitoring and qualitative feedback indicate that the legislation is effectively regulating the sector and reducing undeclared work.</p>
Achievement of objectives	<ul style="list-style-type: none"> ► A key indicator for evaluating the success of this legislation is the mandatory licensing requirement for agencies providing temporary

	<p>employment services. This measure ensures that all agencies undergo a rigorous due-diligence process before being granted a licence to operate in this sector;</p> <ul style="list-style-type: none"> ▶ As part of the evaluation process, the authorities monitor licensing applications, compliance records, and industry feedback. Initial observations indicate that operators with a solid business foundation have successfully completed the application process and obtained their licences, while many agencies that were not adequately prepared had to cease offering temporary employment services. This demonstrates that the legislation is effectively achieving its objective of regulating the sector, ensuring compliance, and improving overall transparency and accountability in the employment agency market; ▶ While comprehensive quantitative data is still being collected, a significant indicator is the qualitative feedback from licenced agencies, which report that many rogue companies have ceased operations. This has led to a more level playing field, as the agencies that continue to operate are now more reputable employers, contributing to fairer and more transparent employment practices; ▶ Overall, the initial outcomes suggest that the legislation is on track to achieve its objectives, with ongoing monitoring in place to assess long-term impacts on compliance, worker protection, and the reduction of undeclared work.
Lessons learnt and success factors	<ul style="list-style-type: none"> ▶ Online Platform: Launching an efficient and user-friendly online portal to streamline the application and licensing process for employment agencies. This platform enables agencies to register, apply, and manage renewals with ease, reducing administrative burdens; ▶ Stakeholder Involvement: Engaging key stakeholders, including unions and employers' associations, from the outset ensures that diverse perspectives are considered, leading to more balanced and effective legislation; ▶ Transition Period: Allowing a clearly defined transition period is essential to give agencies adequate time to comply with new requirements and adapt to the changes; ▶ Outreach and Engagement: Conducting workshops, events, and direct outreach with stakeholders facilitates a smoother implementation process by raising awareness and providing necessary guidance;

	<ul style="list-style-type: none"> ► In-house Training: Providing training to employees responsible for enforcing and managing the legislation, including customer service representatives and inspectors, ensures effective implementation; ► Legislative Milestones: Establishing periodic reassessments of the legislation allows for necessary adjustments based on feedback gathered through outreach initiatives and practical implementation experiences; ► Collaboration with Other Entities: Strengthening cooperation with enforcement authorities, immigration services, employment services, and relevant regulatory bodies ensures a coordinated approach to compliance and enforcement.
Transferability	<p>The Maltese model for regulating Temporary Work Agencies (TWAs) demonstrates several transferable elements that can be adapted to other national contexts, particularly in countries facing challenges with undeclared work, worker exploitation, and unregulated employment agencies.</p> <p>Key transferable components include:</p> <ul style="list-style-type: none"> ► Digital Licensing Platform: The creation of an online portal for streamlined registration, licensing, and renewals can be replicated to reduce administrative burdens and enhance transparency; ► Targeted Stakeholder Engagement: Early involvement of key stakeholders, including trade unions, employers, and enforcement bodies ensures legislation reflects real-world labour market needs and garners broader support; ► Proportional Compliance Measures: The tiered bank guarantee system, with different requirements based on workforce size, provides a scalable and adaptable compliance framework, suitable for diverse labour markets; ► Gradual Transition Period: Allowing a defined period for agencies to align with new regulations helps minimise disruption and supports long-term compliance; ► Cross-agency Cooperation: Collaboration with tax, immigration, and employment services illustrates the benefits of an integrated enforcement approach to tackle undeclared work and ensure compliance.

Contact	<p>Department for Industrial and Employment Relations</p> <p>E-mail: employmentagencies@gov.mt</p> <p>Website: https://dier.gov.mt/</p>
Useful sources and resources	<p>Legal Notice 270 of 2023 (Employment Agencies Regulations - SL 452.130)</p> <p>https://legislation.mt/eli/sl/452.130/eng</p>

ⁱ Legal Notice 270 of 2023 (*Employment Agencies Regulations - SL 452.130*), available at: <https://legislation.mt/eli/sl/452.130/eng>

ⁱⁱ ILO Convention C181 on Private Employment Agencies, available at: https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_INSTRUMENT_ID:312326

ⁱⁱⁱ Directive 2008/104/EC on Temporary Agency Work, available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32008L0104>