

PRESS RELEASE

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Opposition pre-budget proposals provide stability

"The publication of proposals for the Budget by the Opposition is symptomatic of a healthy democratic society where social dialogue is alive and well", said Perit David Xuereb during a meeting with the Leader of the Opposition on Thursday.

The President was leading a Malta Chamber delegation to the Nationalist Party head-quarters, as he presented the employer organisation's pre-budget 2020 proposals to the Opposition.

Perit Xuereb noted that there were several similarities between the documents compiled by the Malta Chamber and that of the Opposition. He said that this augured well, as it gave the business community and investors, a clear idea of what the economic plans of an alternative government were.

The Chamber President reiterated the Chamber's view on the current economic situation which was undoubtedly positive, but could not be taken for granted. In this light, the Chamber made a number of proposals aimed at managing the current success, as well as prepare for future challenges ahead.

Perit Xuereb said that the Chamber's proposals were designed to incentivise more economic growth, improve the quality of life of everyone living in Malta as well as increase economic and environmental sustainability in the country.

Top of the list for the Chamber, to ascertain sustainability in the future, the President explained, was addressing the increase in labour costs, such as additional leave, together with a series of other burdens which had to be carried by the employer, and which have accumulated in recent years. Mr Xuereb also shed light on the importance for the country to start taking R&D seriously, once and for all.

With a view to manage the success, the Chamber's proposals also called on reforming a number of sectors that were weighing the country down significantly.

These were the public transport system and the need of the introduction of alternative and innovative modes of transport, the proposed Rent Law which fell short of any and all expectations of the sector, the Building and Construction industry which needed to up its game in order to start thinking in terms of quality, and a thorough cleansing of the Financial Services Industry which was suffering from a bad reputation because of a small number of rogue practitioners which were giving a bad name to all of the sector and the country.

The Chamber President was pleased to note several similarities on views in the areas mentioned between the Chamber and the Opposition.

On the other hand, the Malta Chamber President said that the Chamber could not agree with proposals made by the Opposition on a number of issues, namely the proposal that all employees would be incentivised to join a union on a compulsory basis, the obligation for all employers to submit an electronic copy of all contracts of employment, and the possibility for

parents to take sick leave that would have been accumulated in the past six years, to care for their children or elderly parents.

In conclusion, the Chamber President once again underlined the several areas of convergence between the Chamber and the Opposition's long-term ambitions for the economy and the country.

Perit Xuereb was flanked by the Deputy President Marisa Xuereb, Director General Kevin J. Borg, Board of Management member Andrew Mamo, Council member Reginald Fava and Head of Policy Andre' Fenech. The Chamber's proposals were also previously presented to the Prime Minister, the Minister of Finance as well as the Malta Council for Economic and Social Development (MCESD).

Proposals by the Malta Chamber for Budget 2020

1 Increase in labour costs

The Chamber warned about Increased Employment Costs that were impacting businesses' competitiveness. The continuous extension of leave allowances, increased labour mobility and shortage of labour, were all having a negative impact on increased labour costs.

The Chamber warned that these were directly impacting businesses' competitiveness, especially those sectors which were competing on the international market. "Increased labour costs have by far become the number one challenge for most businesses operating in Malta" the Chamber warned.

With this in mind, and in the immediate term, the Chamber recommended to carry out a thorough analysis of labour-cost inflation vis-a-vis productivity.

With a view of the long-term, the Chamber said that Malta needed to aspire for an industry vision driven educational system, which prepared our students for the jobs expected to be available tomorrow.

2 Alternative modes of transport

The Chamber also reiterated the importance for alternative modes of transportation, placing an emphasis on the solutions of mass transportation and shared mobility.

While welcoming the Government's drive to re-invest heavily in the country's ageing infrastructure, the Chamber pointed out that more needed to be done to encourage alternative modes of transport other than the one-car-one-driver model.

3 A real Rent Law reform

In its pre-Budget proposals document, the Chamber was once again vociferous on the need for a holistic reform in the rental market.

Having gone on record saying that the latest proposed amendments fell short of solving any of the issues faced in the accommodation market, the Chamber reiterated that the rent market required a holistic approach, one which would tackle residential commercial leases and leases which pre-date the 1995 liberalisation of the rental market.

4 A thorough cleansing of the Financial Services Industry

Focusing on the Financial Services sector, the Chamber underlined the importance for this key sector to restore its image and reputation on the international dashboard. In fact, the document recommended the immediate and tangible implementation of the Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) strategy without further delays which would be coupled with adequate human and financial resources to make sure that due diligence is carried out by all financial operators.

5 Building and Construction Industry to start aiming at quality

The Chamber expressed itself on the need for the country to elevate the Maltese construction and development sector, while respecting third parties and the environment.

Fully cognisant of the fact that the construction and development sector employed thousands of workers, and contributed extensively to the economy, recent accidents on building sites, could not be ignored as they were seen as the ultimate proof that the sector needed to be addressed forthwith.

6 Research, Development and Innovation

The Chamber noted that the expenditure for Research, Development and Innovation needed to be increased, as Malta was seriously lagging behind in terms of expenditure on this sector, as well as the number of post-secondary and tertiary graduates in STEM-related fields when compared to other European Union countries.

Hence the Chamber strongly recommended that Malta establishes a new Maltese Research Fund for competitive funding of basic and applied research, to be managed by MCST as well as a serious and tangible increase in budget for the MCST-run programme 'Fusion' in order for it to fully attain the desired results.

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