

PRESS RELEASE

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Assistance should not be limited to just contribution to Wages if we are to assist the economy in this crisis

Further to its recommendations to expand assistance to companies, based on their registered loss of activity rather than their specific sector of operation, The Malta Chamber of Commerce Enterprise and Industry wishes to shed light on more proposals it made to Government in the past days.

All proposals result from intense consultation processes which the Chamber is continuously engaged in with its members and which are aimed at providing businesses with the necessary help to survive the COVID-19 crisis and be given a fighting chance to land on their feet once the current impasse is over.

“The assistance Government has afforded businesses so far has already gone a long way, as it has allowed some businesses to keep their employees on board. This will come to their great advantage upon resumption of normal business. But more is needed. While determinate sectors had to close shop due to the partial lock-down, and naturally needed the immediate assistance to avoid mass unemployment, other sectors have been affected by the ripple effect of the same closures. The feeder sectors of the tourism, entertainment, retail, catering and related sectors have also been badly affected as their revenue streams have continued to dry up, and need more assistance in the immediate term” said Perit David Xuereb, President of The Malta Chamber.

The Malta Chamber called for deferments on all forms of taxation, including Income Tax, VAT as well as of Excise Duties in order to help liquidity. It is proposed that rental fees payable to Malta Industrial Parks are waived and those to the Lands Authority are suspended with suspensions applicable to sub-leases. On commercial rents, an equitable system is proposed between landlord and tenant stipulating that, during the crisis, the rent is reduced by a pre-determined percentage and if it is not paid, it becomes payable in full.

The Chamber proposed that the Banking System ensure that liquidity reaches business whilst keeping the cost of borrowing low. Banks should not unnecessarily withhold loans for projects. Most companies are operating with a few weeks of liquidity so timeliness with providing liquidity is of essence. Banks are encouraged to be flexible and align themselves with the short-term economic priorities and time-frames of business.

Ensuring a healthy and vibrant capital market is also critical in a scenario where issuers do not have adequate revenue to support their obligations. The Chamber proposes a fund to enable intervention in the capital markets through asset purchase programmes providing necessary stability. The capital market needs to be protected as a prime source for raising capital as well as an important source of income for a considerable number of people including pensioners who invested their life savings.

In this extraordinary situation, it is recommended that Government enacts legislation to relax the rules of insolvency enabling business owners to focus on salvaging their businesses without fear of eventually being accused of wrongful trading. The Companies Act needs to be amended to render liquidations as efficient quick and painless as possible, to limit liability on creditor

claims directly related to Covid-19, and to give directors of these companies every fair opportunity for a second chance.

It also continues to be stressed that all economic stakeholders are to share the burden in a spirit of solidarity. This includes public-sector employees who need to contribute in an equitable burden sharing mechanism through wage cuts of not less than 20 per cent with the exception of people engaged in healthcare, the Armed Forces, law-enforcement, cleaning, utility and other essential service providers. Government must insist with the EU for support and protection in all aspects related to Malta's peripheral location and insularity.

Going forward, special assistance is to be given to proactive companies that are investing in their future viability in a post-Covid-19 world. While full consideration must be given to health considerations as recommended by the competent authorities, a prolonged shutdown of the economy will exacerbate the damage. It is crucial that the authorities send positive and realistic messages of hope that there will be a gradual re-opening of the economy as soon as it is safe to do so.

All of the above proposals made by The Malta Chamber are in addition to a call for extending support to all companies experiencing a sizeable reduction in turnover. Companies that lose at least half of their turnover are to be supported by wage subsidies equivalent to €800 per month per employee and companies that lose 25-49 per cent are to be afforded a €400 benefit per month per employee.

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