

**A SMART SUSTAINABLE
ISLAND**

**DRIVING
THE
WEALTH
AND
WELLNESS
OF
SOCIETY**

Recommendations for
The Annual Budget 2021

21st August 2020

The Malta Chamber of Commerce,
Enterprise and Industry

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The Vision

The underpinning message of this document is to ensure that the Budget for 2021 focuses on **A Smart Sustainable Island** that seeks to increase economic growth whilst enhancing the quality of life of the people. This Budget is indeed even more critical than any other budget we have had before, as it is required to channel

its vision to ascertain the recovery of our economy, stimulate re-invention and entice re-investment.

Recover Re-Invent Re-Invest

The Malta Chamber's overarching recommendation is for the implementation of **effective growth-enhancing measures** that are conducive towards the **country's sustainability goals** and the **physical and mental wellness** of our people.



Executive Summary

Introduction

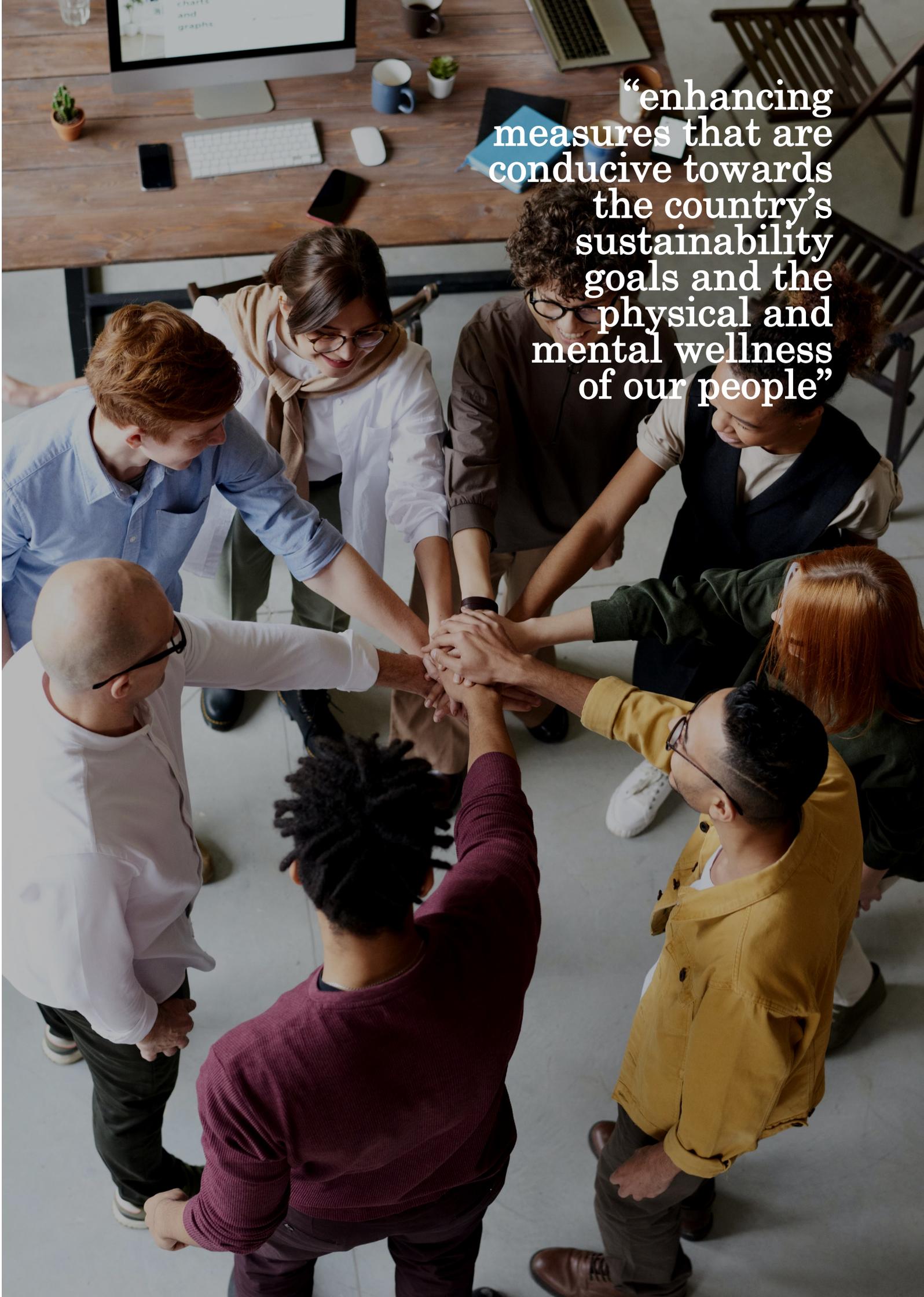
The proposals found in this document stemmed from the importance to ensure that the Budget for 2021 focuses on A Smart Sustainable Island that seeks to increase economic growth whilst enhancing the quality

of life of the people.

In this context, the forthcoming Budget is indeed even more critical than any other recent budget exercise, as it should aim for a quick and sustainable

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economic recovery by providing the stimulus for re-invention and reassure re-investment in key priority sectors.



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In this context, The Malta Chamber believes that to arrive at the goal of A Smart Sustainable Island that will drive economic growth and an enhanced quality of life and livelihood, Government is expected to provide the right perspective and framework conditions, that will inspire and reassure the economy to:

Recover – Re-Invent – Re-Invest

The Malta Chamber's overarching recommendation is for the implementation of effective growth-enhancing measures that are conducive towards the country's sustainability goals and the physical and mental wellness of our people.

In this context, The Malta Chamber has outlined 11 Calls to Action that stemmed from the outcomes of the Think Tank Preliminary Results presented on 4 August 2020 and tie in with the several proposals made to Government to date.

The approach taken in this holistic document was therefore to consolidate all the Recommendations made by The Malta Chamber since January 2020 into one vision for the 2021 Budget, for the benefit of its members and the country at large.

“A Clear Economic
Vision: The Government
is strongly encouraged to
note the Economic
Vision presented by
The Malta Chamber:
An Economic Vision for a
Smart Sustainable
Island:
2020-2025”



Calls to Action

The Think Tank's 11 Calls to Action include:

1. **A Clear Economic Vision:** The Government is strongly encouraged to note the **Economic Vision** presented by The Malta Chamber presented in February 2020 - **An Economic Vision for a Smart Sustainable Island: 2020-2025**, assimilate the recommendations into National Policy by looking beyond the next two years and focusing on clear priorities; implement the recommendations and communicate the vision with clear goals and direction. This serves to reduce uncertainty and risk when it comes to investing.
2. **Good Governance:** The country needs to have the proper frameworks in place and stakeholders need to ensure that they have the right structures and processes to guarantee good governance.
3. **Government Assistance:** The economic vision is crucial for the Government to provide targeted assistance. Only through this will it be able to get the expected returns on such investment.

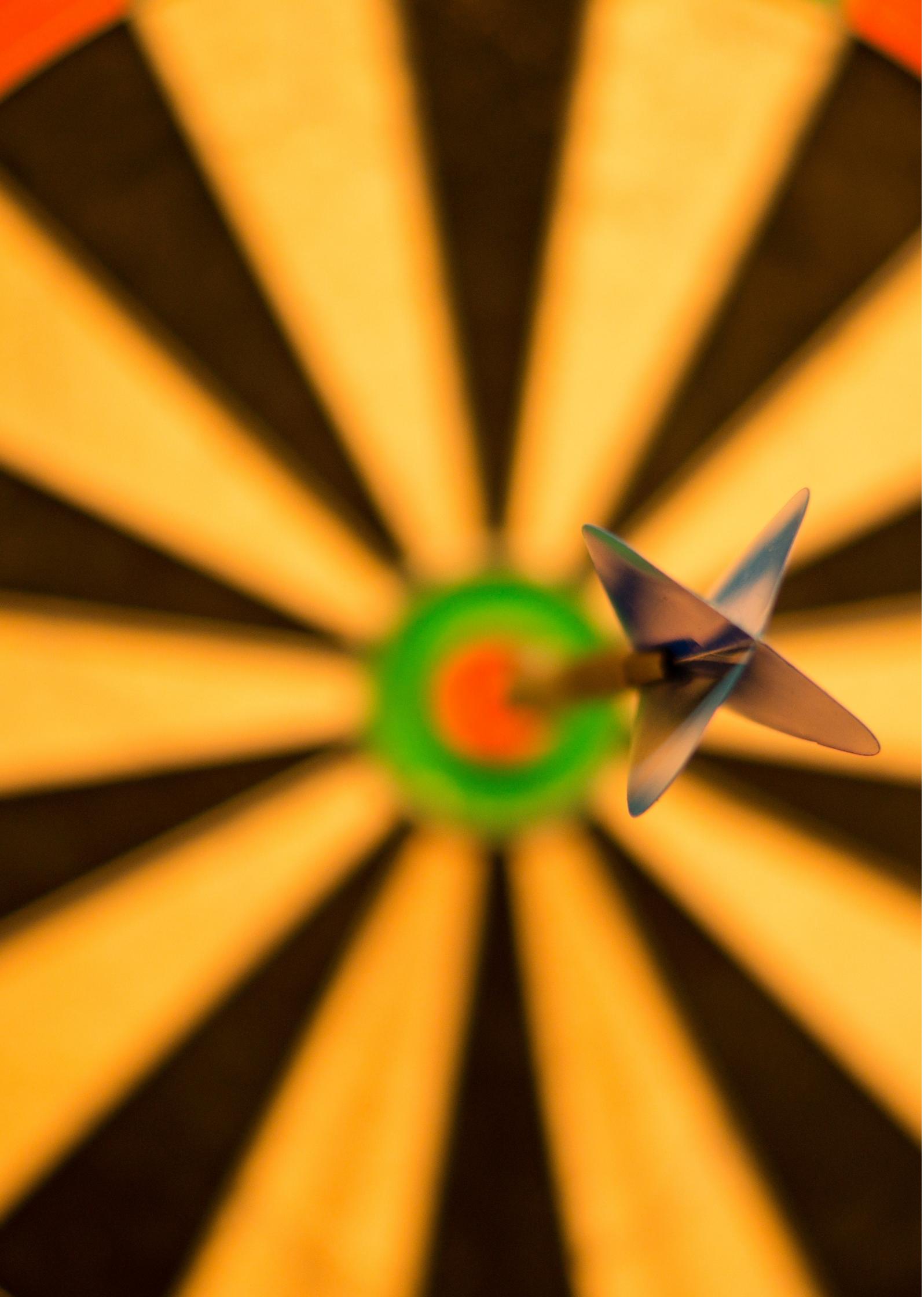
4. **Sustainability:** Government and all stakeholders need to put sustainability at the center of their strategies.
5. **Infrastructure:** A good infrastructure enables the continuous development of the economy. The Malta Chamber encourages the Government to guarantee the type of investment required to continue developing our infrastructure.
6. **Better Regulation and Enforcement:** Good regulation can provide a competitive advantage to the Country. Whenever the Country was first to legislate it managed to gain an advantage on others who did not. Enforce the regulations currently in place as not doing so creates unfair competition.
7. **Digitalisation and Innovation:** The Country needs to continue developing the environment, resources and ecosystems required for these to happen.
8. **Become Data Driven:** The Country needs to have a data centric culture and the necessary tools to collect and make data available. Government should also make available all the data it has on an open source platform.
9. **Develop Human Capital:** Government is to continue offering and strengthen the incentives aimed at developing human resources. In most sectors, skills are becoming specialised and more sophisticated, therefore, closer collaboration in the area is required to close the skills gap.

10. **Reform and Align Education:** Engage in educational reform, pull education into the digital era, and ensure that students are placed at the center of the educational system. This is another reason why a clear economic vision is so important.
11. **Promote and Communicate:** Embark on campaigns which promote Malta as a great location for most business types be, they a start-up or established businesses, as well as a tourism destination. It is also imperative to Communicate as widely as possible as to where the country is heading in terms of an economic vision.

Key Documentation – January 2020 to Date

The above **Calls to Action** are being corroborated with the contribution of The Malta Chamber to date since January 2020 in terms of the:

1. **Manifesto for Good Governance.**
2. **Economic Vision for Malta: 2020-2025.**
3. **First Stimulus Package** proposed in April 2020.
4. **4 Periodic Surveys** assessing business situation during COVID-19.
5. **Stimulus Package** for the Mini-Budget of 8 June 2020: **Making a Success of the New Norm**
6. **Recommendations** for the **MoneyVal** Assessment.
7. **Think Tank** - Round Table **SPs** (SPs).



Priority Recommendations for the 2021 Budget

1. **Maintain Wage Subsidy Scheme until the vaccine is administered** and improve the scheme by linking it to the Re-engineering of the beneficiary business to enable Employee Adaptability through Reskilling and/or Upskilling for the employee to be more future proof. (**Call to Action:** Government Assistance)
2. **Back to School - Mindful of Covid Realities.** Not going back to school would have serious ramifications that need to be avoided both for the students and the parents. Therefore, identifying the right way forward with the respective protocols for each of the 3 Scenarios identified by the Ministry for Education is vital. This should be subject to the **direction of the Superintendent of Public Health** to ensure children's safety with no more than 15 persons per class. It also imperative that **Education remains available to all.**

Parents also need support, to balance a scenario where children still have to be schooled from home even in the case of hybrid schooling (for Primary & Secondary Education). Therefore, the Malta Chamber proposes:

- A. **Incentivising Flexible Working Patterns** which necessitates incentivising and upskilling CEO's and Management to manage their staff against Key Performance Indicators when working remotely.
- B. **Tax Deductions for Parents purchasing IT Equipment for Children's Education**, this should be as simple as the Teleworking Grant Scheme.
- C. **Support for all Education Institutions to be Covid-Safe with:**
 - I. **Contactless Physical Infrastructure.**
 - II. **Digital Infrastructure and Educational Technology** for on-line, blended learning environments, including research and digital educational content.
 - III. **Supplying All Mainstream Students with Laptops and WiFi** to ensure that no one is left behind.
 - IV. **Investments for Human Resources** to support Education Institutions with the facilitation of digital learning, thus ensuring a plug and play system in case of extreme scenarios. (**Call to Action:** Reform & Align Education)

3. **Driving towards a Zero Carbon Economy by incentivising Training and Education in Sustainability** in the widest context, including but not limited to, buildings and transport. Additionally, the Government should **Remove VAT** on the development of **LEED Platinum Certified Buildings** and on the **Electrification of Transport** by incentivising technological solutions for cleaner fleets, thus working towards a Zero Carbon Economy for a Smart Sustainable Island. (**Call to Action:** Clear Economic Vision)
4. **Rebuilding and Safeguarding Malta's Reputation.** Support the development of good governance structures in the **Private Sector** by investing and incentivising the recruitment of a **Good Governance Officer** to support and advise businesses in Malta. Moreover, it is important to **increase resources in all Government Entities** responsible for the transparency (incl. public procurement), enforcement of laws, investigation and prosecution of illicit activities that undermine ethical business and damage Malta's Reputation. (**Call to Action:** Good Governance)
5. **Re-launching the €100 Vouchers to Maltese Households** directing the expenditure to hospitality and retail. (**Call to Action:** Government Assistance)
6. **Sick Leave paid by Government as of Day 1** including **Covid-related Absenteeism to business.** This measure should also include **quarantine leave** and absenteeism related to **hybrid schooling** or **preventive closure of schools.** The 50% quarantine leave for Full-Timers and no payment for Part-Timers is not enough to counter for the challenges imposed on businesses. Therefore, any quarantine leave imposed by the Superintendent of Public Health should be addressed as sick leave and paid by the Government following the submission of a medical certificate. On **absenteeism related to schooling,** the existing scheme¹ precludes employees taking care of children, from working any number of hours. This scheme should be amended to **incentivise parents to work at reduced hours.** (**Call to Action:** Government Assistance)
7. **Safeguarding Employment** by ensuring an **Efficient Labour Market.** The economy must at all costs minimize labour shortages that create potentially critical bottlenecks in "production lines" that may impact the employment of other workers including Maltese nationals. It is therefore important to **facilitate** the **employment** and **renewals** of **Third Country Nationals** (TCNs) that address the gaps in companies that are still facing labour shortages. The Key Employee Initiative (KEI) may also be used to meet the skills mismatch that is limiting the productive capacity and facilitate the process of transfer of employment of TCNs away from hard hit sectors and into sectors that are running short of resources. (**Call to Action:** Government Assistance)
8. **Contactless Infrastructure, Services and Customer Experiences:**
 - A. **Upgrade to Contactless Infrastructure Solutions to Safeguard the Health of the Population,** in:
 - I. **Localities:** by replacing all covered bins with pedal bins, well-resourced self-cleaning public toilets, and contactless vending machines in public spaces with masks and sanitisers to ensure that the country lives up to its aspirations in quality. Moreover, ensure the regular maintenance and cleansing of Public Areas, amongst other possible measures.
 - II. **Private Sector:** A one-time payment for the replacement of current infrastructure to contactless infrastructure in the Private Sector to safeguard the health of employees and customers.

- B. **Contactless eGovernment Solutions for Business** - Elevate the effectiveness and convenience of **eGovernment** services by having one contactless portal for the payments of VAT, Tax, Financial Incentives and Schemes to boost efficiency and quality of service to businesses.
 - C. **Incentivise a Contact-Free Customer Experiences**: Incentivise businesses and citizens to use contactless services in the fight to stop the spread of COVID-19, and aid economic recovery. Such services range from online shopping and ordering food remotely to telehealth.
 - D. **Set up a Fund for Digital Contactless Solutions** to fund projects aimed at developing technology complementing human interactions. Projects for contactless solutions may include remote healthcare services, digital care services for seniors and other vulnerable groups, helping small and medium-sized businesses set up virtual conferencing and online sales support for small companies. Investment should be directed towards innovative technologies that enable contactless services, using robotics, drones and high-speed internet.
(**Call to Action**: Infrastructure)
9. **Reduction of Utilities and Fuel Prices** to reflect market prices for industry and domestic use, with any hedging obligations to be covered by the Government. (**Call to Action**: Government Assistance)
 10. **One-Time Payment to Households in lieu of Cost of Living Adjustment (COLA)**. In view of the unprecedented situation faced by business and the expected negative growth in GDP until year end, the Malta Chamber expects that the "Exceptional Circumstances" clause, already contemplated for in the law, is triggered. Law - Subsidiary Legislation 452.65 - Wage Increase National Standard Order. (**Call to Action**: Government Assistance)
 11. **Fiscal Measures to support Cashflow in Business**: It is expected that a vast majority of economic operators will run financial losses during 2020, yet towards quarter 4 of 2020 they would be due to settle their final tax balances for year of assessment 2019. Consequently, it is recommended that government allows companies to carry back tax losses made in 2020 to neutralise their taxes due for 2019 whilst at the same time affording a liquidity relief and limit the risk of further insolvencies. Similar liquidity relief can be provided via offsetting tax amounts owed by such companies with any dues receivable from government in tax rebates or payment for contracts. (**Call to Action**: Government Assistance)
 12. **VAT Reduction** for Hospitality and Tourism including Yachting related services from 18% to 7% accompanied by a holistic strategy for Covid and post-Covid Tourism. (**Call to Action**: Government Assistance)
 13. **Spread Annual VAT Returns over 3 Payments instead of 4 Annually**, to improve the cash-flow situation of companies by giving adequate breathing space for creditors to retrieve their dues. (**Call to Action**: Government Assistance)
 14. **Increase Rent Assistance to all Commercial Tenants** in terms of rents in the short term, this measure should be tapered down by the time a Covid-19 Vaccine is administered. (**Call to Action**: Government Assistance)



15. **No Single Use Plastics by January 2022:** The Malta Chamber welcomed the Government's Commitment on Single-Use Plastics and reiterates the importance for such targets to be met and communicated with all the main stakeholders especially importers and manufacturers of the listed products. The first phase should see the importation and production of plastic bags, plastic cutlery, plastic straws, and single-use plastic plates prohibited from 1 January 2021; and their distribution and sale prohibited as of 1 January 2022. **(Call to Action: Sustainability)**
16. **A Strategic Vision for the Building and Construction Industry** as a complete reform is required for this sector to rebuild its reputation, move towards a shift to sustainable and green construction and drive towards a circular economy, including the rolling out of LEED Certification for the next 5-15 year period. This may be tied to Recommendation 3 found in this Executive Summary. The Strategic National Vision should include a **National Masterplan to Regenerate** dilapidated areas and **Review of Local Plans**. **(Call to Action: Clear Economic Vision)**
17. **New Vision for Manufacturing in Malta**, by embracing new product categories and innovation for the economy to rebound is required, using a more granular approach, through detailed reviews with the different sub-sectors. Moreover, a shift from hyper-globalisation to national solutions to help mitigate future vulnerabilities are required. **(Call to Action: Clear Economic Vision)**
18. **Reduce Traffic Congestion & Increase Road Safety** by incentivising **Teleworking** and **Flexible Working Patterns**, **Night-time Deliveries**, and a **Centralised Logistics Hub**. This will promote an effective shift to Greener Transport such as electric vehicles as mentioned in point 3 above (Driving towards a Zero Carbon Economy). Moreover, Malta needs the implementation of a long-term strategy for **mass rapid transit** and **intermodal solutions** which can reduce journey times coupled with taking stock of Transport Master Plan 2025 and the Strategic Plan 2050 aims and objectives. **(Call to Action: Sustainability)**
19. Implementation of the **Artificial Intelligence Strategy** and include:
 - A. **Setting-up a Centre of Excellence (CoE) for Digitalisation and Innovation** to carry out **R&I**, develop and implement **Policy** for the integration of Digitalisation across all sectors, especially in Education, E-Government, and Industry. Moreover, Digitalisation and Automation should be complimented with effective funding, and the CoE should be given a budget to set-up a **Corona-Hacking Initiative** bringing the best minds together to innovate and mitigate the impact of the virus on society at large.
 - B. The **Re-activation of the AI Task Force** within the CoE and mandating it to work with researchers to identify solutions for government to apply social distancing and facilitate contact tracing when relaxing measures.
 - C. Encourage **digital transformation** of business through the provisions of investment incentives, including but not limited to, deepen their **eCommerce channels**. **(Call to Action: Digitalisation & Innovation)**
20. **Logistics Scheme** savings on **port charges** should be partially passed on to clients. **(Call to Action: Government Assistance)**



Conclusion

The Malta Chamber believes that the 2021 Budget should focus on putting the Long-Term National Interest First, ahead of any attempts for quick returns. The country should aim its

“This will incentivise businesses to serve society with a shift towards Resilience, Sustainability and an improvement on Quality in all that is done”

medium-term Economic Vision, towards achieving A Smart Sustainable Island that seeks to increase economic growth whilst enhancing the quality of life of the people. It is the wellbeing of our people that drives the economy, and economic growth must respect the country’s sustainability goals and the physical and mental wellness of citizens together with their

livelihoods. The measure of economic progress should go beyond GDP growth alone, it needs to be coupled with an improved Quality of Life for society at large.

In this context, The Malta Chamber will be following-up on the 2021 Budget Recommendations to Recover – Re-Invent – Re-Invest backed by the supporting documentation, with the respective

Government bodies to further contribute towards a positive change in the wellbeing of society. The Malta Chamber, therefore, appeals to the Government to Analyse the 11 Calls to Action, improve on them as necessary, implement and communicate the actions to the Business Community and Civil Society.

This will incentivise businesses to serve society with a shift towards Resilience, Sustainability and an improvement on Quality in all that is done.

The Malta Chamber will continue to strive towards giving relevance to society and business and be the true and Vibrant Voice of Business.

The Malta Chamber respectfully submits that the Recommendations proposed for the Budget 2021 should be adopted and implemented, as a suitable plan by the Government. This would demonstrate a serious and significant expression of political commitment towards having Malta truly committed to becoming a Smart Sustainable Island that seeks to increase economic growth and enhance the quality of life of the people.

This must be done in tandem with Good Governance practices that are transparent, ethical and up to professional standards required, to rise above the current predicament and move forward with confidence, to restore stability and the country's reputation, in the shortest time possible.

The Malta Chamber will continue to strive towards giving relevance to society and business and be the true and Vibrant Voice of Business.

21st August 2020

Budget Recommendations

Calls to Action	Proposals	Support Documentation
<p>1. A Clear Economic Vision</p>	<p>The Maltese Government is strongly encouraged to note the Economic Vision presented by The Malta Chamber in February 2020 - An Economic Vision for a Smart Sustainable Island: 2020-2025, assimilate the recommendations into National Policy by looking beyond the next two years and focusing on clear priorities; implement the recommendations and communicate the vision with clear goals and direction. This serves to reduce uncertainty and risk when it comes to investing. Furthermore, it is imperative for the Government to formulate a stage lifting approach with clear protocols and criteria for industry to mitigate shocks on the lifting or enforcing of control measures related to Covid-19 status in the country (and outside). This mechanism will ensure a coordinated escalation / de-escalation of industry obligations which would ideally be defined at both national and international level¹. Moreover, Malta needs to recover even stronger than before in terms of quality, governance, and competitiveness to attract new industries to diversify the economy. The Government needs to be selective in identifying high quality investment for new economic activities that add value without sacrificing the Malta product and our people's quality of life. Therefore, it is essential to have Individual Strategies for the following sectors with a minimum of a 5-year period:</p> <p>A. Manufacturing: A new vision for manufacturing, embracing new product categories and innovation for the economy to rebound is required using a more granular approach, through detailed reviews with the different sub-sectors. Moreover, a shift from hyper-globalisation, to national solutions to help them mitigate future vulnerabilities may</p>	<ul style="list-style-type: none"> ● Economic Vision 2020-2025 – Annex B. ● Respective Think Tank SPs – Annex E. ● Recommendations for the Moneyval Assessment – Annex A.

¹ New Zealand Best Practice: <https://www.health.govt.nz/our-work/diseases-and-conditions/covid-19-novel-coronavirus> and https://www.facebook.com/watch/live/?v=581464222738793&ref=watch_permalink.

be required. Concrete proposals for this Sector may be found in *Annex E6 - Manufacturing SP*.

- B. Construction and the Built Environment: A Strategic National Vision for the Building and Construction industry as a complete reform is required for this sector to rebuild its reputation, move towards a shift to sustainable and green construction and drive towards a circular economy, including the rolling out of LEED Certification for the next 5-15 year period. This may be tied to Recommendation 3 found in the Executive Summary. The Strategic National Vision should include a National Masterplan to Regenerate dilapidated areas and Review of Local Plans. *The Economic Vision - Annex A p.38-39 Rec.51-55 & Construction SP - Annex E4*.
- C. Tourism: Covid-19 has presented an opportunity for a reset and the country must be bold to move away from previous unsustainable targets for the tourism industry based on tourist arrival numbers. Malta should aim for higher quality, lower volume, higher value tourism that is more conducive to better experience for the tourist and better quality of life for Maltese people. In this context, a National and Holistic Tourism Strategy for both internal and external travel supported with key routes is essential, to ensure Malta offers the right tourism product. Concrete proposals for this Sector may be found in *Annex E1 - Tourism SP*.
- D. Financial Services: This sector is highly dependent on Malta's Reputation and it requires the peace of mind and the right governance to flourish. A Long-Term Strategy focusing on Rebuilding and Safeguarding Malta's Reputation (going beyond MoneyVal), adopting the ESG principles that must be woven in our country's fabric including Areas for Growth in sectors such as FinTech, Core Financial Services and ESG related offerings. It is essential that Malta's FinTech Strategy is aligned with that of the national banking strategy. Moreover, VFA Agent Executive Committee within The Malta Chamber submitted a number of technical suggestions to improve the framework in terms of quality and competitiveness, feedback is still pending from the MFSA. *Annex E10 - Financial Services SP, Annex D - Recommendations for the MoneyVal Assessment*.

- E. Education: The rapid evolution of the industry, requires an educational system that responds to this reality. Educational reform results become evident 10 years from now, therefore, educational reform needs to be planned carefully and strategically. The Malta Chamber recommends that industry and education players come together to devise a strategy that will engage and develop a nimble, agile, and resourceful workforce for the years to come. *Annex E3,8,10,11 – Education & Training, Retail, Financial Services & Technology SPs.*
- F. Retail: A Masterplan with a thorough economic study is required to strike the right balance and mix for retail expansion. Such insight will encourage and attract brands of an international standing. Proper marketing strategies are required to attract key markets, especially travelers from BRIC and Gulf countries. Russian, Gulf and Chinese tourists are renowned for coming to Europe to buy luxury products such as clothing, jewelry and perfumery and are less interested in heritage and culture. Therefore, measures should encourage the retail sector to penetrate the luxury products market which is currently under-served when compare to such offerings abroad, this should be done in conjunction with a revised Tourism plan. Concrete proposals may be found in *Annex E8 - Retail SP.*
- G. Citizen Wellbeing in Society: The Government should embark on a national discussion on citizen wellbeing in society which should be the primary focus of government spending (The New Zealand Model). Concrete proposals may be found in *Annex E12 – Digital & Media SP.*
- H. Transport and Mobility: This sector requires the authorities to take stock of the Transport Master Plan 2025 and the Strategic Plan 2050, implement it and be held accountable for the progress they were meant to have achieved so far. Nonetheless, short-term measures are also being proposed as outlined in the Executive Summary to incentivise electrification. The Chamber is concerned with the new EU Mobility Package adopted by the European Council on 7 April 2020, with rules on trucking which will have an adverse effect on Maltese businesses due to an inevitable increase in freight costs. Such costs will inevitably be passed on to the importer and exporter. These hikes will

restraint any e-commerce initiative on the part of the retailer due to becoming uncompetitive on freight². The Malta Chamber favours a Modal Shift in transport towards a Zero Carbon footprint per person which should be regularly measured against targets. Concrete proposals may be found in *Annex E9 – Transport & Logistics SP*.

² EU Mobility Package Adopted by the European Council on 7 April 2020: https://www.independent.com.mt/articles/2020-06-16/local-news/Consumer-prices-will-increase-under-new-trucking-rules-Express-Trailers-CEO-6736224212?fbclid=IwAR0CSwjXS3DywGOPRNj1pG_xtLtCa6MB9MAc5E1Pl_PGmHRDEllBbMrgdmY

2. Good Governance

Good Governance is a basic determinant, upon which the economy stands. Reputation should not be a subject for discussion; it is a given. The fact that the private sector is striving for re-building and maintaining Malta's reputation, is most serious and puts foreign investment and continued prosperity at risk. The country needs to have the proper frameworks in place and stakeholders need to ensure that they have the right structures and processes to guarantee good governance. Going forward, the Government should:

- A. Rebuild Malta's International Reputation Immediately. The Malta Chamber already proposed a Governance set of recommendations which should be implemented without further delay found in the *Economic Vision 2020-2025 – Annex B p.11 & 16 Rec.6-12, Government & Judiciary, and the Manifesto for Good Governance*.
- B. Must act to address the potential risk of Malta's reputation being downgraded and grey-listed. Moreover, the MoneyVal result should be considered as just a milestone and the Government should afterwards seek together with the Financial Services Industry players to innovate, change, and prepare the sector for the future. The Malta Chamber *Recommendations for the MoneyVal Assessment – Annex D* should be implemented without any further delay. For more information vide The Malta Chamber *Recommendations for the MoneyVal Assessment – Annex D*.
- C. Support the development of good governance structures in the Private Sector by investing and incentivising the recruitment of a Good Governance Officer to support and advise businesses in Malta.
- D. Increase Resources in all Government Entities responsible for transparency (incl. public procurement), enforcement of laws, investigation and prosecution of illicit activities that undermine ethical business and damage Malta's Reputation.
- E. Change the way certain Professional Regulatory Authorities are appointed and funded across the board. For instance, the Accountancy Board should no longer be appointed and funded by the Government, as it gives rise to issues concerning independence and impartiality. The Accountancy Board needs to be further resourced to ensure it executes its functions effectively. For more

- Manifesto for Good Governance – Annex A.
- Economic Vision 2020-2025 – Annex B p. 16 - Governance, Government & Judiciary Rec. 6-12.
- Recommendations for the MoneyVal Assessment – Annex D.
- Financial Services SP – Annex E10.
- Digital & Media SP - Annex E12.

information vide The Malta Chamber *Recommendations for the MoneyVal Assessment – Annex D.*

- F. Enable the Media industry to adopt transparent rules on Government advertising which should be project-based and in line with EU Regulations. The Media should be free of any direct or indirect obligations by the powers that be. Moreover, Political Parties should not occupy TV media space. Concrete proposals may be found in *Annex E12 - Digital & Media SP.*

3. Government Assistance

In all sectors Government assistance is seen as the motor for growth and investment. It is no surprise that the Government plays a central role in the Maltese economy and incentivisation is an important tool for economic development. The economic vision is crucial for the Government to provide targeted assistance. Only through this will it be able to get the expected returns on such investment. In this context, The Malta Chamber proposes the following fiscal incentives:

Most Important

1. Maintain Wage Subsidy Scheme until the vaccine is administered and improve the scheme by linking it to the Re-engineering of the beneficiary business to enable Employee Adaptability through Reskilling and/or Upskilling for the employee to be more future proof.
2. Re-launching the €100 Vouchers to Maltese Households directing the expenditure to hospitality and retail.
3. Sick Leave paid by Government as of Day 1 including Covid-related Absenteeism to business. This measure should also include quarantine leave and absenteeism related to hybrid schooling or preventive closure of schools. The 50% quarantine leave for Full-Timers and no payment for Part-Timers is not enough to counter for the challenges imposed on businesses. Therefore, any quarantine leave imposed by the Superintendent of Public Health should be addressed as sick leave and paid by the Government following the submission of a medical certificate. On absenteeism related to schooling, the existing scheme³ precludes employees taking care of children, from working any number of hours. This scheme should be amended to incentivise parents to work at reduced hours. *Page 16 of this Document.*
4. Safeguarding Employment by ensuring an Efficient Labour Market. The economy must at all costs minimize labour shortages that create potentially critical bottlenecks in “production lines” that may impact the employment of other workers including Maltese nationals. It is therefore important to facilitate the employment and renewals of

- Stimulus Package for the Mini-Budget of 8 June 2020: Making a Success of the New Norm – Annex C.
- All Think Tank - Round Table SPs (SPs) – Annex E.
- Recommendations for the MoneyVal Assessment – Annex D.

³ One of the Social Measures found at this link: <https://covid19.maltaenterprise.com/ongoing-measures/>

Third Country Nationals (TCNs) that address the gaps in companies that are still facing labour shortages. The Key Employee Initiative (KEI) may also be used to meet the skills mismatch that is limiting the productive capacity and facilitate the process of transfer of employment of TCNs away from hard hit sectors and into sectors that are running short of resources. *More Recommendations may be found on Page 27 of this Document.*

5. Reduction of Utilities and Fuel Prices to reflect market prices for industry and domestic use, with any hedging obligations to be covered by the Government. *Pages 16 & 19 of this Document.*
6. One-Time Payment to Households in lieu of Cost of Living Adjustment (COLA). In view of the unprecedented situation faced by business and the expected negative growth in GDP until year end, the Malta Chamber expects that the "Exceptional Circumstances" clause, already contemplated for in the law, is triggered. Law - Subsidiary Legislation 452.65 - Wage Increase National Standard Order. *Page 18 of this Document.*
7. Fiscal Measures to support Cashflow in Business: It is expected that a vast majority of economic operators will run financial losses during 2020, yet towards quarter 4 of 2020 they would be due to settle their final tax balances for year of assessment 2019. Consequently, it is recommended that government allows companies to carry back tax losses made in 2020 to neutralise their taxes due for 2019 whilst at the same time affording a liquidity relief and limit the risk of further insolvencies. Similar liquidity relief can be provided via offsetting tax amounts owed by such companies with any dues receivable from government in tax rebates or payment for contracts. *Page 16 of this Document.*
8. VAT Reduction for Hospitality and Tourism including Yachting related services from 18% to 7% accompanied by a holistic strategy for Covid and post-Covid Tourism. *Page 15 of this Document.*
9. Spread Annual VAT Returns over 3 Payments instead of 4 Annually, to improve the cash-flow situation of companies

by giving adequate breathing space for creditors to retrieve their dues. *Page 15 of this Document.*

10. Increase Rent Assistance to all Commercial Tenants in terms of rents in the short term, this measure should be tapered down by the time a Covid-19 Vaccine is administered. *Page 16 of this Document.*
11. Logistics Scheme savings on port charges should be partially passed on to clients. *Page 21 of this Document.*
12. Incentivising Employment:
 - A. The In-Work Benefit Scheme should be optimised to encourage recently unemployed workers to seek alternative. This scheme should incentivise unemployed individuals to find a job as soon as possible, and thus reduce the unemployment rate during the pandemic. *Stimulus Package for the Mini-Budget of 8 June 2020–Annex C.*
 - B. Unemployed encouraged to do an Apprenticeship (training on the job) targeted towards low, unskilled workers. This may be done in collaboration with MCAST or other educational institutions. The persons' apprenticeship grant would be paid by the state in order not to put further strains on the hosting company. This measure may be implemented by Jobs Plus and encourage the re-skilling of workers. The aim of this measure would be to reskill the work force and re-align the skills to the current needs given the Covid situation. Thus, supporting individuals to be re-skilled. Targeting unemployed individuals currently on unemployment benefits. *Stimulus Package for the Mini-Budget of 8 June 2020 – Annex C.*
 - C. Teleworking: Incentivise Flexible Working Patterns, may be implemented by several sectors and as a result reduce traffic congestion and emissions, improves health, reducing costs for Malta's healthcare system, while encouraging family friendly measures. This incentive for employers and employees should include training for CEO's and Management to lead teams against Key Performance Indicators. This may work on a 3-tier level:
 - i. E-Worker: working exclusively from home (full, reduced or part time hours);
 - ii. Telecommuter: working partly from home, partly from the office;

iii. Mobile: working on the move, in combination with any of the above two.

Stimulus Package for the Mini-Budget of 8 June 2020 – Annex C.

13. Entice Overtime: All overtime hours to be charged at 15% thus removing any capping, especially in view of the current loss of part-time jobs. This measure may incentivise individuals to work, even longer hours. All businesses. *Stimulus Package for the Mini-Budget of 8 June 2020 – Annex C.*

14. Tiered Corporate Tax Rates: A tiered approach for Corporate Tax Rates is recommended as follows based on the Single Rates for Income Tax:

€	€	Proposed Rates	Subtract (€)
0	9,100	0%	0
9,101	14,500	15%	1,365
14,501	19,500	25%	2,815
19,501	60,000	25%	2,725
60,001	& over	35%	8,725

This measure would enable further liquidity and a step away from possible redundancies while incentivising businesses to adhere to tax regimes. *Stimulus Package for the Mini-Budget of 8 June 2020 – Annex C.*

15. All Grants and Incentive Schemes should hasten the payment process and introduce incremental payments for schemes such as Investing in Skills and Get Qualified, as examples - which are reimbursed, thus not incentivising enough to support liquidity. This will aid companies in the current climate. *Annex E3 - Education & Training SP.*

16. The Micro Invest Scheme should be re-instated in the forthcoming financial period with a budget from EU Funds.

Sectoral Recommendations

17. Government should provide the framework to pioneer the Autonomous Vehicles industry. *Annex E9 - Transport & Logistics SP.*

18. Reduction of VAT rate from 18% to 7% for Yachting – short-term charters commencing in Malta, and other

related services, such as Marina Fees, Berthing Fees, Refits and Repairs.

19. Reduction of Excise Duty on Bunker Fuel supplied to Yachts to 10%.
20. The VFA Agents Supervisory Fees should be postponed for 2020 to alleviate the pressures posed by Covid-19 and to have the time to improve the uncompetitive nature of the framework that is not attracting investment to the jurisdiction⁴.
21. Level Playing Field in Taxation: the tax rates applicable to Maltese players in the retail sector should be realigned to ensure they do not suffer from an unlevel playing field due to the applicability of different income tax regimes and customs treatment at the borders. *Annex E8 - Retail SP.*
22. Construction: Incentives for Access to Finance link to Technology:
 - A. Reduce corporate tax and increase the effective rate of non-residents to account for distributed dividends.
 - B. Tax on all commercial and residential leases should be waived against a reduction in rent for any commercial lease that is registered.
 - C. Government needs to incentivise Real Estate investment with lowering of stamp duty and final withholding tax for properties upholding good quality and higher standards.
 - D. Provide fiscal incentives for those properties which exceed minimum requirements in terms of energy performance.*Annex E4 - Construction SP.*
23. The Film Industry needs to be supported at various levels, starting off with simplification of film rebate mechanisms.
24. Event Management companies should be set up to help the industry against risks of financial and operational devastations caused by pandemic outbreaks.
25. Media freelancers should be supported to improve their resources with added training and better security towards entrepreneurial risk. *Annex E12 - Digital & Media SP.*

⁴ Becoming a VFA Agent was a rigorous process that required time and investment to promote the jurisdiction and the result is dismal due to an uncompetitive framework which is Rule-based rather than Competitive-based. Technical proposals for the VFA Regulatory Framework were submitted by the Malta Chamber VFA Agent Executive Committee to Hon. Bartolo and the MFSA on 28 May 2020.

26. Incentivise the local Banking and Insurance industry to prioritise export orientated operations and ensure that more corresponding banks are available to facilitate financial transactions derived from export activities.
27. Malta needs to lobby the EU to ensure that there are as few barriers to Trade as possible in emerging markets that are crucial for Malta.
28. Importers and Wholesalers feel discriminated against and questions why the sector is excluded from the purpose of assistance granted by Malta Industrial Parks for operators in Malta. Fiscal schemes are required to assist the sector, providing aid directly through subsidised MIP schemes or indirectly applying for ERDF Funds. *Annex E 2 - Importers SP.*
29. Reduction in price on utilities and fuel to reflect market prices for domestic use and industry, with any hedging obligations to be covered by the Government.
30. Importers and wholesalers request subsidising salaries to avoid layoffs due to drastic decrease in turnover. *Annex E 2 - Importers SP.*
31. Extend credit for payment on excise duties for wines & spirits to 90 days, which would enable industry to manage cash flow more in line with the way they are being paid by their customers. *Annex E 2 - Importers SP.*
32. Reduction of the regulatory burden on Healthcare Importers by subsidising Mamvo fees for registration and renewal of medicines imported in Malta. *Annex E 2 - Importers SP.*
33. The Manufacturing Industry recommends leverage with banks to access loans, financial support to alleviate burden on fixed costs such as utility bills and MIP rents, and provision of credit to invest in Green Deal economy solutions. *Annex E 6 - Manufacturing SP.*
34. Care Homes Operators should continue to receive financial assistance from the government until a vaccine is administered, to ensure they have the resources to keep the most vulnerable safe.
35. Assistance with Access to Finance and minimise collateral for Malta Development Bank (MDB) Loan. The MDB Loan provides '90% collateral' by the government needs to improve and ensure that collateral put forward by

applicants does not exceed 10% of the loan amount. *Annex E 8 - Retail SP.*

36. It is recommended that the Government, the CBM and the MFSA try to use moral suasion to encourage banks to lend more at the moment at low and affordable rates thanks to European Central Bank (ECB) providing liquidity, which is not being transferred effectively to its intended destination.
37. Further clarity is required on the Export Credit Guarantee Scheme.
38. Logistics:
 - A. Tax Incentive with tax credits to have night deliveries to reduce road congestion.
 - B. A financial incentive is required to mitigate the adverse effect of the EU Mobility Package on Maltese businesses due to an inevitable increase in freight costs, this incentive would enable the purchase of trucks compensating logistic companies. Malta Chamber favours a Modal Shift in transport and recommends that a reduced carbon footprint per person should be measured regularly with specific targets. *Annex E9 – Transport & Logistics SP.*
 - C. Logistics companies servicing exporting manufacturing companies should qualify for incentives by Malta Enterprise. *Annex E 2 - Importers SP.*
 - D. Logistics Scheme savings on port charges should be partially passed on to clients.

4. Sustainability

Driving towards a Zero Carbon Economy: Sustainability cuts across all sectors and the Government and stakeholders need to put sustainability at the center of their strategies and look more long-term. In this context The Malta Chamber recommends:

1. Incentivising Training and Education in Sustainability in the widest context, including but not limited to, transport and buildings.
2. Remove VAT on the development of LEED Platinum Certified Buildings and on the Electrification of Transport by incentivising technological solutions for cleaner fleets, thus working towards a Zero Carbon Neutrality for a Smart Sustainable Island.
3. Transport & Mobility:
 - A. Reduce Traffic Congestion & Increase Road Safety by incentivising Teleworking and Flexible Working Patterns and Night-time Deliveries. This will promote an effective shift to Greener Transport such as electric vehicles hence driving towards a Zero Carbon Economy.
 - B. Set-up a Centralised Logistics Hub to minimise traffic for suppliers, thus encouraging businesses to move less by promoting a more centralised delivery process across the islands to reduce distribution costs and reduce the impact on traffic congestion and the environment. *Economic Vision 2020-2025 - Annex B - p.18 Rec.18 & Annex E9 - Transport & Logistics SP.*
 - C. Invest in a mass Rapid Transit Solution which may reduce journey times by half and free up people's time for more economic productivity or leisure. This may start with medium-sized solutions combining technology, infrastructure and more on-demand and real-time services. People want flexibility and this can be achieved with an attractive and efficient inter-modal service with increased capacity, shorter journey times and higher quality of service. *Economic Vision 2020-2025 - Annex B - p.18 Rec.13-17 – Infrastructure Bottlenecks, and Annex E 9 – Transport & Logistics SP.*
 - D. Divert funds towards a Sharing Economy, with efficient and realistic solutions with people at the heart of the solution. More focus is required on infrastructure for public and school transport, car rental and sharing, bicycles, kick scooters, to enable the shift towards a sharing economy,

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keeping the contactless concept in mind. This would translate into lower emissions, more awareness on the individual carbon footprint while contributing to a Zero Carbon Economy. Other alternatives include teleworking, peak time travel, and other nudges required for people to change their behaviour and lifestyle. Moreover, a PPP for underground Parking Spaces to Prioritise Mobility or further enhance the Mobility e-Wallet to include Go To and other services.

4. The Malta Chamber welcomed the Government's Commitment on Single-Use Plastics and reiterates the importance for such targets to be met and communicated with all the main stakeholders especially importers and manufacturers of the listed products. The first phase, will see the importation and production of plastic bags, plastic cutlery, plastic straws, and single-use plastic plates prohibited from 1 January 2021; and their distribution and sale will be prohibited after 1 January 2022.
5. Construction and the Building Environment:
 - A. Better Regulation and Harmonisation of Laws for the Construction Sector is required and made to include construction and building standards and regulations, workforce licencing and training, long term planning, health and safety measures, environmental priorities and effective enforcement covering all aspects mentioned. *Kamra Tal-Periti* already made recommendations in this respect which The Malta Chamber endorsed. *Annex E4 – Construction SP.*
 - B. Forward Planning: Urgent review is required of the Strategic Plan for the Environment and Development (SPED). *Annex E4 – Construction SP.*
 - C. Mandatory Measures: Government and relevant stakeholders should work together to identify best practices that fit the local context, a combination of mandatory and voluntary incentives that promote the use and introduction of recycled building materials (creation of such a market), certification of buildings and contractors, good standing registers and construction material standards. Such measures could make use of a point / scoring system for those working in the sector that may tie

in with annual classification of their certification and incentives such as tax credits to points earned.

- D. Incentivise a Circular Economy and promote the use of recycled material especially in the construction industry.
Economic Vision 2020-2025 – Annex B - p.19 Rec.18 and Annex E4 – Construction SP.
 - E. Government should further invest in Research and Innovation specifically within the Construction sector, to ensure an improved sustainable built environment with the use of better and improved technology. *Annex E4 – Construction SP.*
 - F. Incentives for the Regeneration of Dilapidated Areas and Review of Local Plans: with respect to the natural environment as the top priority, aiming for quality, high standards and improved quality of life while raising the bar in outdoor living concepts by embellishing public spaces, all encouraged by the introduction of focused masterplans.
Annex E4 – Construction SP.
6. Incentivise Yachts without a holding tank to find a retrofit solution and make having a holding tank onboard mandatory.

5. Infrastructure

The need of a strong infrastructure, in the widest meaning of the word, was mentioned by most sectors. A modernising economy needs the structures and mechanisms to support it. Infrastructure is not just about roads, but also about digital infrastructure, logistics hubs and trained human capital amongst others. Moreover, a good infrastructure enables the continuous development of the economy. The Malta Chamber recommends that the Government provides the investment and incentives required to continue developing Malta's infrastructure, as follows:

1. Contactless Infrastructure, Services and Customer Experiences:
 - A. Upgrade to Contactless Infrastructure Solutions to Safeguard Malta's People, in:
 - i. Localities: by replacing all covered bins with pedal bins, well-resourced self-cleaning public toilets, and contactless vending machines in public spaces with masks and sanitisers to ensure that the country lives up to its aspirations in quality. Moreover, ensure the regular maintenance and cleansing of Public Areas, amongst other possible measures to ensure that the country lives up to its aspirations in quality in key sectors such as Tourism, Yachting and Financial Services.
 - i. Private Sector: A one-time payment for the replacement of current infrastructure to contactless infrastructure in the Private Sector to safeguard the health of employees and customers.
 - B. Contactless eGovernment Solutions for Business - Elevate the effectiveness and convenience of eGovernment services by having one contactless portal for the payments of VAT, Tax, Financial Incentives and Schemes to boost efficiency and quality of service to businesses. *Economic Vision 2020-2025 – Annex B p.14 Rec.3-5 & Stimulus Package for the Mini-Budget of 8 June 2020 - Rec. Simplifying and Strengthening E-Government.*
 - C. Incentivise a Contact-Free Customer Experiences:

Incentivise businesses and citizens to use contactless services in the fight to stop the spread of COVID-19, and aid economic recovery. Such services range from online shopping and ordering food remotely to telehealth.

- Economic Vision 2020-2025 – Annex B.
- All Think Tank - Round Table SPs (SPs) – Annex E.

- D. Set up a Fund for Digital Contactless Solutions to fund projects aimed at developing technology complementing human interactions. Projects for contactless solutions may include remote healthcare services, digital care services for seniors and other vulnerable groups, helping small and medium-sized businesses set up virtual conferencing and online sales support for small companies. Investment should be directed towards innovative technologies that enable contactless services, using robotics, drones and high-speed internet.
2. Retain, Diversify, Incentive / Subsidise Airline Travel Routes: The aim is to further support inbound and outbound tourism. This is very important for sectors like MICE and Group business, Incoming operators and DMCs with a Thursday to Sunday rotation to major European cities. *Annex E1 – Tourism SP.*
 3. 5G Investment for a faster data transmission and more reliable connectivity *Economic Vision 2020-2025 – Annex B p.14.*
 4. Consolidate Transport Operations around the Airport by providing space to be used to consolidate their operation close to the airport and park vehicles, therefore improving on efficiencies and costs. This can be supported by private investment in the use of technology to improve customer experience. Similar support schemes should be considered for the logistics sector. *Annex E9 – Transport & Logistics SP.*
 5. Set-up a Centralised Logistics Hub to minimise traffic for suppliers. *Annex E9 – Transport & Logistics SP.*
 6. Make available funds in a Mobility e-Wallet where people can use these funds on various transport modes other than private cars as highlighted in point 4.A above.
 7. Retail Areas:
 - Ensure Access to Retail Areas especially in key tourist zones that are impacted by major roadworks and construction sites.
 - Regular Cleanliness and Upkeep of Areas surrounding Retail Outlets including the Embellishment of surrounding Areas.

- Entice Street Performers and Entertainment to attract people to key shopping areas. *Annex E8 – Retail SP.*

6. Better Regulation & Enforcement

Clear regulations and their enforcement ensure a level playing field for all those operating in the sector. Business needs space to grow but it also needs regulatory frameworks which provide the boundaries in which it can operate to protect everyone else within society. Good regulation can provide a competitive advantage to the Country. Whenever the Country was first to legislate it managed to gain an advantage on others who did not. Enforce the regulations currently in place as not doing so creates unfair competition. The Malta Chamber recommends:

1. Increase resources in all entities responsible for the transparency (incl. public procurement), enforcement of laws, investigation and prosecution of illicit activities that undermine ethical business and damage Malta's Reputation.
2. Adapt regulatory and policy frameworks to become more of an enabler rather than restricting creative and new solutions. Businesses should be able to be more agile and flexible to adapt their business to the market needs. There should be a strong focus on reducing bureaucracy to a bare minimum to improve the overall level of service and reduce cost.
3. Importation and distribution operators should be guaranteed peace of mind that enforcement bodies are equipped to carry out their duty diligently and effectively. Enforcement bodies like MCCA, The Customs and VAT Departments and the Tax Compliance Unit should be well resourced to monitor and enforce standards. *Annex E2 – Importers SP.*
4. A more effective enforcement of fiscal and transport legislation is required to grow a more "compliant culture" within the country. The industry needs to be able to bank on good faith to address rampant abuse, tax evasion, unfair competition, and inequality, particularly in land transport. *Annex E9,10 – Financial Services & Transport SP.*
5. More effective and visible enforcement of existing transport regulations should take place as this will lead to less road accidents and less delays on our roads therefore

- Economic Vision 2020-2025 – Annex B p. 18 – Infrastructure Bottlenecks Rec. 13-19.
- All Think Tank - Round Table SPs (SPs) – Annex E.

contributing positively toward the economy. *Annex E9 – Transport SP.*

6. It is imperative to have a resourced Building & Construction Authority (BCA); the priorities of the BCA should be aligned with the national priorities as determined by social partners like the Malta Chamber. *Economic Vision 2020-2025 - Annex B p.39 Rec.51-55 & Annex E8 – Retail SP.*
7. Transparency: Registered contracts for property sales should be transparent and published using a blockchain platform with real-time data being made available. *Annex E4 – Construction SP.*
8. Development Applications: Changes to the development application regime in its entirety is required with a staged approach, giving importance to sustainable development, qualitative aspects, and upscaling of standards, and ensuring transparency and accountability from the Planning Authority. *Annex E4 – Construction SP.*

7. Digitalisation & Innovation

Digitisation cuts across all sectors be it public or private. This is not about having a strong IT industry in Malta, but it is about the adoption and utilisation of digital tools and processes to become more efficient, resilient, nimble and agile. Likewise, innovation also cuts across all sectors and it is not just about scientific discoveries, but innovation can be found everywhere in all industries and services. The Country needs to continue developing the environment, resources and ecosystems required for these to happen.

Economic Vision 2020-2025 – Annex B p.14 – Digitalisation Rec.3-5.

Digitalisation

1. Implementation of the Artificial Intelligence Strategy and include:
 - A. Setting-up a Centre of Excellence (CoE) for Digitalisation and Innovation to carry out R&I, develop and implement Policy for the integration of Digitalisation across all sectors, especially in Education, E-Government, and Industry. Moreover, Digitalisation and Automation should be complimented with effective funding, and the CoE should be given a budget to set-up a Corona-Hacking Initiative bringing the best minds together to innovate and mitigate the impact of the virus on society at large.
 - B. The Re-activation of the AI Task Force within the CoE and mandating it to work with researchers to identify solutions for government to apply social distancing and facilitate contact tracing when relaxing measures.
 - C. Encourage digital transformation of business through the provisions of investment incentives, including but not limited to, deepen their eCommerce channels.
 - D. Incentives for investment in technological solutions and cleaner fleets to improve quality and competitiveness on an international level. *Annex E9 – Transport & Logistics SP.*
2. E-Government for Business - Elevate the effectiveness and convenience of eGovernment services by having one portal for the payments of VAT, Tax, Financial Incentives and Schemes to boost efficiency and quality of service to businesses. while ensuring it responds effectively to emergency situations. This may be combined with Contactless solutions.

- Economic Vision 2020-2025 – Annex B p. 14 – Digitalisation Rec. 3-5.
- Stimulus Package for the Mini-Budget of 8 June 2020: Making a Success of the New Norm - Annex C.

- A. Improving E-Gov: Analyse why E-Government in Malta was prone to serious design-reality gaps including cross-departmental service information management.
- B. Review e-government projects to be more realistic and practical.
- C. Consolidate data to ensure it provides analytics to enable it to take rapid decisions and operate better when implementing emergency plans thus accelerating decision-making for effective emergency response.

Economic Vision 2020-2025 – Annex B p.14 Rec.3-5 & Stimulus Package for the Mini-Budget of 8 June 2020 - Rec. Simplifying and Strengthening E-Government.

Innovation

1. Innovation & Start-ups: set-up a Start-Up Ecosystem by providing tax incentives for angel investing and venture capital supplemented with a funded tech support platform led by a key international leader, this may be done by resourcing the Malta Innovation Hub within the Malta Life Sciences Park. *Annex E10,11 - Financial Services, Technology SPs.*
2. Assess the current incubator market by attracting start-up accelerators to assist with hand holding, mentoring, access to funding, contacts and advisors, guidance for setting and implementing strategy, this may be done by resourcing substantially the Malta Innovation Hub and the Malta Life Sciences Park. *Annex E11 - Technology SP.*

8. Become Data Driven

Data provides insights into what we are doing and what we can do. Malta suffers from lack of proper data in many areas. Business thrives on data and it needs to be made available in a timely manner and in an inexpensive way. Being driven by data is not just a process it is a way of doing things. The Country needs to have a data centric culture and the necessary tools to collect and make data available. Government should also make available all the data it has on an open source platform.

All Sectors are eager to contribute towards the vision with a clear understanding of Government goals and direction. This is necessary to overcome investments uncertainty and support the long-term digital economy growth effectively.

- Think Tank SPs – Annex E.

9. Develop Human Capital

People are one of the very few natural resources Malta has and developing it should be one of the highest priorities for the Country. The development of people remains an integral part of the development of any sector and updating skills and reskilling is required to ensure economic development and renewal. Government is to continue offering and strengthening the incentives aimed at developing human resources. In most sectors skills are becoming specialised and more sophisticated so closer collaboration in the area is required to close the skills gap. Therefore, The Malta Chamber recommends that:

1. The authorities do not introduce any measures or policies which discourage the engagement of new TCN's as well as single permit renewals of key Third Country Nationals (TCNs). Special attention should be given to those workers who are highly skilled or included under the Key Employee Initiative (KEI) but also those lower skilled workers who would not be easily replaced by EU or Maltese nationals in several segments. Some essential services which have a key role in the economy could come to a complete halt if such policy direction is implemented across the board. The aim of this proposal is to safeguard the interest of TCN employees as well as their expertise that would render it very difficult to replace. It is also important to simplify the new application process for employers to apply for work permits, sectors like Retail, Hospitality, Export, Care Homes Operators and Aquaculture, amongst others, are such examples requiring TCNs. *Annex E5,7,8,10 – Export, Hospitality, Retail, Financial Services SPs.*
2. Moreover, it is recommended to create an exemption for export orientated companies that can prove the need for large numbers of third-country nationals.
3. A Legal Mechanism for TCN employees to become Maltese citizens after years of being a working resident in Malta. It is time for the Government to create a clear pathway for key persons to become Maltese nationals. *Annex E5 Export SP.*
4. Need to incentivise foreign expertise: To the extent that Malta's domestic workforce is not adequately trained and/or specialised in certain areas of the financial services

- Economic Vision 2020-2025 – Annex B p. 26 – Developing a Highly Skilled, Highly Productive Workforce Rec. 32 – 39.
- Think Tank SPs – Annex E.

sectors, the Government must ensure that it incentivises foreign talent to come and fill these positions. *Annex E10 – Financial Services SP.*

5. Encourage building of remote worker teams, including overseas, to expand the effective talent pool. Include support for such teams in the incentives which currently only include employees based locally, including contractors, which is an increasing trend. *Annex E10 – Financial Services SP.*
6. Business incentives to companies investing in their employees to undergo specialised IT related courses, providing reductions in enrolment fees / tax incentives, particularly in E-Health, Manufacturing, Fintech and Gaming. *Annex E10 – Financial Services SP.*
7. Skilling and Reskilling: Offer further incentives to businesses for training and re-skilling of people especially during times of lower activity. Employees may be resistant to change, therefore such incentives are necessary to educate. *Annex E3 – Education & Training SPs.*
8. Support for Training Service Providers to embark on developing digital platforms to help them carry out training remotely. *Annex E3 – Education & Training SPs.*
9. Government should take stock of its strategy about public sector employment taking into consideration productivity and performance-based salaries, head-count control, and sensitivity to the impact that public sector employment in general has on the private sector. *Manifesto for Good Governance – Annex A.*
10. Education: Schools require more teaching and lecturing staff, due to a dearth of teaching professionals in mainstream education and the EFL sector having teachers move out of the teaching profession. Government should increase teachers' salaries and incentivise students to pursue the teaching career by improving salaries and working conditions. It is also worth considering setting up a fast-track teaching certification to offer reskilling opportunities to individuals who have been made redundant and have a lot to offer the education sector in terms of knowledge and specialist skills.

10. Reform & Align Education

Industry is rapidly evolving and so are its requirements. We cannot predict what skills will be required in 10 years' time, yet the educational system does not seem to respond to this reality. Education is one area where the results of reforms become evident 10 years from now so educational reform needs to be planned carefully. Engage in educational reform, pull education into the digital age and ensure that students are placed at the center of the educational system. This is another reason why a clear economic vision is so important. Therefore, the government should:

1. Back to School - Mindful of Covid Realities. Not going back to school would have serious ramifications that need to be avoided both for the students and the parents. Therefore, identifying the right way forward with the respective protocols for each of the 3 Scenarios identified by the Ministry for Education is vital. This should be subject to the direction of the Superintendent of Public Health to ensure children's safety with no more than 15 persons per class. It also imperative that Education remains available to all.
2. Parents need support, to balance a scenario where children still have to be schooled from home even in the case of hybrid schooling (for Primary & Secondary Education). Therefore, the Malta Chamber proposes:
3. Incentivising Flexible Working Patterns which necessitates incentivising and upskilling CEO's and Management to manage their staff against Key Performance Indicators when working remotely.
4. Tax Deductions for Parents purchasing IT Equipment for Children's Education, this should be as simple as the Teleworking Grant Scheme.
5. Support for all Education Institutions to be Covid-Safe with:
 - A. Upgrade Physical Infrastructure to Contactless Physical Infrastructure to mitigate the spread of Covid-19. The physical and logistical overheads required for a gradual "come back to school" will require Government support and subsidy as part of an effective "Economic Policy Response".

- Economic Vision 2020-2025 – Annex B p. 26 – Developing a Highly Skilled, Highly Productive Workforce Rec. 32 – 39.
- Think Tank SPs – Annex E.

- B. Strengthen their Digital Infrastructure and Educational Technology to cater for on-line and blended learning environments, as well as research and digital educational content. It is also recommended that the Government provides the schools with the flexibility to top up such equipment and platforms financially, should they wish to opt for more specific features, that will further help the teachers and students with the education experience.
- C. Supplying All Mainstream Students with Laptops and WiFi to ensure that no one is left behind.
- D. Enable Education Institutions to Invest in Human Resources to facilitate digital learning and ensure that a plug and play system is in place in view of future waves of Covid-19. This would require a holistic approach to enable on-line education including Online Learning, Question Time, Curriculum Development, and Assessment Methods. *Annex E3 – Education & Training SP.*
6. Address the Skills Gap: The educational curriculum of schools up to university needs to be further aligned with today's needs both in how and what is taught. Tomorrow's workforce requires a high level of 'fit for purpose' competencies and skills relevant to the dynamic businesses of the future. The Chamber recommends the curriculum to equip all students with ICT skills, as well as solid literacy, numeracy, and problem-solving skills to enable students to use ICT effectively. Therefore, teachers should ensure they are retrained to remain abreast of new modes of practices. Moreover, The Malta Chamber reiterates its position presented in the 2014–2020 Economic Vision that the stipend system across further and higher education should be positively biased towards those disciplines that are central to the continued economic well-being of Malta. These include STEM streams and teachers of STEM subjects. *Economic Vision 2020-2025 – Annex B p.26-28 Rec.33-34 & Annex E10 – Financial Services SP.*
7. Revise and update Academic Curriculum: both the academic and non-academic curricula should be revamped and overhauled across all age groups, in order to include an improved teaching methodology that will enable students to be stimulated to think, question and

understand, be able to thinking critically and be capable of presenting arguments in a clear and thought out manner, through the proper use of language skills. *Economic Vision 2020-2025 – Annex B p.28-29 Rec.32 & Annex E10 – Financial Services SP.*

8. Technology needs to be introduced into the curriculum at an earlier stage and used to build a tech appetite pipeline into the higher levels of education. A tech syllabus at primary level is a must. Moreover, adequate investment is to continue in digital infrastructure, and more emphasis is placed on training and education in emerging digital technologies. *Annex E11 – Technology SP.*
9. Importance of International Outlook: For Malta to be successful in the field of financial services, it is imperative that the people working in this sector possess an international outlook. This may either be obtained as a student with an overseas placement or by having experienced overseas employment. The Chamber encourages both the University of Malta and MCAST to set up partnership agreements with companies and institutions to provide students with overseas internships. *Annex E10 – Financial Services SP.*
10. Understanding disruption in the financial services sector: The international financial services sector is undergoing rapid disruption and change in all areas. Malta’s strategic plan must take account of these disruptions and design a strategy accordingly. *Annex E10 – Financial Services SP.*
11. Embark on developing an educational system which prepares an enabled workforce within various industry verticals especially in Entrepreneurship and Computational Thinking at Secondary Level This would to expose students more to IT applications in vertical industries with career guidance to incentivise students to take up IT at a tertiary level for sectors such as Manufacturing in the digital age, which would in turn incentivise industry to invest in innovative automated investments. *Annex E11 – Technology & Annex E6 Manufacturing SP.*
12. Educational campaign addressing parents to understand the fundamental significance of digital literacy in today’s world, breaking the gender stigma on IT careers and

overcoming perception that IT is for mathematics gurus.

Annex E11 – Technology SP.

13. Out-of-compulsory-education activities on Game Development and Coding in partnership with expert service providers from an early age, which would include coding camps in Summer Schools to stimulate interest and fun in IT. *Annex E11 – Technology SP.*
14. Specialised Courses in Retail Management: there needs to be an educational element with specialised courses for people in Retail Management. This would further elevate the image of personnel working in this sector. Alternatively, a PPP should be set up between the businesses in the Retail Sector and Government to have an Educational Institution for Retail Management. This would save the Private Sector on training costs and retailers would also be contributors / lecturers. This initiative should be strengthened by means of a PR Campaign, to promote careers in retail. *Annex E8 – Retail SP.*
15. International Students:
 - A. Develop a Rescue Plan for the EFL Sector, to ensure that the sector survives the pandemic.
 - B. Resource Education Malta to devise a strategy and attract non-EU students to study locally.
 - C. Provide Visa Extensions of International Students due to Covid-19. *Economic Vision 2020-2025 – Annex B p.9&37 & Annex E3 – Education & Training SP.*

11. Promote & Communicate

Most sectors have highlighted the importance of communicating to people what the Country is doing, be they local or visitors. It is also stated that business requires clear direction and hence clear communication of where we are, what we want to do and where we intend to go is essential. Embark on campaigns which promote Malta as a great location for most business types be, they start-ups or established, as well a tourism destination. Communicate as widely as possible to educate and inform the people about where the Country is heading in terms of an economic vision as highlighted in point 1 above. The Malta Chamber proposes:

1. Promote Malta as a Safe Destination with clearly communicated protocols internationally, using an instant swabbing exercise for all tourists coming to Malta. *Annex E1,7 – Tourism & Hospitality SPs.*
2. National Campaigns with Effective Communication: It is recommended for the Government to carry out three campaigns:
 - A. A campaign of reassurance for consumers to shop, yet ensuring they take all necessary precautions when shopping, at the same time showing the safety measures taking place by retailers.
 - B. The continuous campaign to encourage consumers to buy local shows that the country is working together.
 - C. A campaign for locals & tourists to uphold responsibility as regards safety measures for Covid-19.
 - D. A Campaign to promote careers in retail. *Annex E1,7,8 – Tourism, Hospitality & Retail SPs.*
3. Build a culture of “cooperation”. Implementation of Open-Data concepts could assist in international promotion and collaboration on an international level and enable the industry to tap into international markets. *Annex E11 - Technology SP.*
4. Tech MT should be further resourced and strengthened to assist the technology sector by building and executing internationalisation strategies including foreign market analysis, Foreign Market entry strategies, Embassies as business facilitators. Technology companies to explore

Think Tank SPs – Annex E.

collaboration with large international players to enter these markets through strategic collaboration.

5. Further incentivise businesses who seek to build international revenues: funding of fair participation, legal assistance in target jurisdictions, translation and marketing activities.
 - A. Team-up to Export will generate direct and indirect benefits for such ambitious companies such as identifying contacts, building networks, joining consortia, and enhancing their market penetration knowledge to grow globally.
 - B. Help improve technology sector international marketing and promotion skills including market analysis, digital marketing, copywriting, and the use of business networking tools.
 - C. Develop a Government funded support platform to help the tech and finance industry make the leap towards internationalisation and gaining the required skills and foreign expertise. *Annex E11 - Technology SP.*

Annexes

DOCUMENT	ANNEX / LINK
Manifesto for Good Governance	Annex A
Economic Vision for Malta: 2020-2025	Annex B
Stimulus Package for the Mini-Budget of 8 June 2020	Annex C
Recommendations for the MoneyVal Assessment	Annex D
Think Tank - Round Table (RT) Sectoral Papers (SPs)	
1. Tourism RT SP	Annex E1
2. Importers & Wholesalers RT SP	Annex E2
3. Education & Training RT SP	Annex E3
4. Construction RT SP	Annex E4
5. Exporters RT SP	Annex E5
6. Manufacturing RT SP	Annex E6
7. Hospitality RT SP	Annex E7
8. Retail RT SP	Annex E8
9. Transport & Logistics RT SP	Annex E9
10. Financial Services RT SP	Annex E10
11. Technology RT SP	Annex E11
12. Digital & Media RT SP	Annex E12

All the above documents can be accessed on <https://www.maltachamber.org.mt/en/policy-positions>

Acronyms

In order of appearance:

LEED	Leadership in Energy and Environmental Design
R&I	Research and Innovation
ESG	Environmental, Social and Corporate Governance
VFA	Virtual Financial Assets
FDI	Foreign Direct Investment
PPP	Public Private Partnership
EFL	English as a Foreign Language
SPED	Strategic Plan for the Environment and Development
CBM	Central Bank of Malta
MFSA	Malta Financial Services Authority
MCCAA	Malta Competition and Consumer Affairs



THE MALTA CHAMBER

A SMART SUSTAINABLE ISLAND

**DRIVING THE
WEALTH AND WELLNESS
OF SOCIETY**

**Recommendations for
The Annual Budget 2021**

21st August 2020

The Malta Chamber of Commerce,
Enterprise and Industry