

General
Election
2017

Electoral Manifesto





Foreword



We are today enjoying an economy that is healthy and encourages investment. We are experiencing the long coveted economic surplus, something we should celebrate, appreciate and safeguard.

GRTU acknowledges the role the last legislature has played in reaching an economic surplus whilst also acknowledging the role played by the previous legislature and the role played by employers. GRTU advocates that an election is always an opportune time to take stock of what has happened and it is up to the political parties to pledge to work in the right direction and improve. We should all learn from past experience and this is what GRTU is doing. With its experience of representing enterprises for 70 years, GRTU is presenting its own electoral manifesto, from a

business point of view, as if GRTU were a political party contesting the general election and pledging its promises for the next legislature. GRTU's 33 proposals are well thought out and measured, they are all easily implementable and required if the next legislature wants to stimulate business and improve the environment in which they operate.

These proposals are essential for enterprise for government to truly be pro-business. I invite the political parties to incorporate these proposals into their own manifesto to pledge their commitment to being pro-business

A handwritten signature in black ink, appearing to be 'Paul Abela', with a large, stylized initial 'A'.

Paul Abela
President

Key Principles

1/

Agreement between Social Partners at MCESD

GRTU is a great believer in the value of social dialogue and we believe that it is in the interest of our country to strengthen this democratic process.

In the past, previous Prime Ministers gave the social partners at MCESD a commitment that if there is agreement between social partners at MCESD level, the Government will ratify the agreement. This will give great value added to MCESD that has on numerous occasions been criticized to be a talking shop.

GRTU therefore requests a commitment from the next legislature to ratify MCESD agreements.

2/

Public competing with private sector

The government shall commit not to enter in direct competition with the private sector and shall not through its own intervention put public entities, public institutions, NGOs and charitable foundations in competition with the private sector.

Private enterprises work very hard to penetrate markets and become successful and therefore **GRTU requests a commitment that the next legislature will not destabilize the market and create advantages that hinder the functions of a healthy competitive market.**

3/

Local Councils and commerce

Local Councils neither have the capacity nor the remit to regulate commerce. Unless specifically related to their religious village feasts or a specific fair organised in that locality, local councils should not be allowed to issue any kind of permit that allows selling in the street or adverts to be affixed in our roads.

Commerce should only be regulated by central government and by specific departments that have full knowledge of the law and by virtue will act in an even manner across the board.

With their actions Local Councils have caused a lot of harm and unfair competition with their ultra vires actions and instances of poor governance.

GRTU is therefore seeking a commitment from the next legislature that Local Councils will be restricted once and for all from regulations and licensing of the private sector.

4/

Mechanism to calculate the price of ODZ

Public land found in ODZ is very valuable and government is the gatekeeper that has been entrusted to control access to such a valuable resource. Public areas found in ODZ should be protected with all possible measures and GRTU suggests the creation of mechanisms that will make ODZ less attractive and easier for the gatekeeper to safeguard.

GRTU requests for the next legislature to commit to immediately develop a mechanism to financially value the price of the public land found in ODZ. GRTU believes that public land found in ODZ should not be valued as normal public land and nor should it be valued as normal private land that would be issued for tender for instance. **The public land in ODZ should be valued at commercial rates and a premium would be added to this valuation since ODZ land is being used.**

5/

Creation of a new sector

Malta has experienced an economic boom with the emergence of a new sector that have given great contributions to our economy.

Sectors like these should be identified and incentivised. This should be a task for each and every legislature. **GRTU requests the next legislature to commit to creating a new economic sector that is emerging and would create a successful niche in Malta.**

The Institution

6/

Democratization of the Powers of the Prime Minister

In favour of a stronger democracy and giving greater power to the electorate through the empowerment empowering the cabinet of Ministers; **GRTU's request for the next legislature is to take important decisions with responsibility, decisions that would be backed by the majority of cabinet.** It should be in the interest of any legislature to safeguard the integrity of the institutions and protect itself against accusations of political interference and poor governance.

GRTU therefore requests that the President, the magistrates and judges, the Commissioner of Police, the governor of the Central Bank of Malta, the Chairman of the MFSA, the FIAU Chairman, the Chairman of the Planning Authority, the Commissioner for Lands and the Chairperson of the Public Service Commission be appointed through 2/3 majority in parliament.

GRTU believes this is essential to safeguard the integrity of politically sensitive institutions and limit the potential of negative exposure of the government.

7/

Increased transparency and fairness in the Planning Authority

One of the most common complaints made by GRTU members relates to decisions taken by the Planning Authority. **GRTU requests the next legislature to commit to revising the decision making processes within the Planning Authority through wide consultation.**

The procedures need to be standardized and its decisions need to be predictable and based exclusively on written policies. Power given to individual officials to make decisions needs to be revoked and converted into transparent processes. The perception businesses have about the Planning Authority and the way it takes decisions is a very negative one and the reason for this is ample. GRTU itself through representations has had to stop numerous projects that it deemed were decided upon in a cynical manner.

In one instance GRTU also questioned uneven enforcement patterns and even when GRTU invoked the Freedom of Information Act, this information was not disclosed of to date.

8/

Guardia di Finanza to safeguard fair competition

Unfair competition continues to plague the economy with increased evasion stemming especially from foreign operators. Budget after budget governments have found a way to reword their commitment to fighting this cause however nothing tangible has materialised and it is clear that apart from lip service there is no political will. GRTU has made various attempts to tackle this with the individual departments and ministries however there appears to be a horizontal lack of enforcement strength.

In addition a major pillar of commercial enforcement rests on the police force which is already very limited in terms of resources. GRTU seeks the commitment of the next legislature to make a difference and involve GRTU in its actions.

GRTU seeks commitment to tackle first and foremost regularisation of imports coming through the catamaran channel to ensure that we know what is coming into our island and that everything is above board. Eco-Enforcement officers should also be appointed to ensure that the environment is safeguarded from commercial activity and the fair adherence to environmental regulations.

9/

Accountability Bill for civil servants

GRTU requests a guarantee from the next legislature to not only be pro-business but to give red carpet treatment to business.

The impact legislation has on enterprise can be very negative if not well used. Civil servants and government officials must become aware that their actions have an impact on the populace and they must ensure that they do not bring harm to the people that are paying for their jobs to serve them. Civil servants must be reminded regularly that the powers they have were vested in them to give a service and not castigate.

Like anyone else civil servants should be held liable for their actions, only in this manner will they realize that their actions might have a consequence on someone. The arrogance and attitude of certain civil certain in the way they handle their clients is unimaginable sometimes and businesses are treated like thieves.

GRTU therefore requests a commitment that the next legislature will initiate with a consultation that will lead to an 'Accountability Bill'.

10/

Small Business Act legally enforceable

The Small Business Act has shed light on important standards legislators should adhere to in order to safeguard the interest of small businesses. The government was fast in transposing this into an Act for Malta however implementation of this was limited and it has no standing in a court of law. **GRTU requests a commitment from the next legislature that principles enshrined in the Small Business Act will become legally enforceable in Maltese law.** This includes the requirement to consult employers' organisations when a new law or change in law that affects business is in the pipeline, the minimum consultation period, adherence to the 'Think Small First' principle and the SME test.

In addition the Legal Notice Checklist should be made available to the public. Also Government should present a justification when proposals and request for amendments presented by social partners are not taken up. A board should also be set-up to review reports of cases where the legislator has breached such standards. Finally the next legislature should also commit to the mandatory introduction of the one-in-one-out rule in all Government entities and departments so that every new law, requirement, financial imposition, etc. would be compensated by removing same from another end.

Pro-Business Legislative amendments

11/

Immediate and sustainable traffic measures

Time wasted in traffic jams has a direct effect on productivity rates with employees spending less time at work because of additional commuting time. Road works in Kappara have in GRTU's opinion been delayed longer than they needed to because the contractors are not pushed to work to the full potential of man hours but have been given the maximum leeway.

Individuals are still resorting to using their private vehicle for daily commuting and the main reason is that we lack an efficient and attractive public transport system. Wardens should be done away with and given proper training to become traffic police to aid traffic congestions.

GRTU requests a commitment from the regulator to set-up a high level task force to implement agreed traffic solutions and GRTU would be involved at this level.

A commitment is also necessary to work on a sustainable transport system that will result in a shift to public transport, no other outcome should be targeted. Wardens would be employed by

government and reformed to assist on the roads and traffic flows and the new legislature should also commit to make out of the Marsa Junction project an example of efficiency.

GRTU expects the legislator to also commit to commence a discussion on how to make the livelihood of businesses that depend from working on the road easier.

GRTU had proposed a number of tangible ways how this can be achieved.

12/

Rationalizaion of taxation

GRTU has welcomed the news that Malta has now reached an economic surplus and this surplus is not just a result of government action but most of it is coming from our enterprises that have invested in our economy and increased employment levels.

GRTU agrees with the principle of redistribution of wealth and that the wealth that has been generated as a result of private sector investment is reinvested in the companies through lower taxes. This will increase economic activity and still result in significant revenue generation for government. **GRTU requests the commitment of the next legislature so that income tax for businesses is reduced to 10%.**

13/

Reclassification of the 6/7 tax incentive

GRTU understands the country's need to attract foreign investment and GRTU supports such initiatives of creating the right conditions to attract enterprises that will create value added in our economy.

At no point however must Maltese enterprises be disadvantaged by this or be treated as second class. It is also amply clear what types of sectors we have an abundance of supply of in Malta and these should not be given tax advantages.

Malta has enough retail outlets; it has enough supermarkets and restaurants. Maltese enterprises in these sectors cannot compete with other businesses in their same sector when they pay a 30% difference on income through the 6/7 tax incentive.

The amount of Italian businesses that have relocated to Malta because of the economic depression in their country and the high taxes they are paying is significant and they are recovering at the expense of our enterprises. **GRTU therefore expects the legislator to identify specific sectors that we do not require more of in the Maltese economy to be exempt from this advantage.**

14/

Ring-fencing specific taxes paid by businesses

Each and every fee that is paid by enterprises, apart from the run of the mill taxes of income tax and VAT, must be clearly justified.

GRTU requests the next legislature to commit that each fee imposed on businesses must have a specific scope and placed in a fund that would be ring-fenced and used either to ameliorate the service given to the enterprises paying the fees or use the funds for the benefit of society in a way that is directly linked to the justification of why the fee is being charged. Such fund would be audited and the results of how the money placed by the private sector made public.

15/

Retracting on SISA

Excise tax has developed into the most unfair tax in Malta. Apart from the usual excisable goods of alcohol and cigarettes this tax has been extended over the last years to cover tyres, wine, tiles, aluminium, glass and personal care products. SISA is yet another burden placed on businesses that are known to government and are already law abiding, those working under the government's radar have been given yet another advantage. To make matters worse it is also unenforceable.

Excise tax is a sword that cuts from both ways because on the one hand without stickers excise is widely evaded and on the other hand the sticker is a significant bureaucratic burden.

Businesses and consumers are till today not aware what they are paying this for, why the government did away with eco-tax only to have it replaced by both waste fees and excise tax and where is the money going. **GRTU expects the next legislature to do away with this cowardly tax on all the products that have been added to it over the last years.**

16/

Reduce employment cost

Most businesses in Malta are small and micro companies, where employees are not numbers but personal relations. Apart from the fact that many small businesses are family run, most small businesses are tight knit and work together as a family. Small businesses would of course like to give their employees all the flexibility and time away from work they require but they cannot do that because they are running a business and they do not afford to become a social entity.

The cost of employment has increased drastically over the last years with human resources becoming more scares, increasing wage inflation and staff turnover, and social measures enforced at the place of work.

Whilst GRTU recognises the validity of measures such as the maternity leave trust fund, the 2% rule to employ a person with disability and the top ups of the minimum wage and COLA, the reality is that the cost of employment is increasing and many employers are getting close to nothing in return.

GRTU requests a commitment from the next legislature that any social measures targeting the world of work will only be enacted once agreement at MCESD level is reached and employers are

given full compensation for the loss they suffer including loss of production and competitiveness.

GRTU also requests the commitment of the next legislature that public employment will be kept at the bare minimum because precious human resources are being taken by the public sector off the private sector.

17/

Boards

GRTU is today not just one of the main social partners but the strongest employer representative in terms of numbers.

GRTU has unfortunately noted that certain boards and committees are lacking a GRTU representative and in many cases lack the representation of employers in totum and therefore are composed solely of civil servants.

As a major cross-sectoral employer and only employer with main representation consisting of micro and small enterprises, **GRTU requests a commitment by the next legislature to appoint a representative on the following committees/boards: Copyrights board, MTA Boards, Noise Abatement Board, ITS Board, Crafts Council, National Skills Council, Unfair Competition Task Force and the Parliament Investment Committee.**

18/

Compulsory membership for all enterprises with social partners

The tripartite system of social dialogue is an essential element within our democratic system. GRTU believes that social partners play a very important role and it is in the interest of both the government and enterprises for this role to be better recognised and strengthened.

Several EU countries have adopted the system of legally supporting the financing of employers' associations directly by businesses; this includes Germany, Italy, Austria, Hungary, the Netherlands, Spain, Slovakia, France and Slovenia.

The results are extremely positive. **GRTU requests the next legislature to commit to a system of compulsory membership that would be beneficial for all the parties involved.**

The compulsory membership would be for all self-employed persons and legal entities entitled to run businesses in Malta. This would involve a nominal, regular and mandatory financial contribution to one of the cross-sectoral employer organisation that is represented on the Malta Council for Economic and Social Development.

19/

Revision of the Rent law

GRTU was against the revised rent laws in 2008 because of the one sided bias in favour of the landlords with total disregard of tenants. The law came into force to address anomalies in the pre-1995 rent law commercial agreements in total disregard of historic conditions that have led to such agreements.

Tenants had a legal agreement, signed by both the tenant and the landlord, giving them legal rights that changed with the revision. **GRTU and the Malta Chamber of Commerce have now presented a set of changes that safeguards the goodwill of tenants and provides them with a compensation for the years they have invested operating their business from that particular premises.**

GRTU requests a commitment from the next legislature to endorse these recommendations.

20/

Removal of the Death Tax on business

GRTU believes that one of the most unfair taxes we have in our country that unjustly extracts capital out of the business to lucratively finance the government's consolidated fund is the tax paid when a business is transferred to the next generation.

Enterprises pay taxes throughout their lifecycle; government is paid its fair share of dues on a regular basis.

Why should an enterprise owner who has spent his/her lifetime building a business have his/her children pay because they are taking over the family business? **GRTU requests a commitment from the next legislature to remove this greedy tax to make business transfers before and after death as easy and reasonable as they should be.**

21/

Revision of the MFSA fee structure

GRTU believes that an authority like the MFSA should follow the same positive procedures related to the imposition of fines that other public entities of a serious calibre follow.

The requirement of an auditor for an enterprise to comply with the MFSA obligations is something that often leads to delays not because of the enterprise itself but because the auditor has fallen back on work.

GRTU therefore requests the next legislature to commit to revising the MFSA fines so that, like other entities do, when the enterprise complies within an agreed timeframe, 90% of the fine is waived.

This of course will incentivise the enterprise to comply earlier and avoid it being burdened by fines that do not depend on its sole action. GRTU requests a commitment from the next legislature to endorse these recommendations.

Positive Business Measures and Schemes

22/

Social measures for business

It is high time for self-employed to start to be treated as families themselves. As time passes discussion about maternity leave, parental sick leave, etc. is developing and it is limited how much self-employed benefit from such measures.

Self-employed should be sustained by our social system to be able to maintain their business and their family at the same time.

If a self-employed person stops working because the person is on maternity leave or other similar instances, the income of the family will be very negatively hit leading to people choosing either being mother or having a business. **GRTU requests the next legislature to include self-employed in the scope of family friendly measures.**

23 /

Reduce cost of access to finance

Access to Finance remains a core concern for SMEs and more so micro-enterprises. GRTU has over the years campaigned heavily on the subject and it is now on the national agenda.

We have garnered support from the Governor of the Central Bank, other social partners, the undeniable reports by the MCCA and the MFSA and very recently the government itself. No major tangible results have however been achieved and enterprises are footing the bill for government's inaction on the subject.

Nonbank instruments are the way forward. There is business potential which is not being reaped because tapping into alternative sources of financing is not yet made easy.

GRTU requests for the next legislature to strengthen the MFSA and MCCA as regulators in addressing the concerns they had outlined over a year ago in their reports. This must result in lower interest rates and lower bank charges otherwise GRTU sees little scope of having regulators that are strong with the weak and weak with the strong.

GRTU also request for the legislator to put in place strong incentives to encourage banking competitors to enter the market.

GRTU requests for access to Venture Capital to be supported and respective legislation updated to reflect facilitation rather than administrative and legal burdens.

24/

Voluntary audits for micro companies

The EU has very clearly encouraged member states to diminish the burden related to financial statements, most recently through its Directive 2013/34/EU. The Directive specifically stipulates that ‘the annual financial statements of small undertakings should not be covered by this audit obligation, as audit can be a significant administrative burden for that category of undertaking’.

The removal of audit requirements on micro enterprise and non-trading companies has been a reasonable and long-standing proposal of GRTU and the EU gave a clear signal that it looks favourably at such an initiative aimed at promoting the think-small-first principle.

GRTU therefore requests a commitment by the next legislature to remove the audit burden off micro companies.

25 /

Reduction in package delivery costs

A significant amount of effort has been invested by everyone to push businesses to sell online, with the result that numbers have increased.

There are still however a number of barriers that are impeding the full implementation of the Digital Agenda and mainly this boils down to expensive postage fees. It has been confirmed that postage fees are more expensive when goods are exported from Malta than vice-versa, even when the package is travelling the exact same route and using the same courier.

Until postage fees remain high Maltese businesses stand little chance of competing and selling online.

GRTU requests the next legislature to commit to address the problem and if necessary subsidise delivery costs or come up with other incentives.

26 /

Reduce the price of Electricity

GRTU contends that considering all the factors that have come to play in our energy market the price of electricity should have gone down by 30%.

GRTU requests the next legislature to reduce the price of electricity for the commercial sector by 30%. Liberalisation of the electricity market must move from on-paper to in practice.

The country ex-public corporation is both the generator and distributor of electricity and apart from the interconnector that is owned by the government and still operated by Enemalta itself; there are no other major players that compete with Enemalta.

GRTU requests the next legislator to source a separate operator to operate the interconnector and a second operator in the distribution of electricity to cater for the private sector. GRTU also requests the opening up of possibilities for the private sector to set-up micro generation independent from Enemalta and integrated with the national distribution system. New private investors should also be given the opportunity to buy the remaining Enemalta shares on the same terms of Shanghai Electric.

Many have today invested in PV systems, but many would like to do so in the future.

Reaching our EU 2020 targets on time should be made our most immediate priority. The feed in tariff has gone down from 25c/kw to 15c/kw in around 5 years. To maintain investors interested in Maltese projects, a decent rate of return needs to be fostered, thus a stable yet sustainable feed-in-tariff is needed. The current 15c rate is the bare minimum to make renewable energy products sustainable.

GRTU therefore requests a commitment from the next legislature not to go below this level for a minimum of 3 years. Furthermore, in order to sustain the momentum of projects, the capping on PV installations should be removed until targets are reached.

27/

Regenerating our commercial hubs at locality level and industrial areas.

Two factors that are dampening the consumer's experience at locality level are the general atmosphere and the facilities available.

Both factors can be easily addressed if the correct incentives are put in place. GRTU believe that small commercial hubs and shops at locality level still have place in our economy and serve an important social function of providing services and job opportunities at locality level, diminishing also time spent in commuting on a number of fronts.

GRTU requests the next legislature to put in place incentives to attract investments at locality level in earmarked areas, incentives for upgrades and also incentives for investments in multi-level storey car parks. **GRTU also requests foundations to be set-up similar to that of Mriehel to manage industrial and semi-industrial areas for their regeneration and creation of the necessary facilities fit for an industrial area. In addition all incentives run by Malta Enterprise should be open for the retail sector.**

28 /

Buy local campaign and quality certification

It is high time that the Maltese product and spending money locally start becoming priorities. Through a number of historical and economic factors, the Maltese have developed an appetite for all that is foreign and have always regarded Maltese products and whatever is offered in Malta as second class.

This has started changing slowly with increased investments by Maltese businesses in local products and **GRTU expects the next legislature to support this through a campaign as well as a quality certification system.**

Both would be targeting the consumer with the main aim of raising the profile of Maltese products and buying from Malta and helping them appreciate this more.

29 /

Second chance foundation

something we have not come round to doing in Malta as yet. The effect failure has on the entrepreneur and on society at large are vast.

The stigma and difficulties faced by a formerly bankrupt entrepreneur are such that many are deterred from re-starting a new venture. Unfortunately, the effect does not stop there. Many who went through the ordeal do not even consider creating a company out of fear of the consequences of failure.

This apart from the emotional and psychological strain a person goes through. **GRTU requests the next legislature to commit to partnering with GRTU to create an Early Warning Foundation.** The task of the Early Warning Foundation would be just to help companies avoiding bankruptcy and help those that have no other choice to extract themselves from impossible situations and live to fight another day.

This foundation would help businesses not to see bankruptcy as the ultimate disgrace.

30/

Extension of Freeport for locals

Malta's Freeport facilities are praised for their standard and efficiency. However as the Freeport facilities become more in demand, the space available for local operators has become limited and increasingly these operators are being faced with delays that makes their operation inefficient.

Unfortunately the space available at the Malta Freeport is not sufficient, at the same time however allocating additional space is not a means to an end in itself. **GRTU requests the next legislature to allocate an additional area for the operation of the Malta Freeport for exclusive use of local operators.**

31/

Fund dedicated to R&D for the development and adaptation of technologies Malta

Malta's particular geographical conditions mean that certain technologies need to be developed specifically for the Maltese context. This is particularly true in the case of renewable energy due to land limitation.

However there are no foreign large companies willing to develop a particular technology for such a small market. This means that we have to make do with the technologies that are available off the shelf and which are more suited to larger countries with more land, less sunshine and colder weather.

GRTU requests the next legislature to create a fund for local R&D projects. Funds available through MCST or EU funds that require an EU wide partnership or the technology to be applicable elsewhere have been found too difficult to tap into by the private sector. As a result the level of R&D focused on Malta's needs has been very low and one of the lowest Worldwide.fight another day.

This foundation would help businesses not to see bankruptcy as the ultimate disgrace.

32/

Permanent link between Malta and Gozo

There seems to be a general consensus in the country, including a political consensus, that a permanent link between Malta and Gozo is the way forward if we want to increase the population level in Gozo, reduce the average age of residents, generate investment and create employment opportunities.

It is a vicious circle and no incentives will make any of these factors materialize unless we have a permanent link. **GRTU requests a clear commitment from the next legislature on this.**

GRTU requests for a business plan to be developed that clearly illustrates the timeline of the project implementation. There is a wide perception that this is a project that will have to go through great difficulties and lengthy and endless studies before take-off.

33 /

Creation of a Retail School

Retail and Sales remain important economic sectors. These are however often supported by human resources which are most commonly unqualified and untrained. Business owners and operators in this line of work are very aware that personnel is majorly made up of youths and adults who may have not furthered their studies much beyond compulsory education or elsewhere in the system resorting to foreigners.

There is clear appetite and necessity for training avenues and for formalising and professionalising the sector which would boost economic performance, develop unskilled and semi-skilled resources, as well as provide for better consumer relations and customer oriented sales across the sector.

GRTU therefore requests that the next legislature would partner with GRTU for the setting up of a Retail School within which we would develop a set of short and full courses on part-time and full-time basis based on the findings of the analysis as well as following pilot initiatives.

The scope is to build an education and training route for existing and potential human resources for the sector with the aim of having a clear training pathway for the retail sector and develop careers in retail.

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