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GRTU NEWSTRING



Positive Performance for Business, concerns still to be addressed – GRTU Business Performance Survey 2015

GRTU's 2015 Business Performance Survey shows an overall positive result which to a great extent reflects Malta's economic achievements. This is especially when considering an increase of over 10% of respondents reporting improvements over last year, when compared to the feeling expressed by enterprises in the 2014 Business Performance Survey.

In 2015, the positive feedback submitted by businesses supersedes the negative feeling both when businesses assess their overall performance and their sales during the festive season.

GRTU however believes that the figure of 25% of total respondents reporting a negative going of business is not an insignificant one and merits a thorough analysis to assess what the underlying issues causing this disparity are. GRTU is also not satisfied with the 27% of enterprises that felt that they remained in the same situation of last year because the economic performance of the country should have translated into improvements across the board.

Enterprises outlined a number of factors that they felt contributed directly to their overall performance in 2015. Interestingly, even though the results of the survey are generally positive, respondents mention a higher number of negative factors and some elements are even cited by businesses as having had a negative contribution while others attribute the same elements to their positive performance.



**'40% of respondents
have experienced
improvement in their
business, however
25% reported a
negative going of
business'**

GRTU Business

Performance Survey 2015

An extended period of good weather was frequently mentioned as having had the strongest positive impact on the going of their enterprise because people were encouraged to go out and shop. The weather was however also seen in a negative light by businesses that do better when the weather requires the thicker clothing they sell. Another main positive factor was the successful strategy adopted by the enterprises themselves, including advertisement and promotion strategies, good customer care and the selection of products sold. Consumer spending power was also said to have contributed towards positive business performance.

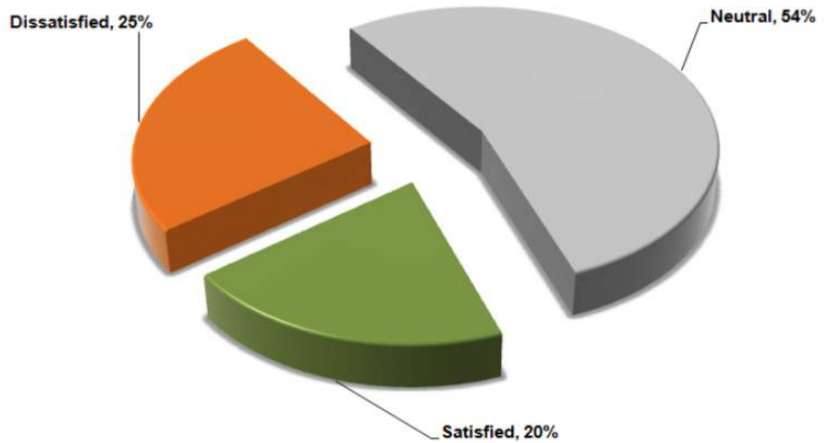
The negative comments were both numerous and familiar, with competition being the most unfavourable factor reported. Enterprises complained about too many businesses competing for the same consumers with the same products, driving down profitability; however their complaints also include the ever-increasing challenge posed by online shopping as well as unfair competition. The issue of unfair competition is affecting businesses in all sectors. This ranges from imports that are evading taxes, the sporadic issuance of licensing and the unsustainable enforcement efforts of the authorities.

Traffic, roadworks and parking were also very common sources of complaints with a vast number of respondents arguing about lack of sufficient parking facilities in many localities, accessibility issues in Valletta, the need to increase loading and unloading bays and the need to utilize wardens to help rather than castigate.

Insights into the festive season show that the best time for business sales was Christmas Week (21st – 27th December). The introduction of Black Friday sales (27th November) were reported as a successful initiative despite takeup by businesses may have been low in its first year. As one may expect, January has been so far a slow month for business.

The survey further resonates issues and concerns

Did the sales (turnover) levels in January match your expectations?



What are the overall views on your business' sales (turnover) during the festivities?



which GRTU has been honing about. There is a clear need for a stronger environment towards boosting competitiveness such as initiatives to help businesses go online. One point which continues to surface as a stumbling block for outward online shopping is excessive postage costs to sell abroad. Running costs also need to be diminished to encourage competitiveness. GRTU's call for reduction in utility tariffs would definitely be of great support to this end, allowing businesses to instead be in a better position to invest and

innovate.

Access to finance remains largely an unaddressed business concern with the survey referring to bank interest charges. Administrative burdens and bureaucracy also hinder business growth.

Setting an outlook on expectations for 2016, a good 34% of businesses reported intentions to expand over the next year whilst only 5% reporting downsizing expectations for the upcoming year.

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GRTU moderates the Single Market Forum



GRTU Malta Chamber of SMEs was an active participant in this year's Single Market Forum and apart from contributing to the organisation of the event the office also moderated two sessions entitled 'Single Market, Parallel Trading and Un-fair Competition' and 'Tackling internal barriers to export'.

In her introduction, Chief Executive Officer Ms Abigail Psaila Mamo, explained that the Single Market is what makes the European Union an Economic Union and this is very beneficial to both consumers because of increased competition and lower prices and businesses because of the access it grants them to over 500 million consumers.

The Single Market in principle should operate as one national market and therefore anything coming from outside Malta that is coming from any other European country should be treated as already circulating in our market and economy and therefore controls should be limited. In practice however each Member State must still ensure that the EU Value Added Tax is paid, the national taxes are also paid and that

we know what goods are entering our market for safety reasons.

The harmonisation of rules, mutual recognition as well as EU standards help goods flow freely in the single market because the rules are common in the Member States and therefore in the absolute majority of cases no additional paperwork or compliance issues should be required.

The RAPEX system was also explained whereby the EU carries out checks to ensure that the products placed on the EU market are safe and adhere to the required standard. The RAPEX system collects goods that are found to be non-compliant through a rapid alert system.

The participants were predominantly businesses and while they welcomed the benefits of the single market they complained that more checks needed to be done by local Authorities to tackle issues of tax evasion as well as other issues to ensure a fairer Single Market.

GRTU concerned with the proposed Equality and Equality Commission Acts

GRTU submits position paper - Our quest for Equality should not pose unnecessary and excessive burdens on business

GRTU has submitted its official feedback in reaction to the Equality and the Human Rights and Equality Commission Act. Both Acts seek to strengthen the principles of Equality in Malta across the board. The so called protected characteristics are in brief: age; belief; disability; family responsibilities and status; gender identity; HIV status; maternity; pregnancy; race; sex and sexual orientation.



On the one hand the Acts seek to implement and consolidate various applicable European Directives and on the other hand the Acts also seek to go beyond what is the minimum requirement and the basic standard imposed by the Directives.

While GRTU is a strong contender of the principles of equality we advise

great caution in going beyond what is binding on us by the EU Directives, especially when it comes to imposing additional measures affecting businesses.

GRTU agrees with the general objectives of the Acts however, in certain instances, the Acts are overly vague and excessive. For instance, GRTU does

not agree that the Acts should seek to regulate word of mouth in relation to recruitment and classify this as advertisement. This, GRTU believes, could lead to abusive action and places the accused party in a quasi-impossible position to defend him/herself.

The responsibility placed on the employer is also too far reaching. >>

GRTU concerned with the proposed Equality and Equality Commission Acts

<< The employer is held responsible for any person that could be in his/her premises, including a client that carries out an act of harassment. If the employer fails to suppress such acts it would be considered as discrimination in itself.

The Equality Act also states that 'gender identity' is a protected characteristic and this includes 'dress' and 'mannerisms'. While GRTU agrees that one should not be discriminated against on the basis of gender identity, a degree of discretion needs to be allowed to an employer in relation to dress and mannerisms at the workplace. Respect to the work place ethos needs to be a person's prerogative and consequently the Act cannot allow for abuse of work environment protocol by claiming freedom of dress or mannerisms.

In addition, GRTU strongly feels that the fines and punishment embedded by The Human Rights and Equality Commission Act are disproportionate.

The issue of imprisonment alone is entirely unacceptable and goes against the spirit of decriminalisation that the State has adopted in recent years. GRTU strongly objects to the imposition of imprisonment and this must be removed in absolute terms.

We also object to the astronomical daily penalty of Eur500 a day being imposed. This exceeds any other penalty that may be imposed under any Maltese Law. A daily penalty may be imposed however it must reflect the realities of the Maltese society.

GRTU does not agree that the Commission is granted powers to act ex officio without prior complaints having been lodged before it by an injured party. GRTU believes that alternatively the ex officio powers of the Commission should be limited to recommendations. Similarly, it is for us unacceptable for the Commission to have powers that enable it to enter any premises at any time it deems fit and conduct an investigation. GRTU believes that this should only be possible if a Magistrate grants a Search Warrant.

Finally, GRTU believes that the Acts should aim above all at increasing awareness on the principles of equality and teach the community at large about the effects of discrimination in a modern culture. As such the Commission should give priority in providing employers with the necessary knowledge and skills that will help them implement the Equality Act.

Revising the proposed Acts as advised by the GRTU is in the interest of the legislator if the aim is to increase Equality without harming business. One must keep in mind that the absolute majority of enterprises in Malta are SMEs, out of which 94% are micro enterprises with less than 10 employees. These enterprises struggle sufficiently with bureaucracy and trying to keep up with the multitude of laws that affect them, while at the same time trying to keep their business afloat. The Government should avoid loading businesses with unnecessary and excessive burdens if it believes that SMEs are the backbone of our economy.

Information session: Union Customs Code

The Union Customs Code (UCC) shall come into force across the European Union on 1 May 2016. There will be a number of changes to how goods cross EU borders. The legislation also includes transitional arrangements on some procedures pending the deployment of the relevant IT systems. The overall objective of the UCC and its associated delegated and implementing acts is to modernise and digitalise customs operations so as to simplify the life of economic operators.

In Article 6 (1) of the UCC the legislation puts a lot of emphasis on the use of electronic data-processing techniques between customs authorities and economic operators.

For this reason Officers from the Customs Department will be delivering a presentation to inform economic operators of the changes envisaged in this legislation. The session will take place on Thursday 24th of March 2016 between 01.00pm – 03.00pm at the GRTU, Exchange Building, Republic Street – Valletta.

The presentation on the new Customs Code shall contain the following information:

- Background information on what led to the regulation
- New legislative package
- Structure of the code
- What will the Union Custom Code achieve?
- Schedule of IT systems to be introduced by each Member State by 2020
- Major changes and what's new
- Guarantees and obligations of MS to reassess current authorisations.

If you are interested to attend kindly call Ms Bernice Cutajar on **21 232881/3** or send an email on **admin@grtu.eu**



Tunnel Link puts Gozo on the Economic Map – GRTU

GRTU Malta Chamber for SMEs considers a permanent link between Malta and Gozo as imperative to revitalise and regenerate Gozo in both economic and social terms. GRTU is a strong believer that Gozo is in need of a holistic strategy and for Gozo to reach the position we have for so long been aspiring for, we cannot simply expect things to start moving on their own. GRTU contends that a permanent link is essential and the first necessary step for other improvements to take place.

Gozo's challenges have been flagged time and time again. Its double insularity renders a clear negative handicap for foreign direct investment whereby investors have countless reasons why to be reluctant towards stationing business on the sister island. The economic and social setting continues to develop the need for the tunnel link if the ailing Gozitan economy is to be given the necessary long-term injection it has come to desperately need.

The new dynamics of the tourism industry with increased yet shorter visits effects patterns of travel towards Gozo. Shorter stays result in travellers finding commuting as an added challenge to including Gozo as part of their trip. This is not only felt by tourism but particularly by Gozitans themselves in downtime wasted commuting to and from Malta for business purposes. Maltese business operators as well as intra-tourism also experience the same situation. The current commuting system has served its purpose well but the needs required to boost the Gozitan economy cannot rely on a channel which is practically open ten minutes every hour.

Demographic developments over the past years imply that Gozo continues to become an ageing population with more of

its younger generation travelling daily or relocating to Malta for education and employment. Given the various elements, business activity in Gozo continues to decline as Gozitan business loses motivation to expand and renovate creating a circular problem wherein demand reduces and supply, in turn, finds it harder to continue investing. This will eventually dilute and not preserve the product.

Following a detailed overview of the feasibility study on a tunnel between the two islands given by Prof Gordon Cordina to the GRTU Executive Council, it was clearly outlined that a tunnel would be both economical and financially feasible. The study also confirmed that maintaining the status quo would cost our economy much more in terms of cost, potential investment generated in Gozo and job creation.

Due consideration still has to be taken in relation to possible environmental impact and therefore GRTU calls for such studies to be undertaken with immediate effect to be in a position to move towards prioritising this long-term capital project.

Sticking to the mentality that Gozo is to remain unlinked in order to preserve it is something of the past which continues to alienate the island, weakening it in various ways. GRTU remains in favour of stronger accessibility to Gozo in all sense.

GRTU encourages both major parties to endorse this project and come together in the National Interest to focus the discussion on getting the project 'off the ground'.

Solving disputes online: New platform for consumers and traders

The Online Dispute Resolution (ODR) platform offers a single point of entry that allows EU consumers and traders to settle their disputes for both domestic and cross-border online purchases. This is done by channeling the disputes to national Alternative Dispute Resolution (ADR) bodies that are connected to the platform.

Key features of the platform:

- The platform is user-friendly and accessible on all types of devices. Consumers can fill out the complaint form on the platform in three simple steps.
- The platform offers users the possibility to conduct the entire resolution procedure online.
- The platform is multilingual.



Alternative Dispute Resolution (ADR) offers a quick and inexpensive way to solve disputes. On average, it takes a maximum of 90 days for cases to be solved. 70% were satisfied by the way their complaint was handled through this procedure.

Traders will also benefit from this new platform, as Alternative Dispute Resolution procedures will help them avoid costly litigation fees and maintain good customer relations.

For more information on the Online Dispute Resolution, you can visit:
www.webgate.ec.europa.eu/odr

Opposition Policy Document An Economy for the People presented to GRTU –

*Paul Abela reiterates GRTU's call for
energy price reduction for businesses*



Earlier this month the GRTU Council held a meeting with a PN delegation headed by Opposition Leader Hon Dr Simon Busuttill where GRTU was given a presentation of the PN Policy Document An Economy for the People. GRTU President Paul Abela underlined the importance for social partners to maintain a healthy and ongoing relationship with both Government and the Opposition in order to be able to communicate GRTU's vision and voice the concerns of self-employed and SMEs to all those involved in policy-making. Abela also welcomed such consultation outreach as a positive initiative in embracing the views of social partners from go, especially when devising such core policy strategy.

Dr Busuttill called for enterprise to be truly considered as the prime economic mover, with the government's role limited to light regulation yet ensuring fairness and sustainability. The policy document, which was explained in detail by Hon Claudio Grech, Shadow Minister for the Economy, was built around five key areas:

- Developing a robust economic growth engine
- Adopting the environment as a major economic differentiator
- Prioritising equity and human dignity
- Embracing digital engagement
- Integrating Gozo into the mainstream.

GRTU President Paul Abela discussed challenges being faced by SMEs and how GRTU's priorities need to be taken on board and addressed if the business sector is to find the support it needs to sustain itself and grow further. Abela highlighted bureaucracy as an increasing problem, arguing that the civil service fails to adopt an approach that understands the challenges and situations faced by self-employed individuals. Another ongoing stumbling block for business is that of access to finance. Non-bank instruments need to be put on the forefront to give businesses the alternative they need. The urgency of the proposed Malta Development Bank was also highlighted, given that this would offer financing to high-risk projects that commercial

banks may not be willing to back. These instruments would also provide competition to commercial banks which would perhaps instigate them to offer more possible financing support to businesses.

Paul Abela strongly renewed GRTU’s call for electricity prices to be reduced by 30%. Various factors showed clearly that this call for reduction was more than justified and that delaying this reduction to reflect the change in prices and greater efficiency, was putting Maltese businesses at a disadvantage.

He also emphasized the need for practical measures to be put in place to support Maltese businesses seeking to compete online. Goods being sent abroad were often twice as high as the rates for the goods sent Malta. Businesses also need direct support to shift online as this would allow them to tap into a wider potential of growth.

Dr Busuttill called for reductions in fuel prices to transpose international price to the benefit of businesses. Dr Busuttill also discussed how traffic issues were also effecting competitiveness. He further criticized the Government’s decision to set a state guarantee to the consortium responsible for building the new power station – which amount could have been set as a state guarantee for Maltese companies to take on investment opportunities. Dr Busuttill was also accompanied by Hon Robert Arrigo, Hon Antoine Borg, Hon Kristy Debono and Hon Censu Galea.





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Proposed Legal Reform for the Tourism Industry

The Ministry for Tourism is publishing the drafts of all legal documents governing the tourism sector, after having completed a comprehensive review of existing legislation over the past year. The reform follows the National Tourism Policy for the Maltese Islands which was launched in March 2015. The main objectives of the legal reform are to:

- Simplify all processes related to the licensing and operation of travel & tourism services;
- Better inform and protect consumers;
- Facilitate & incentivize quality of products and services offered;
- Encourage innovation and facilitate the development of products and services;
- Discourage irregular and illegal trading.

The sectors affected by this consultation include:

- Tourism Accommodations;
- Catering Establishments;
- The promotion of timeshare and timeshare-like products through the licensing of marketing companies and outside promotional contacts (OPC) representatives;
- Tourist Guiding;
- Travel Agents;
- Recreational Scuba;
- Diving Operations;
- Hiring of Beach Furniture.

The draft document may be viewed or downloaded from: <http://bit.ly/1SfOI6Z>.



Comments should be sent on legalreform.mta@visitmalta.com by the 1st of April 2016.

Opening Hours Extension

Kindly note that by virtue of Regulation 36 of Subsidiary Legislation 441.07 the Minister has approved that commercial premises may open for business until 10:00 p.m. on Thursday 4th February, Friday 5th February, Saturday 6th February, Sunday 7th February, Monday 8th February and Tuesday 9th February. Those commercial establishments which by virtue of the same subsidiary legislation are already allowed to open after 10:00 p.m. remain unaffected by this notice.

Moreover, commercial premises may open for business from 4:00am to 7:00pm on Wednesday 10th February, Sunday 14th February, Saturday 19th March, Sunday 27th March, Thursday 31st March, Sunday 1st May, Tuesday 7th June, Wednesday 29th June, Monday 15th August, Thursday 8th September and Wednesday 21st September.

Those commercial establishments which by virtue of the same subsidiary legislation are already allowed to open on said days later than the hours stipulated above remain unaffected by this notice.

An exemption is also being granted for licensed catering establishments, night-clubs and discotheques or other premises where dancing is held, which do not already have such a permit to remain open for business until 4.00 a.m. of the morrow of the 4th, 5th, 6th, 7th, 8th and 9th February as well as of the 26th and 27th March and of the 24th December, 2016 and the 31st December 2016.

All obligations concerning the playing of amplified music remain unchanged and no annoyance or inconvenience to neighbours is permitted by any sound which may be heard from outside the premises or by anything else done inside or outside the premises. In the event of non-compliance with the provisions of this paragraph the Police may take any action provided in Subsidiary Legislation 441.07. This is without prejudice to any other action which may be taken under the law.

GRTU Flower and Plant Shops Section expresses anger at Government inactivity to curtail abuse



A decision has been taken to step up pressure on the Authorities to stop once and for all the abusive licenses being issued by Local Councils that permit practically anyone to set up shop in the street and sell whatever products they want.

Local Councils are far beyond their legal capacity in granting such permits under the Activities Requiring Permits by Local Councils Regulations – Legal Notice 119 of 2002.

The scope of the legislator behind this law was to regulate the temporary stalls that characterise our local religious feasts, not to establish a platform that allows the bypassing of commercial laws and requirements.

Following mystery shopping conducted by the GRTU last year during Valentines where the absolute majority of vendors did not give out a VAT receipt GRTU publicly protested and criticized the authorities' inability to control tax evasion by the operators of these temporary stalls. This led to the removal of the exemption that was introduced some years back and everyone was once again subject to registering for VAT and issuing receipts.

This was one step in the right direction however with-

out key amendments in the Legal Notice local retail flower and plant shops will continue struggling because of this abuse.

The retail shops said that the situation is worsening every year and this year they saw a record number of stalls set up around the island. They reported an astronomical negative effect on their sales during the period where they make up for lower business activity during the rest of the year.

With this simple Local Council license individuals are setting up stalls in the busiest areas of Malta. They usually set up next to the most traffic congested roundabouts to get the most exposure possible. Multiple vehicles stop their cars to buy and park dangerously, continuing to exasperate the already precarious traffic situation. Consumers find this very convenient and there is no way retailers can compete on the same platform.

GRTU has drafted a set of proposals that will re-establish a level playing field. These will be presented to the Minister responsible for Local Government, Owen Bonnici and GRTU will be insisting that the situation is rectified before Mother's Day.

Waste Electrical and Electronic Equipment Making a case to set up a Local WEEE Clearing House

WEEE Malta, the National Authorised WEEE Scheme has over four months ago requested Government to set up a WEEE Stakeholders Group with the specific aim of setting up a Clearing House. Whilst this has been set up, our call to set up a WEEE Clearing House has until now fallen on deaf ears. The Environmental Issues in this country are always an uphill struggle. Malta's obligation is to collect 42% of Electrical and Electronic Equipment placed by producers on the market, thus 4300 tons of WEEE in 2016, (market placement registered with MEPA stands at 10,450 tons) thus a daily collection of nearly 16.5 tons, Monday to Friday.

This cannot be done unless we get our act together and set up this Clearing House with the aim of making sure there is a fair and level playing field for all actors in this waste stream sector. And to make sure no WEEE makes its way outside the loop. At the same time it is imperative that Authorities enact legislation to ban all cash transactions at scrap metal facilities. All Stakeholders are to be registered with the Clearing House including Wasteserv Malta Limited, all Schemes, 68 Local Councils, Recyclers and Self Compliant Producers.

The responsibilities of the Clearing House will include but are not limited to :

- Receiving requests for collection from Local Councils and processing such collections through WEEE Compliance Schemes,
- Establish market share of each Scheme and delegate individual responsibility to Schemes,
- Ascertain that Recyclers do not receive unidentified WEEE
- Make sure that self compliant producers report all WEEE movement in real time,
- Verifies amounts received by Wasteserv Malta Limited and provides the formula required to make sure that WEEE is proportionately distributed to Schemes, by volume and category.
- Establishes an educational campaign together with MS-DEC
- Establishes rebate value to be given to all Local Councils after discussions are held through Local Councils Association to reduce their current cost for collecting this material.
- Provides timely information to the Regulator, either MEPA or ERA
- Establishes fines to for non compliance to legislation by Schemes, Producers and Recyclers and individual duty of

care obligations.

Across the EU WEEE Clearing Houses are the order of the day and we are not here to reinvent the wheel. The lack of such a Clearing House has already brought about its first undesired result. A WEEECOMPLIANCE Scheme has issued a flat rate for all categories of WEEE. The introduction of this flat rate has provided a blow to creating further green jobs in this sector in Malta and this is why a Clearing House with legislative powers needs to be in place. This not a Directive that can be monitored after 18 months. Monitoring has to be done weekly and monthly and with consistency and from its initial days. We are not in for paper exercises.

The GRTU spearheaded the removal of Eco Contribution and this was later supported by other Constituted Bodies too. Our call eventually fell on the ears of a Labour Government that decided that the call of the Business Community needed to be heeded and taken seriously. Eco Contribution on EEE products was effectively removed as of September 01, 2015.

In our proactive approach to this waste stream the GRTU set up WEEE Malta which is now a fully accredited member of the WEEE Forum, an umbrella Organization of 33 WEEE Schemes emanating from 22 different EU member States. Our dream was and still is to have a holistic system of operation including the point where local recyclers would need to operate under Cenelec Approved Standards or WEELABEX standards through local legislation too.

WEEE Malta duly augers the newly set up Environment and Resources Authority Board led by Chairman Victor Axiak on their appointment to this environmental challenge. The correct implementation of the WEEE Directive, albeit ten years late, needs to be one of their major responsibilities. The Board was fortunately born at the right time when the setting up of a Clearing House to implement fairly and squarely this EU Directive now lies solely in their hands. They will have all our support.

WEEE Malta is a Waste electrical and Electronic Equipment Compliance Scheme set up by the Business Community through GRTU with the aim of operating on a not for profit basis to make sure that producers comply to their environmental legislation with the best technologies at the lowest of cost' WEEE Malta can be contacted on 21 496965/6 during office hours.

Contact GRTU Malta Chamber of SME on **21232881/3** or e-mail **admin@grtu.eu**



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