

GRTU NEWSTRING

In this issue: GRTU's achievements in 2017 (pg 2-4); Blockchain Technology (pg 4); GRTU's end of year Business Performance survey for 2017 (pg 5-6); Maximising your potential on the internet (pg 7); White paper on waste collection in Valletta (pg 8 -9);



GRTU holds its Annual General Meeting

On the 30th January 2018, GRTU has held its Annual General Meeting at the University of Malta's Valletta Campus. The meeting was addressed by the President of the GRTU and the CEO. The appointed auditors provided a true and fair opinion on the financial statements and a number of changes to the statute of the organisation have been approved. Mr Dino Fino and Ms Marthese Micallef have been elected on the executive Council replacing Mr Chris Vassallo and Mr Emmanuel Azzopardi – who did not seek re-election. Mr Vassallo and Mr Azzopardi were thanked for their valuable service to the organisation.

Opening the meeting, President Paul Abela expressed his gratitude to all members, members of the executive Council and members of staff for working together with a common goal. President Paul Abela asserted that he was proud with the achievements obtained by GRTU during

2017 and touched upon the main achievements. Of these, he highlighted the setting up of the Malta Development Bank which was first proposed by the GRTU to the MCESD, the Business First Venture in cooperation with the government and the removal of a €700 fee payable each time a business chose to open seven days a week. Concluding, President Abela noted that GRTU was currently engaged in discussions with the relevant authorities and Ministries in order to improve the Penalty Point System which was hastily introduced in December 2017. The aim of the GRTU, he stressed, was to ensure that the system was fair, proportional and did not result in a huge administrative burden for businesses operating in specific sectors.

CEO Abigail Mamo presented the 2017 Annual Report which is accessible on www.grtu.eu.

2017 under review

- ***Lifting of restrictions on shop opening hours***

Following a consultation with members, GRTU was the main entity backing the government and pushing for this reform to take place. When the changes were finally implemented, it transpired that businesses still had to choose 1 day of rest or otherwise pay a €700 fee to open 7 days a week.

For this reason GRTU engaged in discussions once again and the remaining restrictions were eventually lifted as well. GRTU also secured an exemption for businesses from paying the €700 fee during the period of negotiations.

- ***Local enforcement system reform***

GRTU took an active role in the reform of the local enforcement system as this had become an increasing concern and burden for business. Following several meetings with a vast number of sectors, especially enterprises having a direct concern in transport issues, meetings with Ministers, Transport Malta and LESA, GRTU is satisfied that two of its important proposals were taken up by the authorities and implemented in the reform.

The first, was a proposal that local enforcement officers would no longer be privately employed but would become employed by the government so as to limit the direct interest in handing out contraventions. GRTU argued that enforcement cannot be driven by the need to collect funds but rather towards understanding, educating and ultimately improving the situation. The goal should therefore not be the handing out of more fines, but the provision of a better service to the community.

The second GRTU proposal which was taken on board concerned the introduction of a warning ticket system for a number of contraventions. GRTU argued that not all road illegalities should be treated in the same manner and warnings should first be issued where there is no health and safety concern. GRTU also argued that local enforcement should be strongly based on education.

- ***New sectors***

The CEO remarked that during 2017, GRTU has carried out substantial work within the panel beaters and repairers sector and within the childcare centres sectors.



Concerning the former, panel beaters and repairers were being forced into an additional certification system that they did not agree to or sign up for at a cost running up to over €1000 per year. Thanks to the support provided by GRTU, the repairers managed to hold their ground and reverse what was being imposed on them. This entailed a lot of work and going through the official channels of the MCCA and assisting it in its investigation by presenting arguments and evidence.

The MCCA eventually issued a winning interim order on insurances to stop implementing the QVR in a mandatory manner, stop marketing it in a way as to place those not having the certification in a bad light and inform all their clients that there will be no distinction in payment between clients that choose a QVR repairer and those that choose a non-QVR repairer.

As their contract with the government approached expiry, childcare centres approached GRTU with a number of issues they were facing. Operators in this sector complained that the rate of the expired agreement required updating as costs had increased drastically and operating certain aspects of the job was becoming unsustainable. GRTU negotiated a temporary agreement that saw a marginal increase in price and also secured a backdated review in price once the new agreement is closed and the new prices are agreed. GRTU is currently negotiating the new agreement together with the representatives of the sector.

- **GRTU hosts UEAPME's AGM in Malta**

During 2017 GRTU was proud to host the UEAPME Board of Administration and General Assembly on the 1st and 2nd of June. This two day served as an opportunity for GRTU to play a central role during the meetings as well as work closer with the UEAPME administration and its members.

The two day event was very successful and well attended by UEAPME members. GRTU gave an overview of the organisation and the projects it is working on.



- **SME week conference**

The 2017 GRTU Annual Conference was organised on the 10th October during the SME Week celebrations and was attended by more than 200 enterprise owners. This year's conference focused on growth through innovation and was addressed by the Parliamentary Secretary for Financial Services, Digital Economy and Innovation, Hon Silvio Schembri. In his address, Hon Schembri reaffirmed the government's intention to invest in a blockchain hub in order to help start-ups that use this technology. President Abela said that although many businesses acknowledge that innovation was important for their

business growth, many have still not managed to embrace innovation within their enterprise.

The conference explored innovation through four main themes and a survey on innovation was conducted by GRTU ahead of the event. The conference explored online opportunities and eCommerce, developing ideas and doing it with the proper preparation, access to finance from the traditional to the alternative means and also private sector innovative solutions.



- **New ventures**

During 2017 the Business First was established in cooperation between the government and GRTU. This was the first concrete step in setting up a one-stop-shop for SMEs. The entity is now housed in a separate and independent premises in Mriehel. The entity is also revisiting the way the service is given and quality controls are being introduced to monitor effectively. A training programme has been launched with free training being provided on a diverse number of subjects that are interesting for enterprise owners.

In another joint venture with the government, MaltaEnergy Ltd has been set up. Through this company, a piece of land is being turned into a PV farm with private sector investment. This project will help improve the security of supply for Malta's energy sector and contribute towards reaching Malta's Europe 2020 targets for renewable energy.

- **Electoral manifesto**

As the general had been called for 3rd June 2018, GRTU took an active role in the national debate by proposing its own electoral manifesto for SMEs. The result of our lobbying efforts is that a number of our proposals have been included in the political parties'

electoral manifestos and thus in the government's electoral mandate for this legislature.

These proposals include the strengthening of the Small Business Act, strengthening controls in ports and areas of merchandise (within the parameters of EU law) to ensure a level playing field and fair competition, PPPs for parking facilities, the creation of a specific fund to incentivise local research and innovation products and the updating of rent laws in order to give greater strength to the tenant.

- **GRTU statute**

Finally, the AGM approved a series of changes to the statute of the organisation. The Statute has been revised in order to update it in legal terms, to address a number of shortcomings experienced in practice and give the organization functions that reflect its current operation.



Business 1st Training Programme: Blockchain Technology in practice

As part of our Business First Free Training Programme, an information session on Blockchain Technology in Practise was held on 24th January. This session was delivered in collaboration with Agilis Ltd, an expert in the subject matter.

During the session, Mr Loui Mercieca – an experienced blockchain developer and an advisor to Malta's National Blockchain Strategy Taskforce; explained the basic principles and processes upon which the blockchain technology is built. The main difference between a blockchain system and traditional system is that all nodes (*or users*) have the same information and communicate together. Thus as opposed to the traditional systems there is no central reference at a single point.

Mr Mercieca also explained the three main roles within a blockchain system being the software developer, the miner and the governance system which ensures that everything is in order. The miners' role is to validate transactions – with 'transaction' referring to a request for a change in a particular record in the system.

It was explained that the increasingly popular crypto currencies serve as a 'fuel' to support the blockchain system to operate. Therefore, if a person would like to order a transaction, that person would need to own the associated crypto currency of that system and which can be acquired through an exchange. The price expressed in crypto currency is determined by the complexity of the transaction itself and not by supply and demand.

Finally, during the session the Initial Coin Offering (ICO) was explained. ICOs are purposed to raise funding by investors into your blockchain system and could thus serve as a means for businesses to attract investment for their business ideas.

Malta is currently in the process of setting up a one-stop-shop for Blockchain Technology.

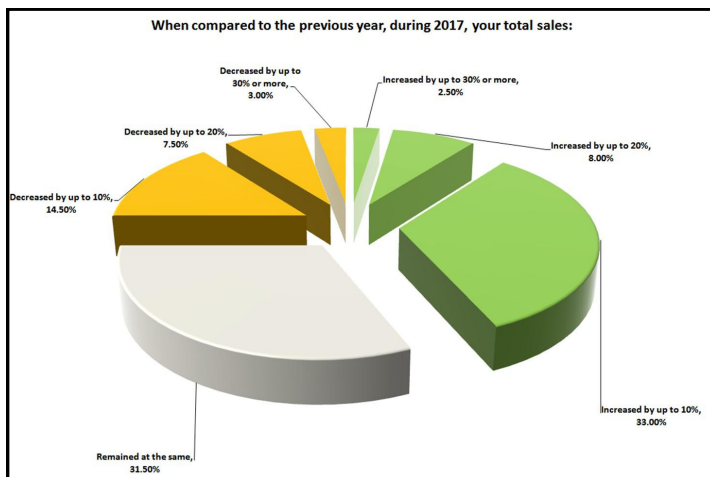
2017: An overall positive year for business

Labour shortage remains an unresolved concern

As in previous years, GRTU has conducted an end of year Business Performance Survey. The survey, which was carried out amongst 200 business owners during the first half of January indicated that 2017 was a positive year, in general, as 75% of respondents did not report a decrease in their turnover. Nonetheless, Labour shortage was once again found to be the topmost concern, with the direct result of slowing down business growth, fuelling higher labour costs and leading to high levels of staff turnover.

32% reported higher sales during the end of year peak season while 29% had lower sales when compared to the same period in the previous year.

Black Friday was reported to have had limited positive or negative effect on the festive season as a whole with only 17% reporting increased turnover because of this phenomenon. 20%, on the other hand, felt that because of Black Friday their total sales during the festive season decreased.



27% had lower profits compared to the previous year while 32% had higher profits. 26.5% fared worse than they had expected at the start of the year and 19.5% fared better.

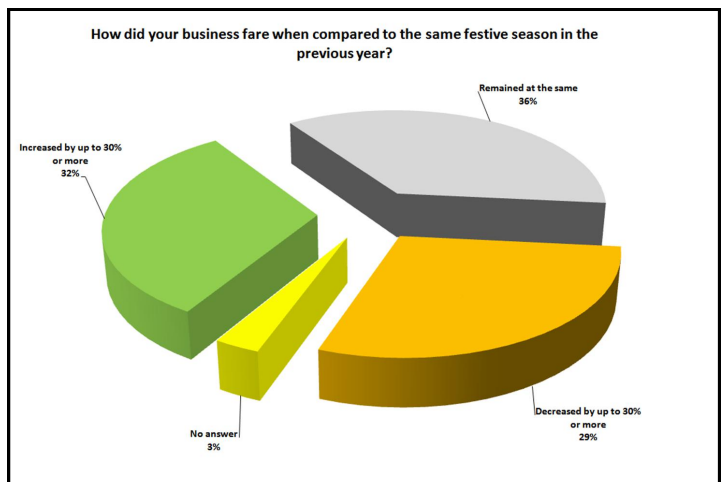
47% satisfied on the going of sales during the end of year festivities; 29% report lower sales when compared to the same period the year before

47% of those whose turnover is affected by the end of year festivities were satisfied or very satisfied with the 2017 end of year season with 32% reporting higher turnover when compared to the same period a year before. 24% were not satisfied and 25% were neutral.

43.5% say their total sales during 2017 increased over previous year levels - but only 32% had higher profits

The biggest number of respondents said that their turnover increased year on year. Of these, 26% attributed this increase to new products introduced in their activity followed by 20% who felt that consumer spending power was better in 2017. Most of those who reported a decline in their turnover during 2017 felt that this was due to stiff online and local competition, followed by those who pointed towards illicit trade, unfair competition and lack of parking facilities.

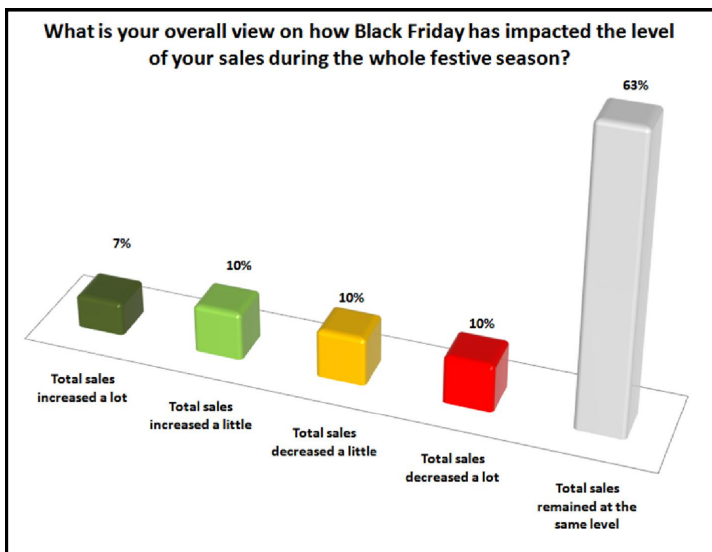
Only 18% of respondents sold their products online and of these, the majority said that total online sales accounted to less than 10% of their total sales. For 19% of those who sell online, online sales accounted for more than 50% of their sales. Many of those who did not sell online stated that the reason behind this is that their products could not be sold online or their clients do not shop online.



The week and the weekend leading up to Christmas day seemed to have been, by far, the busiest for businesses, followed by the 8th December long weekend, 13th December and Black Friday. Business owners felt that brand loyalty, the cold weather and consumer spending power were positive factors this

season while online competition, traffic and parking facilities and unfair trading contributed negatively to their going of business during the festive season.

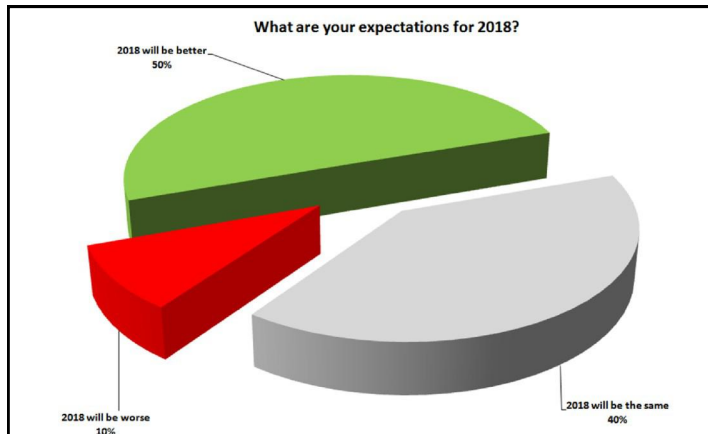
Looking back at the whole season, 63% said that Black Friday has not impacted turnover, neither positively or negatively.



Only 28% started offering price reductions before 31st December, with reductions mostly ranging between 20% and 50% of the original price. The client base remained largely Maltese – at 68%; and the average spent by consumers in a given shop was most frequently €20 to €49 followed by the €50 to €99 category.

50% hopeful for a better year

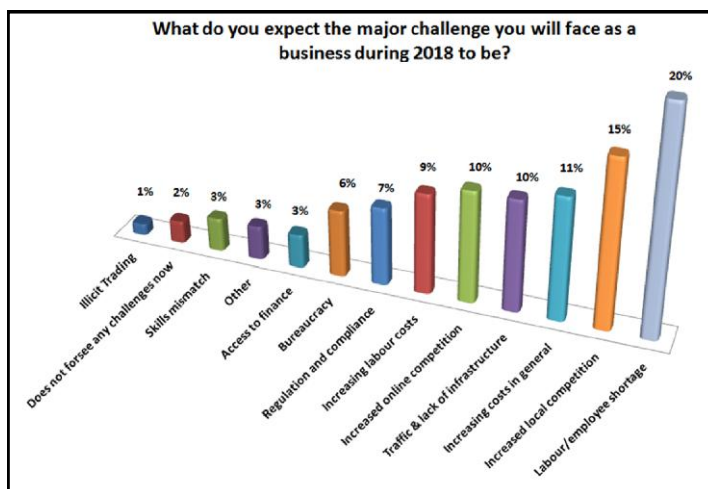
Half of the respondents are expecting a better 2018, with 40% expecting this year to be as last year and 10% expecting to fare worse. 36% plan to keep their business in the same size as it currently is while 26% are planning to expand their business in Malta. 4% are looking overseas for their business expansion this year. 11% intend to set up their ecommerce website. 4% are planning to downsize their business, 6% planning to pass over to next generation or third parties and a further 2% are planning to close down. In 83% of the latter cases, the head of organisation has 56 years of age or more.



Labour shortage and related effects tops businesses' concerns across the board

Labour shortage remained the topmost unresolved concern among businesses across all sectors. That said, in a number of sectors – such as those with a high degree of driving and the catering industry; this problem seems even more pronounced. 52% of respondents are expecting they will have to recruit new employees during 2018 and in 46% of these cases the main reason is expected staff turnover.

Fierce competition and increasing costs in general



followed suit, before traffic and infrastructure — including the lack of parking facilities and road works taking too long to complete (such as in established shopping districts like Paola).

Did you know that you can benefit from up to €5,000 to set up your e-commerce portal?

The government's Measures & Support Division is currently receiving applications from SMEs who would like to benefit from an e-Commerce Grant Scheme which is part-financed by the ERDF.

For further information, including the online application, please log on to www.businessenhance.gov.mt

Maximising your business potential on the internet



In 2014, 2.7 billion people around the globe were estimated to have been using the internet, of which, 1.2 billion were e-shoppers. It was estimated that these have generated around €1.2 trillion of turnover online. In Europe, 69% of the population use the internet while 32% are e-shoppers. There are more than 645,000 online businesses and, in Europe alone, more than 3.7 billion parcels are delivered annually.

The internet, and in particular e-shopping, has become an important tool for business growth and development. In this context, as part of our Business First free training programme, an info session was organised in January to help SMEs exploit the opportunities that exist online.

From our survey which is also being featured in this issue it transpires that Maltese businesses seem to have not yet fully tapped into this opportunity. Yet, many plan to start doing so in the near future. In this context the aim of this session was also to inform that funding opportunities are currently open. More information could be accessed through www.businessenhance.gov.mt.

Worldwide trends are also reflected in the local market. A scientific study carried out by the MCA found out that 78% are digital buyers and that across all age groups (18 – 66+) more than 50% were e-shoppers in 2016. 70% of internet users said they turn to the web before buying a product or book a service. Of the Maltese e-shoppers in 2016, 46% claimed that they shop online at least 2-3 times per month.

Maltese internet users said that aside of the price, for many, ratings/reviews, shipping/delivery costs, good customer service and security measures on the website all played a significant influence on the

final choice for their purchase.

During the session, Mr Marcel Mizzi explained the benefits for businesses to draw up their digital strategy. Such would not only entail a website, but could include a Facebook page, a blog, Twitter, Instagram, Pinterest, an online shop or a Youtube channel to increase visibility and presence online.

Participants were told on the benefits of digital marketing as opposed to more traditional means of marketing. Many companies such as Google and Facebook today provide detailed analytics that enable the business to control and better target their intended audience. It is also an effective and generally a relatively cheaper means of marketing.

For more information please feel free to get in touch with us on matthew.bugeja@grtu.eu or by staying tuned to www.businessfirst.grtu.eu for upcoming opportunities for your business.

GRTU participates in the public consultation on waste collection in Valletta



During the month of January, GRTU Malta Chamber of SMEs participated in the public consultation by means of a White Paper, launched by the Parliamentary Secretary for Consumer Protection and Valletta 2018 entitled 'Disposal and Collection of Waste in Valletta'. The white paper was launched following a number of discussions with GRTU and its members back in July 2017. GRTU once again carried out the respective consultation with its members particularly those operating in Valletta.

The white paper aims to regularize the problem of waste accumulation and unsightly waste collection vehicles in the streets of Valletta. Having its specific needs and circumstances the aim was to ensure as much as possible that the needs of the commercial entities as well those of residents are catered for.

The White paper proposed that there will be two collection time-slots per day one between 15:00 and 17:00 and another between 00:00 and 03:00. Those opting for the afternoon option would be able to take out their garbage not earlier than 14:30 while those opting for the early morning collection would be able to take out their waste at the earliest one hour prior to the proposed collection times.

In addition to this proposal, following feedback from our members, GRTU proposed that, as much as possible, businesses would be encouraged to take out their waste exactly when the waste carriers are passing by. For this reason GRTU proposed that specific time-schedules are further allocated for each street whereby waste collection is more organised and on time (e.g. pick-up in a particular street is collected during a particular time-slot of 30 -45 minutes, within the above stipulated collection times). This would create a structured routine/system for both business owners and waste collectors, thus further avoiding inconvenience. GRTU also proposed that such time-slots are to be communicated and consulted with the business community in a particular street.

Through this white paper the government also aims to regularize waste collection vehicles through the introduction of specific dimensions for vehicles that will be allowed to enter Valletta. The proposal also proposes that such vehicles are not equipped with waste compaction mechanism so as to reduce spillage and waste residue. GRTU members agreed with this proposal however emphasized that waste carriers dimensions should be standardised not to

favor any particular manufacturer.

Following our proposal the parliamentary secretariat also proposed that commercial entities may opt to avail themselves of additional collection service to cater for emergencies or outside routine occurrences against a payment of Euro 25.00. In addition to this proposal however GRTU proposed that the cleansing department is not given exclusivity to offer this service.

The legislation also proposes harsher penalties for those failing to adhere to the timeframes proposed and also for waste carriers not abiding by the specific regulations. GRTU fully supports the government in ensuring that the capital city is maintained and ensures that the highest level of hygiene and cleanliness is kept. GRTU however notes that although having stricter fines would help achieve this goal, the main aim should still be to educate and contribute towards promoting shared responsibility. Moreover as much as possible policies should be drafted to create the right environment and find an adequate solution for everyone. The main aim should not be to issue several fines to all those that do not comply but to make the need for fines and enforcement as minimal as possible.

In addition to the above proposal GRTU also proposed that funds deriving from fines and penalties are put aside and allocated to improve

Valletta's environment and waste disposal / collection solutions for businesses in the long term.

Further to the white paper published, in its position paper, GRTU also suggested that the upkeep of streets comes hand in hand with the issue of waste collection in Valletta. This plays an important role at ensuring Valletta's cleanliness. For this reason, emptying of bins in the main streets should be carried out more than once a day. Their immediate surroundings should also be properly cleaned if we want to have a truly clean environment. From the feedback gathered, the business community is keen to see such changes implemented in a more holistic manner.

It should also be noted that the majority of business owners complained about the quality of street cleaning. It was reported that the current practice makes a mess to the shop facades. Greater care should therefore be given to carry out professional cleaning without dirtying the surroundings. GRTU therefore suggested that street cleaning should take place in the early hours of the morning not to pose an inconvenience for persons visiting Valletta.

The above recommendations put forward in this white paper are all aimed at improving Valletta's waste collection situation. Having said that one can only expect positive results if all of the above are implemented together and through a proper educational campaign.



PHOTO: DOI - Clodagh Farrugia O'Neill

MMF and TM sign MOU to address issues facing the maritime transport sector

On the 19th January, the Malta Maritime Forum and Transport Malta have signed a one year Memorandum of Understanding through which both parties agreed to collaborate and cooperate towards developing a technical and market knowledge sharing relationship and to support each other with the aim of improving Malta's maritime transport business environment.

The Malta Maritime Forum

The MMF is an NGO which aims at promoting the interests of the Maltese maritime sector. GRTU President Paul Abela sits as a board member. The MMF promotes research, education and training within the Maltese maritime sector and act as a constituted body so as to consult and be consulted by the government in the development of public policies that have an effect on this sector.

Commission publishes guidance on the General Data Protection Regulation and launches a new online tool for businesses



In view of the upcoming entry into force of the new General Data Protection Regulation (GDPR) on 25 May 2018, the European Commission launched a new dedicated website gathering all relevant information on the new European data protection rules, to help facilitating the implementation of the law, in particular for SMEs. The website can be accessed on www.ec.europa.eu/commission/priorities/justice-and-fundamental-rights/data-protection/2018-reform-eu-data-protection-rules_en.

With only 100 days left before the new GDPR rules start to apply, the European Commission said that considerable work still has to be done both by businesses and relevant national authorities to ensure consistent EU-wide compliance.

The GDPR, which enables the free flow of data across the European Union by creating one set of data protection rules for all across the EU, requires important adjustments in legislation and business practices. With the launch of this website, the European Commission proposes new practical online tools to help businesses and citizens navigate the new privacy rules and raise awareness about the benefits of complying rapidly to the regulation.

GRTU is working with the local authorities to ensure the smooth implementation of the GDPR. GRTU has also organised an info session of the GDPR as part of the Business First training programme and intends to organise further events in order to facilitate the adaption of businesses to this new regulation. Stay tuned to www.businessfirst.grtu.eu for upcoming sessions or get in touch with us through our contact details shown below.

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



Operational Programme II – Cohesion Policy 2007 – 2013
Empowering People for More Jobs and a Better Quality of Life
Project may be part-financed by the European Union
European Social Fund (ESF),
Co-financing rate: 85% EU Funds; 15% National Funds



Investing in your future