

## **SME Chamber**

### ANNUAL REPORT

2020

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### REDEFINING THE MALTA CHAMBER OF SMEs

### Rebranding

The SME Chamber has successfully completed and accomplished its rebranding process. Our rebranding in terms of a fresher image alone and attracted a lot of positive feedback and was greatly welcomed and embraced by the business community at large and also by the Chamber of SMEs most important stakeholders.

The rebranding exercise also achieved the targets it sought to reach in terms of a higher profile, wide media visibility, greater appeal to a wider number of sectors, and all this building and consolidating on the good of the past.



Photo: DOI - Clodagh O'Neill

The new brand identity was launched on the 20<sup>th</sup> of January 2020 in the presence of Hon Minister Silvio Schembri as responsible Minister for the Economy and the Hon Stefan Zrinzo Azzopardi as Minister responsible for EU Fund, give the rebranding exercise was part-financed by the EU Social Fund.

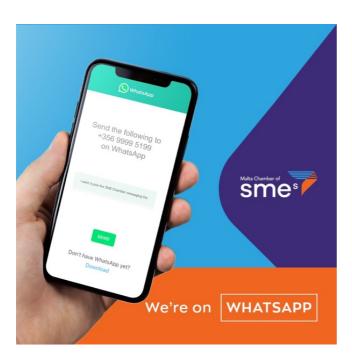
The rebranding exercise is a continuation of a year-long works in preparation, which included widespread studies and discussions as it is also the starting point for a visibly improved SME Chamber.



### Digital Transformation

A visibly refreshed Chamber of SMEs is only one of the many important transformations the Chamber of SMEs is undergoing and will continue to work towards. The SME Chamber wants to also lead by example and therefore the strides we ask our members to take the Chamber takes itself because we truly believe in what we encourage our members to achieve.

During 2020 the SME Chamber has revamped its main communication tools. This has included a brand new website, revamping the SME Chamber monthly newsletter, revamping also our regular mailing system, and launching numerous Whatsapp communication groups, including an official



SME Chamber general communication group.

Importantly, the SME Chamber also migrated its frequent activities for members, including meetings and events to online means. By mastering online tools, the SME Chamber was able to enter the homes and businesses of so many of our members being their and at

disposal in the time they needed support. We are glad to say this was

another success with countless sessions and meetings organised, which also helped us in being able to reach more members during a time of increased demand.

Most of what has been explained above was supported though the partfinancing via EU funds.

Two large-scale online activities were also held during 2020, one marking the yearly commitment in celebrating the SME Week and the second one emphasising SMEs as the background of Malta's Economy, in conjunction with our 2020 AGM.

These marked important steps in the SME Chamber's digitalisation process, more in terms of visibility and being closer to members. During 2020 the SME Chamber executive also paved the way for further steps in digitalisation to be accomplished in 2021. Through EU funds the

### Launch of New Services

2020 saw the broadening of the SME Chamber's services to once which are also tangible and will continue strengthening the organisation towards financial sustainability.

A number of free-of-charge specialised services were launched. These include specialised advise on Employment Law and also specialised advised on Consumer Law. These services saw their launch following intense training by specialist to all SME Chamber Staff members. This is a service that all members benefit from both directly and indirectly in their

dealings with Consumers and Employees. Most of our members do not afford to employ a department of lawyers to deal with the issues that arise regularly and litigation is very costly. Our team guide members on the right way to handle delicate issues with clients and employees to get the best outcome possible by avoiding litigation, reducing the expense and also avoiding reputational harm.

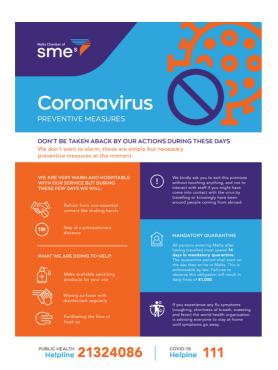
Apart from these free of charge services, the SME Chamber has also met another frequent need of businesses, compilation of a number of applications related to funds and schemes. With a very basic nominal fee, businesses are now able and increasingly are benefitting from the MicroInvest Scheme.



Disability Schemes and also claiming back funds for the Maternity Benefit. During 2020 this service was just launch and the SME Chamber helped over 100 businesses claim funds back.

### **HORIZONTAL ISSUES**

### Covid-19



Covid has surely been one of the darkest episodes the Malta Chamber of SMEs has seen the country go through, with devastating effects on Malta's economy.

This also proved a defining moment for the SME Chamber, where it had to beef up efforts greatly at a time of intense need experienced by all its members. Putting everything that the organisation went through during Covid in 2020 would by itself make for a thick document. A day of

work during Covid felt like a week, a week like a month and a month like a year. 2020 was very intense. It was an important moment for the organisation to achieve the change it had been working towards for long and at the same time have to shelve most of the routine work to make was for the Covid disruption. While sometimes overwhelmed, the organisation would its way to manage the situation and findunique spaces to be of service to its members.

The SME Chamber has during 2020 applied for a prize for special recognition for its work of support and solidarity during Covid. A price that was proudly won during 2021, more on this in the 2021 Annual Report.

Here we summarise and describe just the very main developments and overall journey of the Covid experience during 2020.

### Wage Supplement

The Malta Chamber of SMEs has been in the forefront to propose that employers should be given financial assistance in order to retain employees during this pandemic.

The SME Chamber has understood that human capital is essential for any business and, losing talent can also mean losing business.

Although initially the did government not acknowledge this need, the **SME** Chamber kept persisting with this proposal the until government realized this important and essential assistance. The of launch the wage supplement was greatly welcomed, and the SME Chamber then moved its



SME CHAMBER PRESS RELEASE: ANNOUNCED SUPPORT MEASURE...

a year ago · 48.6K Views

focus on tweaking the system in order to ensure that no business is left behind.

The SME Chamber assisted hundreds of members in applying for the wage supplement, moreover, the SME Chamber also assisted a number of individual members and whole sectors that were not initially included in the wage supplement.

The SME Chamber also ensured that following June 2020, employers who had been adversely affected by pandemic are retained on the full wage supplement. Once again, the SME Chamber represented a number of members who although adversely affected, had been put on a lower level of aid.

The Malta Chamber of SME notes the positive communication between Malta Enterprise and the SME Chamber which ensured effective representation.

The SME Chamber has also been involved in the design of the new wage supplement which will take into consideration and is based on a comparison in sales between Mar-Oct 2019 and Mar-Oct 2020. The SME Chamber aims to continue representing members that are not being taken into consideration in order to ensure that who needs help s supported.

The Malta Chamber of SMEs will continue to closely monitor the situation in order to ensure that this important assistance is maintained until necessary in order to ensure the safeguarding and livelihoods of our members and their employees.

### Moratoria on Bank Loans

The Malta Chamber of SMEs has from the very beginning of the pandemic, emphasized on the need of more liquidity measures in order to assist members to cope with liquidity issues they were experiencing. This was necessary since business in Malta had been heavily impacted.



Following the initial 6 month moratorium issued in March 2020, the SME Chamber followed the situation closely both with members and with the Malta Central Bank in order to access the situation from time to time.

The SME Chamber assisted a number of members individually in their requests with commercial banks in line with the directive issued by the Central Bank.

As the months passed, The SME Chamber requested and extension for the initial 6 month moratorium and was in fact pivotal in obtaining a second extension in September 2020. In effect, there was therefore once again the possibility to apply for a fresh moratorium or extend an existing one.

This was in light of the increase in cases during the month of August 2020. The new extension was granted for an additional 6 months. The Malta Chamber of SMEs is also worked on ensuring that interests are also offered as part of the moratorium granted.

The SME Chamber has already advised the Central Bank of Malta during recent direct discussions held between November and December that some businesses will continue needing this assistance beyond March 2021 and will continue to monitor the situation closely and assess whether a third moratorium period (extension) is needed in order to ensure that members are given all the necessary resources to cope with this pandemic.

By end of year a solution had not yet been found however the SME Chamber continued having numerous meetings with the government and maintaining pressure. The SME Chamber also assisted individual members with their dealings with the bank when their bank was not forthcoming with assistance.

### o Rent Subsidy

The Rent Subsidy Scheme was a result of lengthy talks lobbying with the Government by the Chamber of SMEs.

This was a very hard task to accomplish and many steps went into the scheme coming to light.

**Rent And COVID Measures Could Drive Businesses To Bankruptcy, SMEs Chamber Warns Ahead Of Malta's New Budget** 













The SME Chamber gave the issue wide visibility and raised it on the political agenda. For weeks the issue was constantly in the public arena. Members kept stressing how difficult the situation was being made by rents and uncooperative landlords.

A study was also conducted on the level of rents paid by businesses monthly. The average payment stood at Eur 5000/month. Initially the scheme announced was up to

Eur 2,500, later through more efforts this scheme was extended to up to Eur 7,500.

### Employee Fostering

At the begining of the Covid-19 pandemic, the Malta Chamber of SMEs embarked on a "fostering workers" initiative of matching newly laid-off employees or employees that did not have any work with available jobs and employers that had experienced a surge in work due to the nature of the sector and also change in consumption patterns.

During the first weeks very few sectors, such as supermarkets, were doing well or still going on and needed or could afford to take on a bit of extra



help to cater for the sudden increased demand. We therefore facilitated the idea and the process of fostering an employee from sectors which were hit hard, such as the events and Tourism sector, with available employees, vehicles and equipment.

The Malta Chamber

of SMEs helped with the matchmaking, with the only aim being to keep workers in employment, on a full wage and encourage cross-industry support.

### Central Point of Information for Covid

Throughout the pandemic the SME Chamber has established itself as the central point of support for Businesses.

Business owners turned to the SME Chamber for assistance on eligibility and applications for support schemes, as well as constructive dialogue on

how to come out of the crisis stronger. The SME platform enabled members to share experiences and look positively to the future. More than 100 people took part in each of the over 30 tailored webinars held, on topics such as flow, cash mental resilience, business reengineering and online fraud.



The SME Chamber altered its work and created a support structure for members that focused on their essential needs and ultimate survival. This included exchange of good practices, information sessions, masterclasses, conferences, webinars, policy proposals and public representation.

We made sure to keep members informed and kept in touch regularly. It was important to communicate the ever changing and volatile scenario and keep members informed with any visibility and information we had.

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### o Proposals to reignite the Maltese Economy

During May 2020 and following the setting up of an SME taskforce to work on proposals in this regard together with a wider consultation exercise carried out with members, the Malta Chamber of SMEs has presented a comprehensive document with proposals of what Malta needs, to start strengthening the economic activity after stalling for over two months.



The following (amongst others) are the main highlights of the proposals presented:

1. Introduction of a special scheme that would tackle rent problems shops are facing. We are proposing a shared burden for payment of

rents by the landlord, the government and the tenant until there is an improvement is business activity.

- 2. Conversion of the existing MicroInvest tax credits into cash grants to inject liquidity into businesses.
- 3. Re-employment subsidy scheme for persons that have lost their job due to Covid by covering Eur 500 of their wage for one year upon engagement.
- 4. Targeted aid for people experiencing problems in affordability through an incentivised spending mechanism by putting in place a grant that covers up to 50% of a spend and capped at Eur 3,000 against VAT receipts for making tangible investments in existing properties.
- 5. Supporting of a campaign incentivizing local production and local purchases to decrease dependence on imports and encourage consumers to support and prioritise local businesses.
- 6. Incentives for businesses for online strategies to continue investing in refining their online presence and adapting their business models for the modern technology-based society.
- 7. Lowering bank charges and interest rates for businesses and consumers to limit loss of funds through such services in a time when investment and spending should be encouraged. Giving support to smaller banks to be able to compete will also help the situation.
- 8. Setting up an immediate-, medium- and long-term plan for Malta's tourism strategy.

9. Incentives for green economy to generate sustainable green jobs and a stronger concerted effort towards climate change.



Through the document published, the SME Chamber emphasized on the need for the country to adapt to living with Covid or future similar situations. This includes adapting to long-term strategies for higher sanitization and hygiene standards, remote-working,

measures to increase productivity levels and sustainable business strategies. Finally, the SME Chamber also emphasized on the importance of visibility for businesses that in particular depend entirely on this information to be able to plan their reentry into the market and get their business going.

The Malta Chamber of SMEs notes that part of the proposals presented have been included in the regeneration plan presented by the Government in its Mini Budget.

Following the mini budget the SME Chamber continued to follow closely the situation and intervene when required to ensure that measures included are effective and beneficial for businesses. The Malta Chamber of SMEs also aims to keep updating this document to ensure that this is relevant and up to date with the constantly evolving situation and needs of its members.

### o Facemasks Issue

#### **NEW & NOW**

# Solved! Pharmacies' order to not sell face masks lifted as authorities come to an agreement

Malta Chamber of SMEs just issued a statement.

Due to the Covid-19 pandemic, once face masks became obligatory for people to wear in shops and on public transport, the Government had announced a price fix for face masks and shields, with the maximum price for a face mask being 95c and that of a face shield EUR 5.

The decision however has led to an issue that some retail shops that stocked on face masks had bought the disposable masks from importers at a higher price.

The SME Chamber and the Pharmacists comittee within the Chamber immediately started pressuring the Government to assure that businesses will not suffer any further losses due to the price fix. However the Government was hesitant to react for several days, resulting in a directive issued to Pharmacies to no longer sell masks.

Following discussions commenced by the SME Chamber and evidence presented that masks were purchased at higher prices prior to the price fix, the government has changed its stance on the price control on the prices of masks and agreed to compensate pharmacies for the losses incurred.

### Budget 2021



Photo: DOI - Pieme Sammut

As in other years the Malta Chamber of SMEs has published its budgetary proposals, this year focusing on the pandemic and proposing measures mainly focused on the required urgent response mechanism to counter the effects of the Covid 19 pandemic on businesses. The SME Chamber published a total of 19 thematic proposals.

The proposals aimed at addressing a number of concerns mainly focusing on the lack of confidence, lack of stability and uncertainty on the political instability that we closed 2019 with.

### The Main proposals included:

- The Reduction of Income tax to 20% for the first Eur 100,000 in profits, to leave increased liquidity in the pockets of businesses;
- The lowering of VAT rates to 10% from the current 18% and extending the special VAT rates for businesses that have been hardest hit by the pandemic. Similar to what other countries have done, lower VAT rates will encourage increased consumption;
- The removal of SISA knowing that this is an unfair and hidden tax on consumption. SISA removed for all goods that do not carry the excise identifying marker;
- The Extension of the COVID wage supplement until at least March 2021 to give businesses predictability, the reintegrating a number of business sectors on the original wage supplement and the

'Budget must guarantee finances to see businesses through Covid period and beyond' - SMEs Chamber



possibility to employers to integrate critical staff in the Wage Supplement system to replace employees that have left and not made redundant;

LATEST

## A Budget that extends the safety-net for businesses – Malta Chamber of SMEs

The business-interest group called for more tax incentives to enable new investments

- The re-launch of the voucher scheme which would include retail shops and to be re-distributed in a 60 (hospitality and catering) 40 (retail) ratio.
- To increase banking support through the extension of the bank moratoria on repayments for an additional 6 months in the form of a partial moratorium additionally the interest rate subsidy of 2.5% to be extended to all loans linked to new investments;
- New employment and training schemes to be fully financed which will incentivise the business to keep employees on and rather than staying unproductive and to introduce a re-employment grant scheme where employers that employ someone who has over the last months been made redundant due to Covid would be assisted by covering Eur 500/month of the wage for one year;
- Introduce a more aggressive e-commerce support scheme through a grant scheme that would help businesses cover costs linked to the successful execution of a website which are beyond the cost of building a website per se;
- Extending Micro invest Benefits mainly by extending the cash conversion possibility of MicroInvest from 30% to 50% up to a

maximum of Eur 5000 instead of Eur 2000 and extending eligible costs covered by MicroInvest to cover Covid consumables such as disposable and reusable masks, disinfection and fumigation services and sanitizers;

In the run up to the budget, the SME Chamber has also held a meeting with the Prime Minister to ensure that the proposals presented are well explained and understood. Malta Chamber of SMEs President, while thanking him for his support and cooperation during this difficult year, emphasized on the importance of sustaining businesses who are ultimately the backbone of our economy. Moreover the SME Chamber emphasized that the SME Chamber's Budget 2021 targets businesses and consumers alike, who depend on each other now, with the effects of Covid, more than ever.

Ahead of the 2021 Budget the Malta Chamber of SMEs has also held a meeting with the Opposition. The delegation from the Opposition, composed of Hon. Mario de Marco, Hon. Claudio Grech, Hon. Hermann Schiavone and Hon. Kristy Debono stated that the role of Malta Chamber of SMEs throughout Covid-19 was very important and influential.

During the meeting the delegation acknowledged the work behind the SME Chamber Budget proposals and said that the Opposition will take on board the SME Chamber budget proposals which had also been eventually included in the Opposition Pre-Budget Document.

The SME Chamber positively notes that budget presented included vital measures which the SME Chamber proposed in line with the feedback gathered from members and committees.

Malta Chamber of SMEs will continue to push the above-mentioned proposals with the aim of seeing these measures implemented for the benefit of its members and businesses at large.

### **BREXIT**



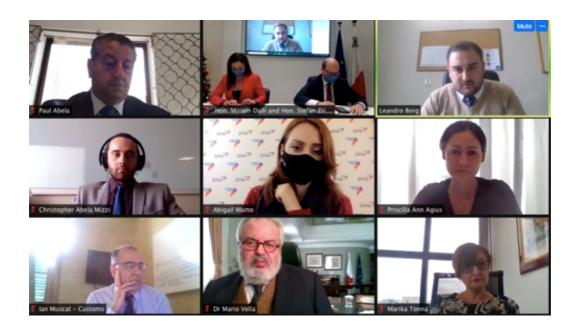
Throughout the year the SME Chamber followed negotiations between the UK and the European Union. We had meetings with the Customs Department about the preparations for Brexit throughout the year and made sure that departments and agencies are prepared and able to assist businesses in the best possible way, administrative resources have been increased in entities such as Customs, in order to cope with the increased activity that Brexit will bring.

We also prepared our members for several challenges with the aim to reduce negative impacts on business, and for Maltese businesses to make good ose of the opportunities that can develop.

Issues varied from to new process for customs decleration, registration of an EORI number with customs, new customs precoedure on goods and registration of vehicles imported from the UK and other non-EU countries.

In December we organised an informative webinar with the participation of Hon. Minister Miriam Dalli and Hon. Parliamentary Secretary Stefan Zrinzo Azzopardi, Malta's Brexit Commissioner Dr. Mario Vella, MCCAA, Customs Department, Malta Enterprise and representative's of Brexit Be Prepared office. This webinar was an opportunity for businesses to communicate about the preparations that need to be made and to understand the new realities that Brexit will bring.

Uncertainty kept on dominating the Brexit issue until the very end since negotiations for a Brexit deal kept ongoing. This didn't help for clarity and



preparations and therefore we kept on following the situation and the affects on imports, exports and taxation especially after the 1st of January 2021.

### Political and Institutional Stakeholders

During the year, the SME Chamber ensures to maintain relations with important stakeholders.

### o Welcoming the new Prime Minister



The Malta Chamber of SMEs welcomed Prime Minister Robert Abela at the SME Chamber offices in Floriana a few days after being elected as Malta's Prime Minister. The Prime Minister was accompanied by the Minister for the Economy, the Hon Silvio Schembri.

During this meeting, The Malta Chamber of SMEs urged the Prime Minister to ensure good governance is prioritised across the board and empahsised that businesses want to see things done correctly.

Paul Abela also mentioned that he hopes that the island would start to reap the benefits of road upgrades this year and make headway on the headache bank bureaucracy causes businesses, and the importance of working for a sustainable future.

Robert Abela said that he was conscious that a good reputation for Malta was important for both foreign and local investors. He said that he had



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received positive messages from the EU in connection with the decisions the government had made since he took office.

The Prime Minister insisted that it shouldn't take too long to restore our reputation and once this is done, we will keep focusing on the economy and on improving people's lives and SMEs make up a big part of this.

He added that the government was employing a pro-marker attitude which saw the market holistically, giving due importance to both businesses and consumers.

### $\circ$ Welcoming the new Leader of the Opposition



The Malta Chamber of SMEs has officially met Opposition Leader Dr Bernard Grech to discuss issues related to members of the Malta Chamber of SMEs.

SME Chamber President Paul Abela augured Dr Grech for being elected as PN and Opposition Leader and stated that the SME Chamber considers the opposition as alternative Government.

SME Chamber President Paul Abela emphasized how important it is to give businesses the necessary breathing space at the moment, giving them the ability to extend their loan repayments on a long time-frame to give them time to make up for this year.

Whilst mentioning that the SME Chamber was catalyst to convince the Government to introduce the wage supplement, Mr Abela mentioned the importance of new incentives for SMEs and the economic growth post Covid-19.

Mr Abela also mentioned the importance of a economic regeneration process and the importance of the Environment, stressing that the Malta Chamber of SMEs is on the forefront in promoting renewal energy and manages two Schemes one for packaging and electrical equipment.

Grech said that the generation of wealth is successful when the economy is founded on a fair society.

### o Partit Laburista Administration

The Malta Chamber of SMEs held an introductory meeting with the new Partit Laburista administration lead by the new PL Deputy Leader for party affairs, Architect Daniel Micallef.



Malta Chamber of SMEs President Mr Paul Abela congratulated Mr Micallef on being elected as PL new Deputy Leader.

Mr Abela mentioned the importance of new incentives for SMEs and the economic growth post Covid-19.

Daniel Micallef said that this meeting was held as part of a consultation process initiated by Partit Laburista and that during this meeting several issues related to families and businesses were discussed.

### o Visiting President George Vella

The SME Chamber Officers paid a visit to the President in order to air the Chamber's views about the Covid situation and keep the President of Malta updated from our end.





The SME Chamber emphasised on the biggest problems faced by businesses at the moment and their biggest Covid struggles. The meeting was held ahead of the Covid extraordinary Budget.

President Vella appreciated the interaction as he wants to feel to pulse of small businesses and how they are living through Covid directly. The President discussed the new Economy following Covid.

### Foundation for Transport

In November 2020, the Malta Chamber of SMEs has officially become a a founding member of The Foundation for Transport. The aim of this foundation is to work with various stakeholders to assist the transport industry to go through the transition of reskilling and upskilling its human resources.

The Malta Chamber of SMEs is one of the cofounders of this foundation together with Malta Enterprise, Transport Malta, MCAST and MEA.



Through its active role within this foundation,

the Malta Chamber of SMEs aims to promote the initiatives with its members, raise topics highlighted by its members and assist in the drafting of policy.

The target group will be employees already in employment in the transport industry but also apprentices/students who will be future employees. The Foundation will target all modes of transport, including logistics and road safety, are taken into consideration.

The main objectives of the Foundation for Transport are:

To promote, organize, provide, develop, manage and facilitate innovative upskilling and reskilling training modules for key-players, employees and stakeholders, and the public at large, for the purpose of ameliorating the transport industry in Malta and Gozo;

 To arrange and provide for, or join in arranging and providing various training initiatives which may take various forms such as courses, meetings, lectures, classes, seminars, training programmes, exchanges and events;

 To organize seminars, training or other educational endeavors, to promote improvement and professionalism in the transport industry;

 To promote the publication of periodicals and other papers of professional interest and importance with particular focus on the transport industry.

- To promote research and study in the transport industry to tackle matters both existing and any which might be developed in the future.

The signing took place on the 27th of November 2020 in the presence of the President of Malta Dr. George Vella at San Anton Palace.

### Disability Forum

The Malta Chamber of SMEs continued its representation on the Malta Business Disability forum through quarterly meetings held.

The Malta Chamber of SMEs has put forward a number of ideas, we believe can improve the employability of persons with disability in Malta and which also improve the accessibility of Maltese Businesses.

The SME Chamber has presented a proposal to convert the penalty currently paid by employers who do not reach the 2% quota into scheme accessible for employers to tap into in order to invest in equipment and infrastructure which will make their business more accessible for all while ensuring that the investment burden is shared.

The SME Chamber continues to monitor this sector closely in order to ensure that while businesses in Malta become accessible for all, employers are given the right tools and resources to make this happen.

BO Forms – Malta Business Registry

The Malta Chamber of SMEs represented and made a case for a number of members who received unjustified fines related to the late submission of BO forms.

Member who own companies partly owned by another company incurred a Euro 200 fine and a daily fine of Euro 2.00 which daily fine in the majority of cases surpassed the initial fine and exceeded Euro 1,000.

The Malta Chamber of SMEs raised this issue directly with MBR arguing that member have never been officially informed with this requisite and that they penalty was only received when the daily fine had already been incurred.

The SME Chamber strongly believes that this was a very unjust procedure and will be doing its utmost to rectify this situation.

The Malta Chamber of SMEs has advised its members to refrain from settling this unjust fine and will be insisting that a form of remedy needs to be offered.

The SME Chamber is currently still in discussions with MBR and aims to resolve this matter for in the coming months.

### SECTORS UNDER THE SPOTLIGHT

### Childcare Centres

Childcare Centres are affiliated with the Chamber of SMEs through the Childcare Centre Providers Association. This group have faced a turbulent and uncertain year with their contracting expiring during the year that Covid hit. Overnight this sector went from a state of managing oversupply of children and having waiting lists to an immediate drop in child attendance and soon after closure.

Within the circumstances the contract could no longer be applied in its entirety and with expiration looming, a renewal was potentially under threat. The Malta Business Weekly

The Malta Chamber of SMES and the Childcare Centre Providers Association welcome confirmation that scheme will honour payments

2 Apr 2020

The SME Chamber and the CCPA welcome the confirmation that the Free Childcare scheme will be honouring payments for the entire month of March, as per booked hours marked on each individual system.

Following lengthy discussions, the SME Chamber and the CCPA found viable solutions that safeguarded this sector and also the employees working within it. The sector is very pleased with the results achieved in view of the difficult circumstances the country is going through.

The SME Chamber also followed and assisted Childcare Centres in the

consultation process related to their restrictions and the re-opening of the

sector.

**VRT Stations** 

Increase in the payment to VRT Stations came into force in January 2020.

This followed lengthy discussions and a joint study with Transport Malta

over the previous year. This is the first time VRT Stations increased their

income in circa 20 years.

The SME Chamber also assisted this sector in the temporary suspension of

their service due to Covid and its reopening.

**Fuel Stations** 

Fuel Stations have over the last years and months started undergoing a

significant refurbishment project that was required by the EU in order to

upgrade their stations.

Over 2020 many complications arose and the SME Chamber has been

dealing with the individual through the very valid work of the Committee

representing this sector. Most of the issues relate to ERA's requirements

and regulation of the sector.

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Apart from this the SME Chamber also started tackling the issue of abuse of dominance that is negatively affecting the majority of the operators in the sector.

#### **CSPs**



The Malta Chamber of SMEs has continued its consultation with its members during 2020. The Discussion comes in light of an updated legislation targeting CSPs and those operating under the exemption such as sole practitioners and warranted individuals. Following the submission of a positon paper in 2019, the Malta Chamber of SMEs consulted with its

members on the feedback statement published by The Malta Financial Services Authority.

Given the importance of this sector, the SME Chamber also structured a CSP committee made up of different members all representing different areas. The SME Chamber positively notes the pro-activeness of this committee which led to a number of milestones in its year of inception. Notably the CSP Committee has held a number of meetings with the Malta Financial Services Authority specifically discussing issues related to the CSP Act. Later on this year the CSP committee also met with Hon. Clayton Bartolo (in his capacity as parliamentary secretary for digital economy and financial services) to discuss the main concerns.

Later on this year the Malta Chamber of SMEs, through the CSP committee submitted a third position paper, on the published rulebook. The SME Chamber positively notes that the feedback statement published addresses a number of concerns raised in earlier feedback by the SME Chamber. Moreover, a number of recommendations put forward by Malta Chamber of SMEs have been upheld and taken on-board.

The CSP committee aims to continue meeting with different authorties with the aim of improving the sector and eliminating issues present.

During 2021 the CSP committee aims to hold meeting with the Malta Business Registry and the Malta Bankers Association in order to highlight the issues encountered. The Malta Chamber of SMEs will continue following the situation related to CSPs and will keep members informed with development related to this legislation so as to ensure the smooth transition and implementation.

#### Leisure Cruises operating in Comino

The SME Chamber has welcomed this new group of operators and has assisted them in seeking redress for a very unfair move by the Government that will jeopardise their livelihood and drive them out of business.

#### Comino operators seek refuge at Malta Chamber for SMEs



By the end of year all legal routes available had been started and were ongoing.

#### Sectors hardest hit by Covid

Practically all economic sectors were hit by Covid one way or another. A number of businesses have however been hit by Covid at exceptional negative levels. These are sectors that have seen barely any work at all and 2020 represented a significant loss. Amongst the sectors hardest hit:

- Travel Operators
- o The MICE Industry

Other sectors that have experienced substantial losses and great disruptions were:

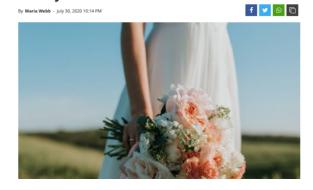
- Wedding Suppliers
- Businesses
   depending on social events
- Businesses heavily dependent on tourism

The SME Chamber has over 2020 held countless meetings with these sectors and has helped in bringing them together, guiding them, limiting the damage and also securing the necessary basic aid.

### "Tour operators and travel agents can't refund money they don't have" - SME Chamber

The SME Chamber asked consumers to be patient.

#### "Wedding and events sector need clarity" - SME Chamber



#### Importers of Lubricating Oils

Following complaints by members in relation to change in import procedure due to the introduction of excise tax, the SME Chamber held a series of meetings with members and the customs authorities.

Excise tax on lubricating oils had in fact been introduced in 2015. The development that came into force in 2020 is the introduction of the

identifier mark – the excise duty stamp (boll). This was announced in the Budget read at the end of 2019 for the year 2020 and private operators were informed in writing in July and August of 2020. It was also published in the Government Gazette in August 2020.

The period from the Budget announcement in 2019 to July 2020 was necessary to establish the design, security features and testing of the excise duty stamp and to come to an agreement with the excise duty stamp supplier with regards to the smooth running of procedures of procuring the excise duty stamps for lubricating oils.

The aim behind this initiative is to be able to curb on unfair competition that is mainly coming through Sicily and ensure that all products present on the Maltese market are abiding by the same rules.

All imports (non-EU) or entries into Malta (EU) that came in as of 1st October 2020 must follow the new procedure in the immediate and ensure compliance.

Products already available on the market (pre 1<sup>st</sup> October 2020) should also have the excise duty stamp affixed as soon as possible. Customs agreed to a transition period that does not go beyond May 2021. Following which enforcement will immediately take place and goods found without the excise duty stamp (even in cases where excise duty has been paid and the excise duty stamp also paid and available but not affixed to the product) will be confiscated and Customs will proceed with their action against the private operator as stipulated by the Excise Duty Act (Chapter 382).

The bank guarantee applies in the case of opting for a Tax Warehouse Keeper status and the amount of the guarantee would be equivalent to the amount of stock of the excisable goods that the tax warehouse can accommodate. Should excise be paid upon entry, in the case of Excise Registered Merchants, a guarantee applies in the form of payment according to the Excise Duty Act, Article 10C (3) '...(a) before dispatch or receipt of the excise goods, he shall guarantee the payment of excise duty, under the conditions fixed by the Commissioner;...'.

The SME Chamber advised importers to seriously consider setting up a tax warehouse and guided members accordingly.

Retail & Services – Spending

#### Partial Lockdowns and Online Shopping

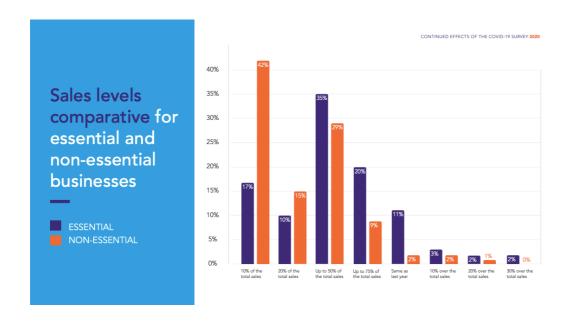
The number of businesses that have flourished during Covid is very minimal and linked specifically to changing priorities due to consumers being more at home and investing in their homes.

2020 has on the other hand been turbulent for some businesses more than others. Some kept going with fluctuations in their sales, even significant fluctuations, others, the non-essential, have suffered severe disruptions with closures.

For non-essential retail and services to deal with the forced closures was not easy, thankfully, during 2020 this was only for a relatively short period and it was, back then, during a time when businesses could survive it. Most businesses immediately stepped up their efforts to be able to service their

clients online. Such efforts are still ongoing and these are not efforts that went to waste but toward a wider strategy to meet the changing consumer demands and consumption patterns.

It was positive to note that following the introduction of health restrictions on the retail and service industry, the sectors responded so well in terms of adherence that no issues were registered overall coming from these sectors and therefore they were deemed as safe and could remain open during 2020.



In terms of reacting to the new restrictions by the non-essential businesses, like with anything else we experienced some teething problems. Fine tuning was necessary for the restrictions to make more sense. This included putting the burden of shops to ensure no elderly would not be found on their premises, excessive Perspex requirements and so on. The SME Chamber made sure to iron out problems in order to make the restrictions more effective and not uselessly burdensome on businesses.

During this time the Chamber of SMEs has done its best to guide all businesses, ensure compliance and also to encourage the right kind of consumption.

#### Black Friday

Once again the Malta Chamber of SMEs launched a campaign to promote Black Friday, this year also promoting the importance of online shopping due to the Covid-19 pandemic.



EXCLUSIVE OFFERS FROM OUR MEMBERS

The SME Chamber compiled a list with over

400 outlets across Malta & Gozo that offered special prices and offers for Black Friday. It is very positive to note that we had a drastic increase in the number of businesses participating in the initiative.

The SME Chamber created an online brochure with all the outlets and offered consumers full visibility.

During this campaign with various interviews on local TV, online portals and radio's, the SME Chamber emphasised that by supporting local we are supporting our own jobs and families.

It is clear that the SME Chamber is owning this day each and every year and we intend to invest more resources to give more added value to our members and help them win a greater share of the market during this specific day.

Notwithstanding the Covid-10 pandemic, this years' Black Friday generally reached the expactations of the majority of our members while for others it exceeded their expactations.

#### Support local Campaign



A campaign started during Black Friday and continued over the festive season, also via a billboard and online means. The Malta Chamber of SMEs launched a campaign to encourage consumers to shop local.

This campaign was also suggested for the government to carry out at a national level in order to encourage consumers to support local businesses and save jobs by giving them priority during their spending. This suggestion was unfortunately not taken up.

The campaign tackled a number of angles but mainly that by supporting local you are supporting Maltese jobs. The SME Chamber also communicated that Covid created significant disruptions in deliveries and make shopping outside Malta inefficient. We therefore encouraged consumers to make use of the wider opportunities online and the A to Z service that guarantees efficiency and peace of mind.

#### Shopping during the Festivities

The festivities are the most important peak for businesses, the peak that makes up for other slower periods.

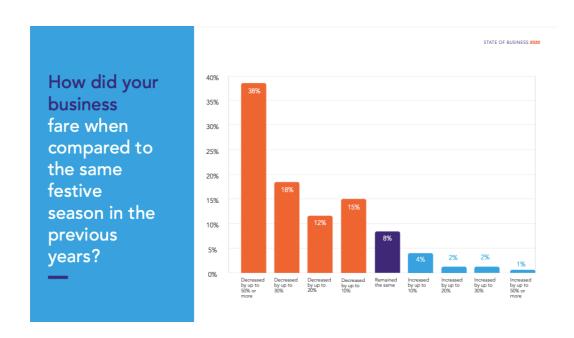
From the feedback gathered and statistics, it became evident that all of Malta was negatively affected however Valletta was standing out

## Businesses, on average, expect to see 30-50% less sales this Christmas – Chamber of SMEs

☐ Giuseppe Attard ☐ Wednesday, 16 December 2020, 08:28 ☐ Last update: about 4 months ago

much more. In fact, Valletta was turning into a silent city and businesses were in a state of desperation.

Due to Covid-19 restrictions we encouraged online shopping which rendered some positive results. According to a study conducted by the SME Chamber, during the 2020 festive season, sales were close to the expactations of many businesses. It was however a negative season as anticipated with some businesses coming from specific sectors suffering more than others due to the effects of the pandemic. Worst hit businesses mainly include those which are tourism dependent and those depending on events and social gatherings.



#### o Valletta

2020 started with a bang. The Prime Minister and Minister for the Economy accompanied the SME Chamber on a walk-about in Valletta in order to start

making up for the difficult time Valletta experiences following the political turmoil, and the protests as a bi-product.



Unfortunately things took a very negative turning point immediately after this activity when Covid hit. Valletta establishments were hit hard by the pandemic, being highly dependent on tourists and cruise liners.

Through discussions with the Government and the support primarily of the Tourism Ministry and the Valletta Cultural Agency, a few meaningful initiatives were carried out to highlight Valletta as a place to visit for the festivities. Even though these initiatives attracted a level of criticism the criticism was indeed unjust and the medical professionals later retracted.

The initiatives included free parking on specific dates, attractions along all of Valletta as well as light shows. All activities were according to Health standards and agreed with the Health Authorities.



Members operating in Valletta greatly appreciated the effort and support, and the bit of economic activity this generated.

Even though a lot of effort was invested these were no enough so that within the short-term the economic activity of Valletta would

diversity to attract more of the domestic market. It is however part of the long-term sustainable strategy for Valletta.

#### Voucher Scheme

The voucher scheme was a very good initiative that helped businesses have an increase in economic activity over the summer months. Unfortunately, Covid started on the increase once again immediately after August.

The SME Chamber suggested the relaunch of another set of vouchers, this time however having a more balanced split between retail and leisure 40:60, and this proposal was accepted. The SME Chamber had also proposed for the vouchers to be issued for Christmas time however the

Ministry had opted for their launch In January. The new set of vouchers had to however be postponed in view that the timing of the re-issuance could not go forward in view of high Covid cases.

At end of year the SME Chamber was pushing for the gradual re-launch of the vouchers starting with the retail vouchers and moving on to leisure vouchers later on. This in our opinion, and following consultation with members, would have an overall larger and longer-term effect than a onetime injection.



#### **Tourism**

#### LATEST

#### Philip Fenech: 'No business should go under as a result of forced closure'

The Malta Chamber of SMEs Vice President stresses that 'more than the wage supplement will be needed'  $\,$ 





2020 was one of the most difficult years in our history of Tourism. It was a year of closures for various businesses related to tourism and the hospitality sector, besides general retail. Tourism related services cannot be done

Listen: Irresponsible attitude will undermine all businesses' efforts – Philip Fenech

UPDATED 05:10 PM





from home remotely, it is a people-to-people industry.

We have to remember that 2019 was a record-breaking year with arrivals reaching to over 2.7 million tourists, so the sudden stop came at a time when business confidence was very high and business owners were investing heavily in new investments or expansions.

Since most businesses had accumulated profits from previous years, the majority had invested their reserves and even went into heavier loans. This was because business confidence was at its highest.

With Airport closures and restricted flying, most businesses had to depend on the domestic market, the industry suffered a loss of six (6) times the business they were enjoying before.

From a business perspective, the worst part of the pandemic, was that nobody new how this was going to end while things started evolving as the year went through.

Some businesses thought that it would be a mere two-month cycle, only to discover that it was on a prolonged period.

The Result of this was that no projections could be done, and many businesses exhausted their reserves or loans and found it even more difficult to continue works with their new investments. Only those businesses that had their financing in place and did not depend on their daily turnover could carry on their extension programs.

The SME Chamber worked very hard in this sector to tap into government funds, even taking into consideration the individual particularity of each business model that had their own challenges.

Besides the general subsidies that were mentioned for retail in general, the tourism sector had its own challenges being the hardest hit. We lobbied with success in wavering the Malta Tourism Authority licences for restaurants, bars, clubs and Hotels and also grants for those businesses closed in the catering/leisure sector, mainly to finance perishable stocks during all closures.

It's fair to say that tourism accounts for 70% of all retail and services activities. Not only as a direct demand, but also its derived demand.

Many airline companies went in retrenchment, decreasing capacities enormously, not only in Malta, but also our competing destinations too, such as Spain, Portugal, Greece and other.

The challenges that the industry is facing come 2021 are that we can't afford not to have some kind of a start for the summer season. In this regard, the SME Chamber has been in discussions with the Ministry of Tourism on the national launch of season 2021.

This all depends, part and parcel with health, monitoring contaminations of Covid-19 together with the start and continuation of the vaccine program.

Our challenges are that we cannot be left behind in all this respect since our competing destinations would have a head start and it would make it more difficult for us to compete and find our position back in the market.

Gozo

As a Chamber we need to look beyond this crisis even when it comes to Gozo. Businesses need to move beyond their traditional processes in order to survive. The present crisis are a serious call for action by the business community. Gozo's double insularity, is already a serious weakness on it own.

The GDP per capita differences between Gozo and the main island Malta have slightly increased over time. Various elements can explain this trend. Importantly, the island of Malta has a more service oriented than the economy island of Gozo, which relies more on tourism,

# Gozo – home to tranquillity, tradition and affordability Propertia Business 77 Regulantes 2020 (CP9 94 min read F V V V V In Test

agriculture, construction and fishing activities. With this different economic orientation, the economic growth of Malta has outpaced that of Gozo (European Commission, 2019, p11)

The way forward is to make the Gozitan economy function on its own and be a contributor to the Maltese economy in general, hence being more sustainable.

The outbreak of the Covid-19 pandemic has had an effect on all businesses, even those that from the outset seem to be less impacted.

Given the recent difficulties created by Covid-19 pandemic and Gozo's structural limitations the Chamber strongly thinks that a change process is needed within the Gozo's eceonomy. The island's economy cannot remain heavily dependent on tourism and construction. It needs to diversify in sectors like digitalization, green energy and the sustainability of the environment.

#### Tourism based



Gozo's economy also heavily dependent on tourism, in fact, tourism accounts for 50% of Gozo's GDP and 20% in terms of direct and indirect employment E-Cubed ( Consultants, 2015). It is also important to note that Gozo's tourism relies heavily of self catering establishments where around 70% of the total available accommodation is in

this sector. It also important to note that domestic tourism is an important segment in this sector most especially in the shoulder months. Summer 2020 was practically cancelled and this is heavily dependent on the opening of Malta's airspace.

#### Short / Long Term measures:

- Create incentives for domestic tourism.
- Encourage operators to provide offers on the accommodation sector
- Gradually open the diving sector
- Offer subsidised loans and grants in the tourism sector
- Promote Gozo in foreign markets
- Change the profile of tourist sector from one of senior citizen to a younger generation offering products like; adventure, sports and a stronger cultural calendar.

#### Property Market

The property market is another pillar of the Gozitan economy, however development should never come at a cost of the environment. In the last months Gozo has been experiencing a lot of criticism on the way the environment was being looked at. This has been coming along from various fronts namely; the Councils, Business Organisations including our Chamber, NGOs, the Church and others. This situation needs to be seriously looked at in the short term because sooner rather than later it will be out of control, and Gozo will end up in a situation similar to the mainland or worse. The environment is vital for the sustainability of the economy. Safeguarding the green belts between localities is a must and non negotiable.

Also UCA areas have to be conserved. In Gozo, permits to built apartments in these zones should not be allowed. The property market in Gozo today contributes to more than 10% of the GDP.

The construction sector in the last 3 years and prior to COVID- 19 prospered and experienced a year on year growth. This was mainly due to the reduced tax rate of 2% which applies to any property purchased from Gozo.

So the key lies in sustainable development and the balance between allowing certain types of development while preserving the character of the island

#### Transport and Connectivity

Gozo is often termed as suffering from 'double insularity'. The island is presently connected to mainland Malta via a scheduled ferry transport between the two islands. The introduction of the fourth ferry service helped a lot in easing mobility between the two islands. The Chamber of SME's strongly believes that a permanent link between the two islands in an important project for Gozo. The Chamber believes that this project will solve Gozo's accessibility issues and will put Gozo on the same footing as Malta.

#### **PARTNERSHIPS**

#### **Business 1st**

2020 was a very trying year for business 1<sup>st</sup> and very reflective of the year the SME Chamber went through.

Business 1<sup>st</sup> had to also temporarily change its operation on numerous occasions to one that focuses on Covid support. In fact Business 1<sup>st</sup> was a

## 158,000 business enquiries, 75% linked to Covid-19 – Business 1st CEO

By Dayna Camilleri Clarke - Thursday, 4 February, 2021 at 4:08 pm



main contact point for businesses for Covid issues. Similarly to the SME Chamber work at Business 1<sup>st</sup> spiked dramatically and all the employees had to work around the clock to cater for the increased need.

Figures at Business 1<sup>st</sup> show how in demand their service was during 2020. In fact, during 2020 the business contact at Business 1<sup>st</sup> rose to a staggering 158,193.

The Malta Chamber of SMEs is very proud with the agility and performance of Business 1<sup>st</sup> during 2020. It truly reflects the type of organisation we would be part of and the exceptional entity our members require for support.

MaltaEnergy

MaltaEnergy Tender had been issues and adjudicated during 2020. The

tender was split in three different lots, and the three bids have been won

by three different companies, one of them a consortium composed of three

companies.

The objective of the initiative to have different companies benefit from the

project was therefore attained. Unfortunately, however, due to the current

Covid-19 situation, Feed in tariff has been delayed but was secured in early

December.

Following this, contracts were signed with the winning bidders.

The actual works started in mid-December and are envisaged to be

completed by end of April.

Meanwhile, the CEO and directors of the company are on the watch out

for new projects. Discussions in this sense are still ongoing with

Government, and it is hoped that there will be some developments soon.

Beverage Container Refund Scheme (BCRS)

The Malta Chamber of SMEs has from the very beginning been part of the

Malta Beverage Container Refund Ltd. The Malta Chamber of SMEs will in

fact be representing the small operators and aims to ensure that the voice

of the small operators is heard.

60

An association representing retailers was formed made up of different retailers including supermarkets and small operators.

The agreement could only take place following the conclusion of the

## Bottle refund scheme agreement in final phase; Scheme to be up and running in next 14 months



regulations of the schemes, which came into force in the month of July 2020, the consortium signed an agreement on the 14th of September 2020 which stipulates that operators need to fulfil a number of obligations within 14 months.

The Consortium is made up of Beverage Producers, Importers and Retailers in Malta. The SME Chambers' role will be to represent the retailers.

On this consortium, the Malta Chamber of SMEs aims to ensure that retailers are safeguarded and that they are part and parcel in the decision-making process.

It is being envisaged that during 2021, the Malta Chamber of SMEs will organise a number of information sessions and meeting to ensure that retailers are fully informed and prepared.

#### Corporate Sponsors

Over 2020 the SME Chamber selected key business entities to strengthen and extend the service the SME Chamber gives to its members apart from them contributing also in sustaining the organisation.

#### o Cybergate International

The first collaboration agreement signed was during September 2020 with Cybergate International. Cybergate international is a private company providing consultancy services specifically on cyber security. Services range from penetration testing dedicated for training employees.

## Chamber of SMEs launches project to protect businesses from cyber crime



The SME Chamber felt the

need of promoting this service following an increase in cyber attacks throughout the past years and which are predicted to increase significantly in the coming years.

Cybergate International will assist the SME Chamber in championing this mandate in Malta on behalf of SMEs, backed by its long years of experience working in the area and a professional outreach strategy. Through this partnership an educational campaign will ensue on cyber security for business.

The SME Chamber looks forward to collaborate with Cybergate International for the years to come.

#### Trust Payments (Acquiring.com)

The Second collaboration agreement signed during 2020 was with Trust Payments (Acquiring.com). The aim of this agreement is aimed at offering competitive rates on electronic



payments and payment gateways.

The Malta Chamber of SMEs has always advocated on the importance of lowering electronic payment charges and on the need of more

competition. A study conducted in collaboration with MasterCard in 2019 in fact found that 33% of merchants pay between 1.5% and 2% while 31% pay over 2% on each transaction. The same study also found that 29% of local merchants still do not accept card payment of which 73% of respondents that do not accept card payments, identified the cost associated with POS machines as a major reason for not accepting card payments.

It was therefore high time for such value for money service in online and electronic payments to be made available on the Maltese market. It has become a priority of national interest to move towards a cashless society as much as possible and encouraging businesses in taking up such initiatives. The SME Chamber gladly notes new players entering the markets and strongly encourages members to look into these options.

Trust Payments is a global unified payments group for global pay-in, payout and customer journey technologies. Acquiring.com hold over 50 global acquiring banks, including their own EU-licenced institution, acquiring.com. With over 20 years of payments experience and unrivalled customer focus. Their trusted and robust technology solutions deliver 1.6 bn transactions annually for 7,000 active clients across eCommerce, mobile and Point of Sale (POS) and in 14 like-for-like settlement currencies.

Through this collaboration, the SME Chamber aims to offer lower and more competitive electronic payment charges, lower than those traditionally offered to members.

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#### **RESEARCH & STUDIES**

#### **COVID Surveys**

Throughout 2020 the SME Chamber conducted surveys, specifically the Covid-19 during pandemic. Each of these studies was necessary due to the ever changing Covid scenario and were strategically rolled out at prececific junctions - in April 2020, followed by

#### Only 30% of businesses can survive the current situation for more than a year – Chamber of SMEs

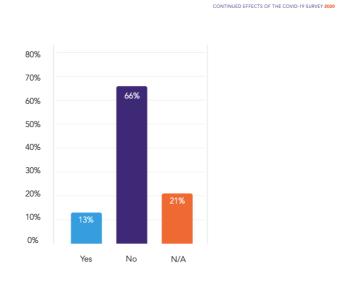


June/ July, October and November. These surveys helped to analyse the situation and therefore come with solutions which would be proposed to the Government, such as the wage supplement, bank moratoria, Tax Defarrals and more.

The surveys provided a torough overview of the situation businesses where in, including which sectors were doing better than others, the level of impact, their survival expectation, their upcoming expectation, the effect of the different support measures and what other measures businesses needed.

The research conducted amongst members proved fital for the SME Chamber to present policy recommendations and raise awareness on the issues afflicting businesses.

Have you made any employees redundant because of Covid 19?



#### State of Business Suvery 2020

In January 2020, the SME Chamber conducted the yearly business survey for the year 2019.

Overall business performance during 2019 was mostly in line with expectations, reflecting an economy that was projected to slow down slightly. On the other hand, factors that left their mark on 2019, and which were not foreseen were clearly the political, and resultant economic instability and lower profitability. These two factors, in fact, also rank high

in terms of concerns businesses cited for 2020, together with labour shortages.

Whilst political instability was at its high mainly during the final months of 2019, unfortunately, it also coincided with the most important business



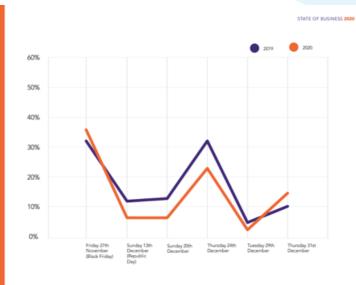
period for the majority of enterprises. This phenomenon adversely affected client spending with Christmas shopping starting later than usual (closer to the 24th December rather than the previous week) while Black Friday scored below expectations for more than half of the respondents. Even though this trend was observed across all of Malta, Valletta operating outlets suffered the most. Electricity outages during this same period were also cited as another contributor of these disappointing results.

The respondents cited owner led initiatives such as new investments and marketing, increased consumption and staff training as some of the main drivers were positive performance was experienced.

The political situation, lower profitability, unfair competition, increased local competition, traffic congestion and parking featured high as contributors to negative performance.

The majority of businesses do however had a balanced to positive outlook for 2020. 75% feel that in 2020 they expect that business performance will be the same as in 2019 and some even expect it to improve. This feeling of confidence can most likely be attributed to positive political developments witnessed from the second half of January.

Which do you think was the best day/week for sales (turnover) during the festive season?



#### **ACTIVITIES & EVENTS**

#### Conferences

#### o SMEs the Backbone of Malta's Economy

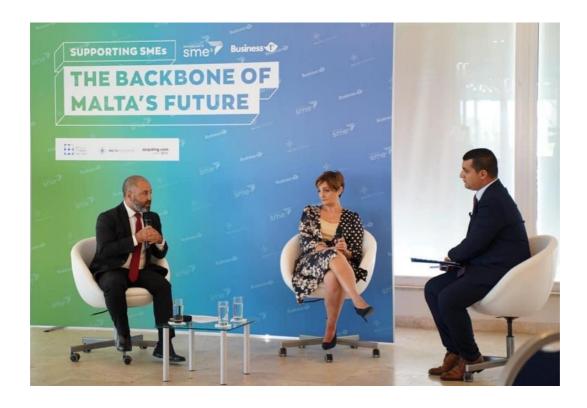


The Malta Chamber of SMEs in September 2020 organized a half day online conference aimed at highlighting the importance of SMEs in the Maltese economy. Originally this conference was meant to be held in March 2020, which plans had to be changed due to the abrupt situation. The Malta Chamber of

SMEs organised this online conference in partnership with Business 1st. The Conference saw the participation of high-level officials, including Hon. Prime Minister Robert Abela, the Minister for Economy, Investment and Small Businesses Hon. Silvio Schembri, Malta Enterprise CEO Mr Kurt Farrugia and Business first CEO Ms Marika Tonna.

The conference was followed by a staggering, over 22,000 online viewers on the Malta Chamber of SMEs facebook page.

The Prime Minister participated in a 45 minutes fireside chat with the Malta Chamber of SMEs CEO Ms Abigail Mamo. During the conference the Prime Minister had announced that the government will continue helping businesses with wage supplements beyond October – An updated scheme will be announced during October's Budget.



Malta Enterprise CEO Mr Kurt Farrugia and Business 1st CEO Ms Marika Tonna also mentioned that businesses that felt the COVID 19 impact at a later stage will also be assisted. Future looking priority areas of support will be Green Business, Digital Investments by Businesses and Remodeling the Business Model for the new era.

 'Covid 19 & SMEs – Acknowledging, Adapting and Looking Ahead'.

In November 2020, the Malta Chamber of SMEs has once again teamed up with Business 1st to bring another edition of 'The SME Conference' for the year 2020. The theme of the event this year was 'Covid 19 & SMEs –





Acknowledging, Adapting and Looking Ahead'. This event was a hybrid event held mainly online and also physically with around 75 participants joining physically. The conference saw a over 250 particiants.



SME Chamber President Mr
Paul Maltese businesses still
have a number of hard months
to go through and he called on
the Government to guide
businesses on areas of
investment in line with the
country's economic
regeneration strategy.



The SME Chamber President emphasised that the banks must be patient and lengthen repayment periods as much as possible to give businesses time to get back on their feet.



The conference also saw the participation of two of our partners Acquiring.com and Cybergate International. Both partners participated in a panel

discussion on the digital needs of our businesses. From the panel discussion it was noted that online payment gateways such as acquiring.com are becoming more and more popular, especially since the Covid-19 pandemic started and since transaction fees became more competitive.

Ing. Kieth Fitzpatrick, Director of Operations and Training at Cybergate International said that the impact of cybercrime is increasing at an alarming level with the absolute majority of businesses having experienced at least one cybersecurity incident. He also mentioned that the majority of SMEs in Malta are not equipped to prevent cybercrime, and therefore Cybergate International is ready to assist.

SME Chamber CEO Abigail Mamo presented the results of the SME Chamber findings carried out during the month of November, based on 300 business respondents. 78% of respondents reported lower levels of turnover compared to 2019, while 10% reported staying the same and 11% reporting an increase. Ms Mamo emphasised that a strong level of uncertainty was expressed throughout the replies from businesses and 38% were concerned that they would not last beyond 12 months if things remained the way they were.

Malta Enterprise CEO Kurt Farrugia remarked that the new wage supplement framework will be discussed with the Chamber of SMEs and social partners business representatives.

The Malta Chamber of SMEs was able to put up this hybrid event thanks the different entities that have supported the even in one way or another, including, Malta Enterprise, the Ministry for Economy and Small Business, the Parliamentary Secretary for Financial Services and Digital Economy, the

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Parlaimentary Secretary for EU Funds, the Malta Tourism Authority, Identity Malta, JobsPlus, the Family Business Office, the Measures and Support Division, Acquiring.com and Cybergate International.



#### Webinars

#### o Brexit

In preparation for Brexit, one of the initiatives taken by the SME Chamber was to organise a webinar to inform members with the latest developments about Brexit and to prepare our members for the possible options of a Brexit deal or no-deal with the EU. The webinar included high-level participants such as the Minister for Enterprise Hon Miriam Dalli and the Parliamentary Secretary responsible for EU Affairs, the Hon Stefan Zrinzo Azzopardi and Brexit Special Commissioner for Economic, Financial and Trade relations with the UK Dr Mella. During this webinar we also had several speakers from key stakeholders, such as BREXIT Be Prepared office, the Customs Department, MCCAA and Malta Enterprise.

# Discussing the Covid situation with Maltese MEPs



A webinar entitled Supporting & Sustaining SMEs in a post-covid Europe was organised in collaboration between the Malta Chamber of SMEs and the

European Parliament Office in Malta. During this webinar 4 of Malta's MEPs, Hon Roberta Metsola, Hon Josianne Cutajar, Hon Cyrus Engerer and Hon Alex Agius Saliba partipated and answered questions from our

members, mainly related to EU Funds and the EU assistance post Covid-19 pandemic.

#### o Are you Ready for 2021? – Western Union

In collaboration with Western Union Business Solutions we organised a webinar to get business owners ready for 2021. We provided an indepth insight and strategies for success, including analysis on the effect of the US Presidential election, learning from the 2008 financial crisis, global



trade outlook, key global events calendar, currency forecasts and risk management strategies on how members can protect their business and profits. This webinar was addressed by the Senior Market Analyst for North America for Western Union Business Solutions Mr Joe Manimbo and the Head of CRM for Malta for Western Union Business Solutions Mr Sean West.

# Digital Payments – Addressing your business conerns

In collaboration with BOV we organised an information webinar aimed at addressing a number of concerns raised in relation to bank charges, in particular those related to coin deposits and cheques issued to suppliers.

During this webinar we outlined the main issues and also informed businesses on the alternative means available by giving an insight into the different types of digital payment solutions. Members also had the opportunity to ask questions to our main speakers which were, Chief Business Development Officer at BOV Mr Kenneth Farrugia and Head of the Channel & Payments Business and the Electronic Banking Services at BOV Ms Tonia Naudi.

#### o Budget 2021, What's in it for you?

Following the announcement of the Budget for 2021, the SME Chamber organised an informative webinar about the Budget measures announced and how they will be effecting SMEs.

Our main speaker during this webinar was Malta Enterprise CEO Mr Kurt Farrugia who



explained the Budget measures in further details while also answering members questions.

# Banking Support for SMEs



As throughout the pandemic we kept on noticing several difficulties which our members were encountering, especially related to Banking, we organised a webinar with the Parliamentary Secretary responsable for Financial Services and Digital economy (at that time) Hon Clayton Bartolo.

During this webinar, Hon Bartolo spent time to listed to the issues our members encountered with regards to banking services while also sharing his objectives and aims related to the subject.

During this webinar we also had speakers from the Malta Development Bank, represented b Prof. Josef Bonnici and the Malta Bankers Association.

#### o Online fraud trends & Prevention

This webinar, in partnertship with Western Union Business Solutions focused on the most common scams and threats for businesses. Experts such as Head of Fraud at Western Union Business Solutions, Alex Beavan and the Head of Cyber Crime Unit at the Malta Police Force, Inspector Timothy Zammit, guided our members on how to easily identify threats and mitigation measures.

# Recruitment & Training schemes for Businesses

With the participation of Jobsplus, the Malta Chamber of SMEs organised a holistic webinar wihch gave an overview to members on the incentives offered by the agency, particularly related to recruitment of employeed and training of current employees. An overview on the Jobsplus online platform and the resources available for employers was also given. Main speaker was Jobsplus Employer Services Head of Division Mr Raphael Scerri.

#### Online vat recovery for businesses

The Malta Chamber of SMEs together with our partners, VAT4U Malta hosted a webinar to help going through cashflow issues to seek various opportunities to recover money. Together with VAT4U we



encouraged members to recover VAT on their foreign expenses and supplier invoices.

# Support for business Re-engineering & Innovation

This webinar was organised with the support of Malta Enterprise. Throughout this webinar we informed our members with different schemes available such as the Business Advisory scheme, B.Start, Startup advance, startup finance, micro invest grant conversion and the maternity Trust Fund Refund system.

# ADAPT Thriving in the New Normal



In collaboration with Weave Consulting, the Malta Chamber of SMEs brought together some of the country's most innovative minds to help members answers some key questions such as, what is the current

situation?, What will the future look like?, What will clients/ consumers be expecting?, What should businesses do to adapt?, and further questions.

Experts helped to develop the vision that is needed to adapt the current business models of members to meet the expactations of the future.

# o Covid 19 – Special Budget

Following the Governments announcement of a special budget, the SME Chamber organised a Q and A sessions with the Minister for the Economy, Investment



& Small Businesses to explain in detail the support measure for businesses and answer the questions of our members.

Throughout the webinar, members were able to make their questions directly to the Minister and receive an instant reply.

#### Acknowledging Covid & Moving on

Throughout the pandemic the SME Chamber took also note of the mental stress business owners were going through. Therefore we organised a webinar focusing on helping individuals moving beyond the problem of Covid and getting on with life.

The main speaker of this webinar was Psychiatrist Dr Mark Xuereb who also specialises in crisis management and founder of Crises Resolution Malta and Fondazzjoni Sokkors fil-Pront.

During this webinar Dr Xuereb tackled eiminating fear to move on from the pandemic, how to identify the primary fears many are facing such as the fear of the unknown and the 'Re-entry Syndrome' - how to prepare to return to normal life, because it will get better, a positive message to our members.

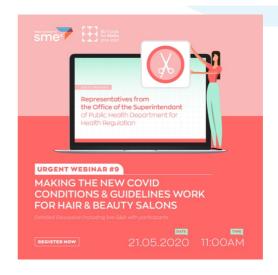
 Making the new COVID Conditions and Guidelines work for Catering Establishments

Following the government announcement that catering establishments were re-opening again from Friday 22nd May 2020, as COVID-19 restrictions were eased, the SME Chamber organised an urgent webinar for members within these sectors to provide a detailed explanation about the Covid-19 guidelines and protocols that catering establishments needed to abide to. The main speaker was the Malta Tourism Authority CEO Mr Johann Buttigieg, the authoirty responsible for the enforcement.

This helped members to understand the new guidelines and work better in a safe environment.

# Making the new COVID Conditions and Guidelines work for Hair & Beauty Salons

Following the government announcement that Hair and beauty salons were re-opening again from Friday 22nd May 2020, as COVID-19 restrictions were eased, the SME Chamber organised an urgent webinar for members within these sectors to provide a detailed explanation about the Covid-19 guidelines and protocols that Hair ad Beauty Salons needed to abide



to. The main speaker was the Malta Tourism Authority CEO Mr Johann Buttigieg, the authority responsible for the enforcement.

This helped members to understand the new guidelines and work better in a safe environment.

# Working Conditions & Regulations in times of Covid

As Covid-19 brought several challenges throughout the pandemic, our members were faced with several challenges related to working conditions and regulations, such as reduced hours, quarantine leave and furthermore.

The SME Chamber organised an informative webinar with the Minister withing the Office of the Minister Prime Hon. Carmela Abela and the Director General of the Department of Industrial employment and relations, Ms Diane Vella Muscat. They informed our members about their obligations while their answering questions.



## o Rise to the Covid Challenge

The Malta Chamber of SMEs hosted a webinar focusing on practical tips on how to enhance mental resilience as a leader in such times. The main speakers of this webinar were Matthew Bartolo a counsellor and psychotherapist and

Maurizio Mamo a mentor and business coach. During this Webinar the speakers focused on the business strategic thinking in desperate times and the Psychology of leading through panic. They also spoke about the importance to involve the team in saving the company, resourcefulness and how and what to learn from all of this.

#### BOV MDB Covid Assist

Once the Malta Development Bank (MDB) has just launched the scheme to facilitate access to very needed working capital from local bank, the Malta Chamber of SMEs hosted a Webinar



for our members about the Cash Flow and Working Capital Guarantee Scheme with the participation of The Malta Development Bank (MDB) themselves. The speakers included Prof. Josef Bonnici, Chairman at the Malta Development Bank and Mr Rene Camilleri, CEO at the Malta Development Bank.

#### o Essential tools & Knowlegde to Manage your website

At the start of the pandemic, since many businesses had to go online, with the assistance of our Vice President Mr Marcel Mizzi we organised 3 online sessions about the essential tools and knowledge to manage your Website.

These sessions focused on how to prepare images for your website and other essential knowledge for maintaining your business online presence on social media.

# LiquiditySchemes

Incentive

As most business during the pandemic were suffering from liquidity

problems as a direct bi-product of Covid, the SME Chamber put together a set of grants and incentives that our members can tap into in the simplest of ways, which will help them ease their



liquidity pressures and also reinvest. These schames included the Maternity Trust Fund, Micro-Invest, Skills Development scheme, Business Advisory Services, eCommerce Grant Scheme, Secure and fast remote payment facilities and an overview of the Covid schemes. During this sessions, the speakers were officials from Malta Enterprise, representatives from the Measure and Support Division and our partners Acquiring.com

#### o Cash flow and Working Capital Guarantee

Following the launch of the working capital guarantee by the Malta Development Bank, the Malta Chamber of SMEs organised a webinar for our members to provide them a detailed insight of this scheme.

Throughout the webinar Malta Development Bank experts explained the reasons for the working capital guarantee, such as for salaries, lease, unpaid invoices, aquisition of material and stock and maintanance costs.

# o Covid-19 government schemes

At the begining of the pandemic we organised a webinar to inform our members about the Covid-19 government schemes. With the participation of Malta Enterprise CEO Mr Kurt Farrugia, we explained the schemes available for businesses and their employes, how to apply for these schemes and other practical information that was important for businesses at that time.

#### **EU FUNDED PROJECTS**

# STAR – Strengthening the Art of Representation

An over Eur 250,000 ESF project, STAR has entered its final phases of implementation during 2020. During 2020 all activities have practically been finalised, with the exception of the awareness campaign, which will continue in 2021. The activities active during 2020 included:

#### Social Affairs Committee

Malta Chamber of SMEs representatives Mr Marcel Mizzi and Mr Andrew Aquilina attended the final Social Affairs Committee meetings and side meeting organised by the SME United on February 2020.



#### Course in Financial Services

A training course about financial services was given to the Malta Chamber of SMEs employees. This training enabled SME Chamber employees to handle specific needs of its members and become capable of providing the necassary guidance requested by members on financial services.

The course, awarded to the institute of Financial Services (IFS) started on January 15th with a weekly 2hour lecture and was disrubted due to Covid-19, and was completed by the 18th of December 2020. 6 staff members completed the training.

#### o HR in PR

Following the rebranding exercise, the HR in PR trainer, Peppi Azzopardi, assisted us in several other interviews and in improving our communication with members during Covid-19. During this period we've completed all workshops in July and the trainer produced a round up documentary for all participants.

#### An effective MCESD for Social Partners

The final report was presented and discussed during a conference organised at Hotel

Excelsior on the 10th of November with the participation of the Minister within the Office of the Prime

# Chamber of SMEs reports on making social dialogue more relevant



Minister Hon. Carmelo Abela. The report was formally presented to MCESD during an MCESD meeting on the 23rd of December 2020.

# o Awareness Campaign

Following the rebranding exercise which was launched in January 2020, the Malta Chamber of SMEs and the contractor worked on several online designs while in March we transferred our energy to other Covid-19 related issues, such as design for



Covid-19 preventive posters and designs for webinars marketing.

As part of this project we printed our merchandise such as, pens, folders and other merchandise.

During an event on the 10th of September with the participation of the Prime Minister Hon. Robert Abela we launched our new website.

Later on we launch an online testimonial video about our services which was filmed amongst few of our members while also starting a social media campaign with several infographics.

As part of the campagin and in relation to the shop local initiative, in

November and December we eracted 4 billboards in strategic places

across Malta and Gozo.

Consumer Law Ready Project

Via an EU level project, the SME Chamber embarked on a contract called

'Consumer Law Ready'. This entailed having a trainer trained at EU level

and re-training SMEs and local trainers in order to increase the level of

awareness of Consumer law at National level.

The SME Chamber hosted 2 trainings for members about consumer law in

Malta. Each training participant was accredited by the European

Commission.

Funds related to this project are based on training carried out.

The project will be ongoing in 2021.

Norway Grants

For the first time the SME Chamber managed to tap into this new set of

funds. The total project value is of Eu 17,500.

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Through these funds the SME Chamber will be able to conduct two activities. The first one which was carried out in 2020 involved the specialised training of all staff members on Labour Law. This enabled the SME Chamber to launch a brand new service for its members.

At the end of 2021 a conference is planned in relation to employment law.

Leading and Delivering Dialogue Effectively, Representatively (LADDER)

The Malta Chamber of SMEs has once again applied for European Social Funds dedicated for social partners. Following the successful implementation of STAR Project (SMEs Tuning the Art of Representation), which is also still ongoing.

Through this project the SME Chamber aims to upgrade its IT infrastructure in order to be in a better position to assist its members, thus strengthening social dialogue. The total project value is of 124,500.

Specifically, the project aims to:

- Upgrade the IT equipment of Staff in order to ensure that work can continue remotely;
- Invest in Video Conferencing equipment to ensure that all meetings held can be accessed remotely by members.
- Invest in a backend support system to ensure that data stored is secure and that the system becomes fully remote and independent.

 Invest in bespoke software which would lead in upgrading the Client Relationship Manager thus ensuring that the Malta Chamber of SMEs follows all members issues and also be able to gauge members' concerns better and more effectively.

The project ultimately aims to strengthen the SME Chamber as a Social Partner thus becoming more pro-active and in line with the actual needs of our members.

Following the application submission, the SME Chamber is currently waiting for the project evaluation and results and expects a decision by the Managing Authority during first quarter of 2021.

#### **EXECUTIVE COUNCIL**

Despite the great disruptions during 2020 the Executive Council still managed to meet regularly. Most of the Council meetings had to migrate to online. Most of the members of Council eventually got used to the system and set themselves up to be able to take such meetings with ease, like anyone else.

	14	11	06	23	31	14	70	12
	Jan	Feb	Mar	Jun	Jul	Sep	Oct	Nov
Abela Paul	Р	Р	Р	Р	Р	Р	Р	Р
Camilleri Sergio	Е	Е	Р	Р	Е	Р	Р	Р
Cutajar Patrick	Р	Е	Е	Р	Е	Р	Е	Е
Debono Mario	Е	Е	Е	Р	Е	Р	Е	Е
Fenech Alfred	Е	Е	Р	Е	Е	Р	Е	Р
Fenech Philip	Р	Р	Р	Р	Р	Р	Р	Р
Fino Dino	Е	Е	Е	Р	Е	Е	Е	Е
Galea Michael	Р	Р	Р	Р	Е	Р	Р	Р
Galea Stephen	Е	Е	Е	Е	Р	NA	NA	NA
Gauci Noel	Р	Р	Р	Р	Р	Ρ	Р	Р
Haber Joan	Р	Р	Р	Р	Р	Р	Р	Р
Micallef Marthese	Р	Р	Е	Р	Р	Р	Р	Р
Micallef Robert	NA	NA	NA	NA	NA	Р	Р	Р
Mizzi Marcel	Р	Р	Р	Р	Р	Р	Р	Р
Shoemake Claire	Р	Е	Е	Р	Р	Р	Е	Е
Vassallo Christian	Е	Р	Е	Р	Р	Р	Р	Е
Vella Saviour	Е	Е	Е	Е	Е	E	Е	Е
Zammit Carmel	Е	Е	Е	Е	Е	Р	Е	Е
Zerafa Joseph	Р	Р	Р	Е	Е	Р	Е	Е

P – Present E – Excused NA – Not a member of Council at that point

# Supported By





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