



Manifesto

2022 General Election

Malta Chamber of SMEs` 35 proposals

Preamble



In preparation for every general election the Malta Chamber of SMEs presents its priorities for the political parties. These are priorities that we have earmarked as an organisation based on the feedback of a large number of members as well as research on the sentiment and needs amongst the Maltese business community at large.

The Malta Chamber of SMEs believes that the country is at a stage of renewal. Malta had already reached a level of economic boom in the past years and this sometimes came at various expenses.

There is a determined commitment by our country to reach economic prosperity in a sustainable manner and give all the support necessary to businesses to make this shift but also to recuperate from the repercussions of Covid.

Covid is still impacting businesses and our daily lives and we need to move past this phase as fast as possible since the conditions are permitting. Malta needs to analyse the cost-benefits of maintaining Covid restrictions as opposed to normality. Malta remains a country which is heavily reliant on tourism and living through a fragmented international and EU strategy in relation to travel and maintaining significant restrictions and burdens when travelling as opposed to many other countries that are doing away with this is causing a lot of harm to Malta.

The Chamber of SMEs believes that having these set of proposals implemented will contribute to the improvement of our country over the coming years.

35 Proposals for the Electoral Manifesto

- Ensuring a level playing field and fair implementation of taxation policies
- Extending Covid Support
- Mitigating the Impact of price hikes
- Addressing the adverse banking environment
- Unfair Competition from Sicily
- Ease of doing business and good governance
- Employment and Training
- Health
- Protection against Cyber Crime
- Reinvigorating our Tourism Sector
- Carbon neutral strategy
- Incentives for Gozo

Ensuring a level playing field and fair implementation of taxation policies

Whilst welcoming the tax benefits announced by both political parties, in line with the needs the SME Chamber has been for long highlighting to reduce tax on business to help businesses recuperate faster, the SME Chamber cannot accept unfair advantages between different business units.

Tax reduction is a sensitive topic and can lead to more harm than good if not implemented correctly. Whilst the Chamber of SMEs agrees in principle with the commitments given by both political parties in this regard, it must emphasise that all businesses must be given this opportunity and have their access to such opportunities applied in an equitable manner.

The current 6/7ths tax advantage already creates great unfairness in the system and this measure should be a one that brings businesses closer to the foreign elite, who are deriving the tax advantage, and not create further disparity.

Corporate tax should be kept aligned with Personal Tax. If the Corporate tax is reduced, without any adjustments to Personal Tax, then declaration of dividends may inflict additional tax to the beneficial owners.

Proposal 1	Implement any lowering of tax on business across the board . Ensuring equity in the approach that does not disqualify groups of businesses from benefitting due to eligibility or by design.
Proposal 2	Any tax incentive introduced should be final and not taxable further in the hands of shareholders.
Proposal 3	Transfers between the declared direct members of a family business should not incur tax or duty.

Extending Covid Support

Through tax data available, Government is able to identify those sectors that have been the hardest hit by Covid, businesses for whom 2021 was another year of distress. These are the businesses that were impacted first and are also those that, two years on, still struggling to function, if able to function at all. Some sectors have not restarted operations since March 2020. To add on to this, these businesses are those that are also facing the greatest level of uncertainty.

Operators in certain segments have struggled to change business models and to redirect their market. The harsh reality is that there is no sustainable market that would support the changed model and the only painstaking option would be to change sector completely. This would have a negative effect on Malta's economy as it would lead to certain sectors, that had been elaborately built during many long years, cease to exist.

Malta must continue to support a segment of businesses following the ordeal they went through, taking also into consideration lead time requirements and uncertainty in the sector.

Proposal 4	Covid Wage Supplement to be reformed to be made more sustainable and extended beyond March 2022 for the businesses showing a continued overall negative trend in earnings. These businesses might also need additional support due to the stretch.
Proposal 5	Government must consult with the constituted bodies in order to confirm a flexible yet assertive plan on the collection of dues from the deferred taxes . Such plans must be able to accommodate also the businesses listed in proposal 2 above and this will surely entail a longer-term plan.

Mitigating the impact of price hikes

Price hikes are a very big concern for consumers, yet this concern is shared fully among businesses. With prices rising across all sectors especially price hikes that are imported, our businesses did their best to absorb these costs as far as possible. However, at the end of 2021 price increases started becoming inevitable. When well-priced stocks were exhausted businesses tried to avoid increasing prices but, in the end, they did not have other options. Businesses are also themselves consumers and their running costs, projects, etc... are increasing due to unplanned increase in costs.

During Research carried out with businesses at the beginning of 2022, businesses started reporting increase in prices and costs as a major concern and that their level of competitiveness was greatly being affected. Businesses also reported lack of consumer confidence and diminished spending power.

The Malta Chamber of SMEs believes that while Malta is powerless in controlling what is happening on the international front, Malta still has the ability to mitigate price hikes at national level.

SISA is an old, regressive, and unfair hidden tax. It is unfair on businesses and unfair on consumers. It is an indirect way for the collection of public revenue, which is not fitting the current economic situation when consumption should be incentivised and not dis-incentivised.

When costing what SISA means for business, one not only needs to quantify the additional expense placed on the product making Maltese goods, when compared to online and undeclared goods, uncompetitive, but one has also to cost the intense bureaucratic process that this entails. The situation is worse for goods that do not carry the identifying marker and therefore their illegality cannot be easily detected. Excise Tax is also paid upon importation which causes huge pressures on the cash-flow.

Government needs to find ways to address the gap that makes Maltese products uncompetitive when compared to foreign goods and services. Malta's lack of economies of scale, insularity issues, limitations in options related to freight costs all combine to make goods more expensive in Malta. SISA exasperates this difficult situation.

It should also be noted that SISA is imposed on many personal care and hygiene products, which use has been encouraged and has increased during Covid. It is ethically and morally incorrect to charge SISA on such consumer products.

The VAT element is another important player in curtailing hikes and making products more competitive. Indirectly the government is currently gaining on the price increases given that VAT is a percentage of the price of the product. The higher the cost of goods, the more the consumer will pay in VAT. Lowering the VAT rate will therefore lead to the government retaining the same level of income before the price hikes whist off setting most of the impact of the increase.

Nonetheless this situation must also be addressed on a macro front.

Malta is greatly affected by increases in freight costs given its dependency on important and limited channels available to import. Malta, as a small island economy, also has a number of inherent handicaps in the market that make it impossible to compete on equal footing with other Member States. Unfortunately State Aid rules limit market intervention greatly and leave Malta lagging behind in the absence of much needed measures and incentives in order to make up for for the many factors that make us uncompetitive.

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A Freight Free Zone is another solution worth exploring in order to improve Malta's standing on the international front and benefit the local economy both directly and indirectly. A Freight Free Zone is the regulatory framework required for large international companies to use Malta as a hub for transshipments. The free zone would allow international companies to import goods into Malta with the aim of re-distributing these goods either in bulk or in lots to different countries close by.

The regulatory framework required is aimed at creating an ideal ecosystem which includes the exclusion of duty and Vat payments for these kind of shipments (unless goods are to be consumed locally) Through this measure, Malta would be able to attract a new niche of investment and also create new jobs. Malta would be used as a storage base and benefit from increased traffic that would in turn have a positive effect on our freight costs due to the increase in numbers.

Proposal 6	Excise to be removed for all goods that do not carry the excise identifying marker.
Proposal 7	Reduce VAT to not more 15.5% on all goods and services currently at 18%. Drastically reduce or remove VAT further for locally produced crafts in order to support this sector and help it in being more competitive being a sector that is very cost intensive.
Proposal 8	Open State-Aid discussions with the EU that would enable greater flexibility for Malta in terms of State Aid.
Proposal 9	Creating a Freight Free Zone through the setting up of a regulatory framework. This can be further enhanced through incentivising businesses to offer storage hubs and warehouses to be used as part of the Free Zone being proposed.

Addressing the adverse banking environment

The last years were very turbulent for Malta. Increasing reputational damage and eventual grey-listing led to Malta becoming an increasingly difficult country to do business in. This is much more evident in dealings between SMEs and the banks. The situation had started taking a very negative turn when the EU and Moneyval focused much more intensely on Malta and regulations on banks started increasing.

Whilst the Malta Chamber of SMEs appreciates that banks are also going through their fair share of difficulties and reforms, we cannot help but feel that ultimately it is SMEs that are footing the bill. Any bureaucracy, cost and risk is being loaded on local SMEs and most of it is unjustified and being imposed from a position of dominance, and dare we say, arrogance. It is a “take it or leave it” attitude that is ultimately sapping SME’s appetite for business and growth

The relationship and quality of service given by our dominant banks is extremely poor and is heavily affecting the competitiveness of Maltese businesses. And there are very little alternatives.

Banks are resorting to taking a very one-sided approach, always to the detriment of businesses. In order to drive businesses in a specific direction they impose heavy fees to change businesses patterns whilst also at the same time also imposing fees on those businesses that comply. One simple example is when banks introduced heavy fees to make the use of cheques unattractive, while at the same time imposing substantial fees on electronic transactions. Giving SMEs the raw deal from both ends, it is always a lose-lose situation. The examples are in reality never ending and hit businesses hard as they affect basic service provision. This includes rampant closure of branches, unfair and arbitrary bank charges, inability to contact bank employees where customer care is non-existent, etc..

Businesses also complain of the consistent and unjustified bureaucracy, the length of procedures to be completed causing loss of business and also difficulty in opening and retaining bank accounts. Reforms undergone by banks are carried out

with the highest incompetence, lack of guidance, with systems not being fully functional and inconsistent information between branches. It seems that there is no real guidance on how due diligence is performed, but it is left to a group of employees who seem to read from a pre-set playbook and impose a one size fits all approach.

While Malta awaits and hopes for good banking competitors to enter the market and challenge the status quo, local businesses are left to work in this sorry state. One should also not forget that the standard of banking effects our ranking in terms of doing business and is evaluated by interested foreign investors.

The commitments taken in the electoral campaign so far are a very important first step in order to address the evident failures we have in our banking sector. Businesses will be given basic rights to access banking services which are essential.

This is a principle the government needs to build on in order to further safeguard bona-fide business owners. Businesses are not asking for red-carpet, they would just like to be treated fairly and with respect. Unfortunately, the Malta Chamber of SMEs witnesses a significant level of abuse of dominance which is going unchecked and the government is turning a blind eye.

Proposal 10	<p>Banking services supervision:</p> <ul style="list-style-type: none">- Establish a Task Force chaired by government high-ranking officials with the involvement of the most dominant local banks and national SME representatives. The aim of this task force would be to draft a Charter of Banking Services position to SMEs and following this monitor the implementation of it. This would include the creation of centralised and shared information points, streamlining of information requirements, etc...- Setting up of a Banking Services Supervisory Board. This Board should as a minimum consist of members from the
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	Ministry for Finance, the MFSA, the Central Bank of Malta, the Competition Watchdog, SME national representatives and the Advocate General. This Board should be entrusted to regulate as far as possible the way dominant banks deal with their clients, especially important changes to the service given and charges imposed.
Proposal 11	Address situations of abuse of dominance through an investigation by the MCCA in order to ensure the market returns back to operating in a fair manner.
Proposal 12	Strengthening the office of the Arbiter for Financial Services in order to be able to handle issues coming from the business front effectively and make it a Centre for Redress.

Unfair Competition from Sicily

Unfair competition coming through the importation of goods from Sicily by catamaran remains a main challenge and is one of the biggest complaints our members continue to make. There are many reasons why the Sicilian operators manage to undercut the Maltese businesses. One can argue economies of scale, different business models and lower mark-ups due to downturn in their national economy. All these are true, however the effect of these can be handled by the Maltese businesses in one way or another. The evasion of VAT and SISA is something that gives the Sicilians the opportunity to enjoy doing business without worrying about the competition. That is what makes the Maltese market so attractive and why controls on goods imported from Sicily by catamaran are so strongly resisted by the operators of the service.

Members keep complaining that clients being approached by Sicilian businesses and offering to sell goods to without VAT and SISA, with the excuse that these are exported goods..

Some sporadic efforts in this respect were recorded along the years, yet a more aggressive and consistent systems needs to be put in place. Unfortunately, so far different administrations in government have lacked the political will to implement anything material in this respect. Government should be careful not to impede the EU free movement of goods rules, but at the same time, ensure that competition is fair.

Proposal 13	A commitment to action that will make a difference to clamp down on unfair competition from Sicily with the direct involvement of the SME Chamber is required.
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Ease of doing business and good governance

A just society is very important for businesses. The way businesses are treated is a reflection of how healthy administrations are functioning. Implementing excessive bureaucracy and/or corrupt practices are evidence of dysfunctional entities which are not fit-for-purpose.

Over the last years entities such as the MBR and Identity Malta are just two glaring examples of the worst entities businesses have had to deal with. The apparent incompetence of these two entities have forced businesses to take the counter-productive stance of becoming very averse to compliance requirements or having to engage middle-man which resulted in a harmful and expensive process for all stakeholders involved. The SME Chamber notes with pleasure that the situation is finally on the mend in this regard, but more needs to be done to proactively

involve businesses in discussions, and not to present solutions that do not make sense

Brexit was another tragic opportunity where a killing was made in their compliance regulations for Brexit conformity. The importation regime has resulted in so much bureaucracy that Maltese businesses are losing English suppliers because the level of bureaucracy is not worth the small market Malta has to offer. This is leading to consumer goods which Maltese consumers have become long accustomed to exit the market. Obviously, long-standing business agreements and investment in brands are going down the drain. It is evident that the Brexit deal was a sore one for Malta and Malta is still not managing to negotiate improved conditions which are required for its particular circumstances.

The Chamber did, with others, work hard so that at least, the EU would grant a derogation whereby Malta, Cyprus and Ireland would be able to continue importing UK pharmaceuticals to Malta. But ways must be found where the Government would make representations with the EU that other goods like foods, cars and materials coming from the UK would not be adversely taxed in Malta.

The ease of doing business and the efficacy of government entities is not just a local concern but goes beyond our shores. We cannot make FDI impossible to happen.

In 2017 Malta ranked the 76th country where it is most easy to do business. Most recent reports from the World Bank show Malta dropped over 10 places, being the country ranking lowest in all of the EU. This needs to be addressed because Malta depends on FDI not just now, but in the future.

The Malta Chamber of SMEs is against any kind of corruption. Corruption is a losing game for businesses at large, where only the minority benefit and others are left wasting their resources in exercises to try and compete fairly. The most manifest experience of corruption businesses go through is public procurement. It is evident that what is currently in place is far from sufficient since corruption in public tenders and the way public money is spent is a regular occurrence. All entities need to be held to a higher level of standard and a regulator must be put in place

to oversee such processes effectively and efficiently. Procurement regulations are very straight forward and easy to follow. All entities could do with a higher level of self-regulation, yet an overseeing regulator is also necessary in order to ensure adherence.

The topic of good governance applies also for businesses' internal practices. Paying taxes due in a timely manner is important in order to also safeguard competition and cooperate in implementing a just system of compliance. It is however necessary to take into consideration the past before addressing the future and an effort in getting businesses aboard the strategy and flexibility to meet different needs, accompanied by thought out deterrents will lead to important wins for the CFR.

Proposal 14	Create an assessment system for each entity which is business facing on ease of doing business. A system similar to a scoreboard should be used in order to be able to identify and address business averse practices at an earlier stage.
Proposal 15	Commit to do all necessary to improve Malta's footing in relation to Brexit rules.
Proposal 16	Commitment to rectify Malta's ease of doing business score and gain a better position year on year.
Proposal 17	Create a higher level of accountability for public servants practicing improper practices of spending of public funds and allocating public procurement contracts. Introduce a regulatory entity that would oversee the public procurement and direct orders by Ministries and Government entities.
Proposal 18	Remove the requirement of audit on micro businesses.

Proposal 19

In terms of collection of revenue strategy:

- a. The **increases in interest rates would apply to taxes falling due from June onwards**, June being the month when the new interest will start to be applied. This is an important deterrent - which strategy the Chamber of SMEs supports - however, if used wisely and fairly it would be met with less disdain and act as a further deterrent in other cases as will be explained further in the points below.
- b. Cfr should **use the increase in interest as an incentive** to comply and therefore invite those that have past dues to take action by making the relevant payment where possible or enter into an agreement that must be adhered to in order to avoid the new interest being applied.
- c. Possibility of cooperation with the **Malta Development Bank** could be explored in order to discuss options that would facilitate repayments to Cfr with conditions which businesses at large are able to meet and commit to.
- d. Problems of **inactive agreements** is an unfortunate reality Cfr will need to face with the aim of unblocking the situation. Frequent follow ups with businesses having agreements would help to avoid situations such as these escalating as a way forward. In order to unblock the situation, Cfr might consider re-negotiating agreements based on specific guidelines and backed by guarantees offered by businesses. It is important that the background work that leads to the repayment schedule of the agreement would be done correctly in order to ensure a realistic commitment is taken and avoid a repeat situation. Cfr should take into consideration

the support offered by professionals in order to provide the required technical backing, provide realistic projections and also take relevant responsibilities.

Employment and Training

The employment market continues to suffer from significant pressures due to great demand and limited supply. The exodus of foreigners due to Covid has still not been recuperated. In addition to this, pre-election employment efforts by the government has resulted in the situation becoming more aggravated. The Malta Chamber of SMEs questions the potential waste of funds for the engagement of such human resources, taken from the private sector.

Malta's dependence on TCNs is undeniable yet Malta has created a very complex and fragmented system that wastes resources and is very costly for all stakeholders involved. An efficient system of sourcing TCNs from selected countries should be implemented in a much more effective way.

With the conditions of the current labour market beggars are not choosers and businesses have no choice but to employ anyone who can contribute some form of work. Had the scenario however been different, a very large chunk of our society would not find many opportunities or work for much lower pays due to their limited employability, lack of skills, but above all lack of ethical behaviour. It is a pity to see how society is degrading and these should be employees who are employed as faces of brands and companies.

Investment in Malta's top resource – human capital – should continue being a priority. Having said this, more aggressive schemes are necessary since the current scenario of limited resources leaves little room for training and therefore if training is not cost neutral, businesses are unlikely to spend funds in training while

reducing hands on staff support since staff members are reluctant to attend training outside working hours. It is important that an enhanced “trade school” system is also implemented, in order to address skill shortages that are being filled by TCN’s, like electricians, plumbers, and light engineering workers.

Proposal 20	<p>Training Schemes:</p> <ul style="list-style-type: none"> - A full financed training scheme based on the training necessities of employers that would offer all the flexibility necessary as long as the training is accredited. - Upgrading the Get Qualified Scheme <ul style="list-style-type: none"> o Increase MQF 5 GET QUALIFIED TAX REBATE TO 100% from current 70% and capping of €5500 from the current €3500. o Increase MQF 6 GET QUALIFIED TAX REBATE TO 85% from current 70% and capping of €13,500 from €12,500 o Make the scheme eligible to have a grant requested instead of a tax credit with pre-financing, for cases such as those not currently in employment.
Proposal 21	<p>Commit to establish a transparent recruitment system which would avoid artificial employment needs spurred by pre-election vote initiatives. The system should have the social partners on board.</p>
Proposal 22	<p>Establish a centralised and efficient system of sourcing TCNs from selected countries.</p>

Health

Health is an important part of our existence. Malta has always enjoyed a good health service and our Chamber is actively involved in the Primary Health Care field, as the Chamber's members service over 170,000 patients in the POYC scheme. Successive Governments have invested heavily but more needs to be done. For instance, we still depend on a yearly fundraising effort to gather funds that seriously ill people can then tap into to be able to afford the best treatments. It is time to do a quantum leap now. As such the Chamber is proposing these measures.

Proposal 23	Digitalisation of all health records , and the formation of ONE health record for every patient instead of the present system where the private health record of the patient does not form part of his Government Health Record. This is causing many problems and a unified health record accessible to all healthcare professionals will enhance treatment, reduce waste and greatly improve efficiency.
Proposal 24	The overhaul of the Formulary , that is, the list of drugs supplied free by Government, to remove old and obsolete treatments and supplant them with much newer treatments.
Proposal 25	To start discussing with the Chamber of SME's and other stakeholders a modern system whereby Government will start buying formulary medicines directly from the pharmacies at agreed prices instead of resorting to a tender system

Protection against Cyber Crime

Whilst businesses have been embracing digitalisation, especially since the realisation and opportunities Covid brought with it, Cyber Crime has also been on the increase. A digital drive cannot today ignore the implications of cybercrime. Cybercrime has become an increasing danger for all businesses, and it is affecting large to small operators alike.

The economic cost of cyber-crime has so far not been quantified in Malta, yet international figures indicate that this cannot go unaddressed. With the increased online activity due to remote-working and eCommerce businesses are increasingly being targeted. The level of protection that small business have is low compared to the risks involved.

Malta has recently seen a wave of serious cases involving main institutions in Malta. Businesses are however still sceptical in investing in something they consider so intangible, there is lack of understanding of the risk involved due to the digital barrier. It is time for a wakeup call, even in this situation where conflict in Europe may potentially lead to more cybercrime.

Businesses are in need of help that would support them for the first few years of making the investment. This will lead to the maintenance of the system thereafter by businesses themselves.

Proposal 26	A scheme specifically aimed at raising awareness and supporting businesses investing in cyber security via a grant or a tax-credit.
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Reinvigorating our tourism sector

Without an increase in tourist numbers Malta's economy will recuperate at a very slow pace. Data gathered by the Chamber of SMEs shows that though 2021 was better than 2020 for businesses, the year was still far off pre-Covid levels. The main reasons quoted by businesses is lack of sales and low number of tourists in Malta.

Tourism's impact on the Maltese economy is very strong, because of its inherent multiplier effect. It is a main economic pillar that all economic sectors benefit. Many sectors, beyond those traditionally associated with tourism, benefit directly from tourism, others benefit indirectly.

Malta did its utmost to generate economic momentum from the domestic tourism market, but this is not even close to the tourism levels Malta was used to servicing. Unlike other countries with large populations, it is not enough for Malta to rely on the domestic market. Tourism is an irreplicable driving force for consumption.

Whilst consumption patterns may have changed for the time being, the Chamber of SMEs still believes that travel is a topmost priority for consumers and it is uncertainty and the difficulty in travelling caused by Covid requirements that is holding travellers back.

Malta is understandably applying a level of caution however compared to the strategy adopted by other countries and the data available to the Chamber, Malta appears to be over cautious in the current circumstances.

Airline presence and having a healthy number of routes in the backbone of tourism. Malta was able to enjoy the numbers only because it had enough seating capacity and a strong network. The challenges in this area are not small yet addressing this is a priority.

Proposal 27	Remove the PLF forms to enter Malta. This non-sensical requirement never carried any real value.
Proposal 28	Carry out a market analysis to ensure Malta is not falling behind when compared to strategic competitors.
Proposal 29	Re-launch a system of travel linked vouchers for the benefit of the economy at large in consultation with social partners in order to incentivise travel.
Proposal 30	Incentivise airlines to be able to commit with servicing Malta from multiple destinations.

Carbon neutral strategy

The Malta Chamber of SMEs and its members are all geared up towards moving towards a greener and cleaner method of operation and supporting the government's drive towards carbon neutrality. A main area of concern is obviously transport. The SME Chamber believes that the government should take a more holistic approach in order to ensure that the funds available as part of the green deal are utilised effectively and reach the broader society, including businesses.

In order to successfully achieve the desired results, the SME Chamber believes that everyone should pull the same rope and everyone should be incentivised to make the shift. The SME Chamber regularly raised the issue, that current grants are consumer centric and do not address the business needs. It is a reality that a significant space for improvement lies within the public sector and the only way to get there is by having the necessary incentives in place.

The Malta Chamber of SMEs believes in a wider and more holistic approach. Members of the SME Chamber have all agreed that any measure introduced needs

to be backed with both the internal capacity of the business and also the general infrastructure of the country.

Proposal 31	<p>Electric & Hydrogen Powered Vehicles:</p> <ul style="list-style-type: none">• Grants to purchase EV and Hydrogen Powered Vehicles - A dedicated scheme, separate from the one currently offered, aimed towards commercial type vehicles such as N1, N2 and N3 type vehicles. More aggressive than the ones in place (in proportion with the cost to purchase larger vehicles) and should not be tied with scrapping vehicles older than a particular age (commercial vehicles are changed more frequent than private vehicles)• to create opportunities for companies to invest in multiple charging stations in several spots around the island where electricity is generated, stored and used for EV charging. The system would then allow for excess production to be placed on the grid. This would cater for individuals who live in apartments, thus no access for charging facilities at home, and those who work in areas like Valletta and use the park and ride in blata l-bajda. These systems use the electricity at source, i.e. on the same spot where it is created, thus relieving the grid from excessive current. Failure to deliver such systems will result in increased power cuts year on year (as we are already witnessing) due to increase in charging of EV through the grid.• Incentives to install charging points within their business. Business unlike private households, will
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	<p>require fast chargers and multiple charging points (for those with large fleets).</p> <ul style="list-style-type: none"> • The Malta Chamber of SMEs believes that a new government should also be a catalyst in exploring other green fuel types and incentivising investment. In particular Hydrogen powered Fuel stations that would service hydrogen powered vehicles.
Proposal 32	<p>Replacement of vehicles:</p> <ul style="list-style-type: none"> • Greener Special Type vehicles (heavy vehicles) Given that the cost to upgrade certain vehicles is still very costly and technology is still limited, schemes should be aimed to offer an interim, half-way solution to ensure that the shift to lower emitting engines. This should include the possibility to upgrade fleets to the latest Euro Engine (similar to the 'Construction Industry Scheme', Grants for retrofitting and more aggressive grants for the purchase of electric vehicles where possible and viable. • Promote retrofitting of engines in vehicles whereby technology is still very limited and prices parity is still not achieved. In these cases, businesses can be encouraged to opt for either the retrofitting of equipment for cleaner emissions or the installation of a Dual Fuel systems where "old" engines are fitted with an LPG system that mixes LPG with Diesel raising the vehicle's Euro standard and increasing the power and efficiency of the vehicle. Although incentives are already in place, more aggressive schemes (for larger vehicles should be introduced to push for this change.

- The scrappage scheme currently in place for passenger **private vehicles**, should be extended to vehicles which are **not** for private use. Vehicle types such as N2 and N3 vehicles should also be included in order to further encourage businesses to make use of this scheme. The SME Chamber is suggesting that new leased vehicles will also be able to qualify under this measure (should the criteria requested be met).

Incentives for Gozo

- Sustainable Development:

In the last months Gozo has been experiencing a lot of criticism on the way the environment is being handled. This goes to show that the situation can no longer be neglected or overlooked. Blocks of apartments have been mushrooming everywhere, be it close to squares and other rural locations and this is fast destroying the island's urban fabric.

The property market is a huge contributor to Gozo's economy, around 10% of GDP - much more than Malta. So as an industry it is important but the only solution lies in sustainable development as well as balancing out development with the preservation of the island's character. Looking forward Gozo needs a clear planning policy dictating the long-term vision of the island.

- Digitalisation:

The economy of Gozo is heavily dependent on the tourism sector. Tourism contributes to over 50% of the Gozitan economy. Tourism is an important sector

and as a Chamber we are in favour in the continuous of this sector, however we are also aware with the over reliance of the Gozitan economy on this sector.

The economy needs to diversify and an opportunity is tapping the digitization sector. The infrastructure to invest in both HR and operations is there. Gozo today has a functional second fibre optic link and a state of the art digital hub that offers over 3000 square meters of rentable space where to date only 600 square meters are being rented. The government and Malta Enterprise needs to work on a startegy to increase the number of tenants for this hub. This will create an opportunity to the Gozitan economy to tap into this sector and could be the first step in having a new important sector contributing to the island's economy.

Create a package to companies operating in the Digitisation sector to open shop in Gozo.

The rates that are currently being offered to rent space at the digital hub are way above the average going rate for Gozo. These rates need to be re-visited and launch more attractive packages to prospective tenants.

- Transport and Connectivity:

Transport and connectivity between the islands is the life line of Gozo. The introduction of the fast ferry service was a step in the right direction. Looking forward this service has ample room for growth such as tapping in the cruise liner business. The cruise line business was a great success in Malta and hopefully when we are back on track after this pandemic this business will again start to be a contributor in the tourism sector. The fast ferry service can be the right channel for these tourists who choose to come for a one day visit to Gozo.

The permanent link is also another project that as a chamber we are lobbying in favour.

Proposal 33	Sustainable Development:
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	<ul style="list-style-type: none"> - No more buildings in ODZ areas, except ones directly related to agriculture and controlled by some form of licence which is renewed yearly. - A study to make better use of quarries should be undertaken. A number of unused ones should be turned into gardens similar to the “ Villa Rundle” in Victoria. - Create a scheme specific for Gozo targeting the renovations of old unused houses around the villages and the capital city. In Gozo there a big number of unused buildings where owners are not interested in investing to upgrade them due to costs. this scheme will encourage such investment to take-off. This scheme will have a two fold advantage; i) create work in this sector ii) These houses are a part of Gozo’s character and charm. Renovating such buildings will contribute to the beautifying of the island. - In Gozo there is a huge supply of apartments and a shortage of houses. Demand for houses is much higher than the supply. The drive by developers and house owners is to convert these houses into apartment blocks. exactly what Gozo does not need. A new reduced property tax scheme needs to be created to target houses that are not bought for re development but to be used as houses to be lived in.
Proposal 34	<p>Digitalisation:</p> <ul style="list-style-type: none"> - Create a package to companies operating in the Digitisation sector to open shop in Gozo. - The rates that are currently being offered to rent space at the digital hub are way above the average going rate

	<p>for Gozo. These rates need to be re-visited and launch more attractive packages to prospective tenants.</p>
<p>Proposal 35</p>	<p>Transport, Connectivity and Infrastructure:</p> <ul style="list-style-type: none"> - Re-start the air link connection with Malta. - Change completely the public service transport vehicles to smaller and possibly electric. - Reduction in the cost of ferry tickets for Maltese residents crossing to Gozo with electric vehicles. - Installation of electric chargers in all villages across the island. This could be extended to certain business premises such as supermarkets. so whilst the customer is purchasing the car is charging. - Sustainable multi story car park in Victoria. - Start a process for the extension of the Mgarr Harbour. - A new hospital for the Island to compliment the Queen Mary University