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# Economic Vision for Malta 2014-2020

Executive Summary  
& Recommendations



a publication by  
**The Malta Chamber of Commerce,  
Enterprise and Industry**

 THE MALTA CHAMBER  
OF COMMERCE,  
ENTERPRISE AND INDUSTRY



A blurred, high-angle photograph of a group of people in a meeting or conference room. The image is heavily blurred, showing the silhouettes and movements of several individuals. A large black text box is overlaid at the bottom of the image, containing the text "Executive Summary & Recommendations" in white, bold, sans-serif font.

# **Executive Summary & Recommendations**

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# 01/Foreword by the President



Under my Presidency, our Chamber strived to provide a business agenda to Government rather than a Government Agenda for business. With this in mind, we chose to be proactive in preparing an Economic Vision for Malta for 2014-2020. The existing economic plan for the country “Vision 2015” will soon come to a close and we, therefore, felt that the timing for the articulation of a new vision was in order.

Our vision is for Malta to have a focused and diversified successful economy underpinned by a high quality, dynamic, productive and innovative private sector that positions Malta as a global hub for business and investment leading to increased prosperity by 2020.

Our document is intended to serve as a blueprint to guide all stakeholders in the allocation of scarce resources. It will support us – the business community – in maximizing our contribution to the country in terms of wealth creation through our risk and through our endeavours.

Our Chamber is indebted to the group of twenty Chairpersons / CEOs of leading companies in Malta and to the Rector of the University who contributed to the articulation of this Vision and who serve as its signatories.

A word of thanks is also due to HSBC Malta plc; and Malta Hotels and Restaurants Association for their contribution.

We are confident that our Vision will receive the full support of the country’s authorities and stakeholders to ensure its implementation. The economic future of this country can be secured by working together towards an ultimate coherent Economic Vision for Malta that promises the growth and prosperity that our people deserve.

David G. Curmi  
**President**  
**The Malta Chamber of Commerce, Enterprise and Industry**

## Signatories

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# 02/Executive Summary



The Malta Chamber of Commerce, Enterprise and Industry together with 20 Chairpersons / CEOs of leading companies in Malta and the Rector of the University of Malta in early summer 2013 initiated a process to articulate an Economic Vision for Malta.

The Chamber believes that the timing for the articulation of such a Vision for Malta is apt. 'Vision 2015 and Beyond' which sets out a strategic pathway to the development of a knowledge based economy is coming to the end of its life term. A new programming period for the European Structural and Investments Funds for the period 2014-2020 will soon come into play. Malta, through the National Reform Programme is and will continue to implement Malta's targets as established under Europe 2020.

Europe is aiming to raise the direct contribution of industry to GDP from 15.3 to 20 per cent by 2020 in order to place industry on the path of growth: in Malta it currently stands at 13%, less than the current average. The Economic Vision for Malta is for the period 2014-2020: thereby, synchronising with these important events. Through this Vision, the Malta Chamber also seeks to secure continuity in policy and strategy design and implementation as this period spans a subsequent electoral term.

Malta's current vision is Vision 2015 – which establishes 'a path to a knowledge based economy'. The Chamber recommends that Malta's long term economic vision is that of:

***“ A focused and diversified successful economy underpinned by a high quality, dynamic, productive and innovative private sector that positions Malta as a global hub for business and investment leading to increased prosperity.”***

The new Economic Vision is based on important policy fundamentals which are:

- ✓ **SECURING ECONOMIC PROSPERITY**

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- ✓ **FOSTERING HUMAN DEVELOPMENT**

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- ✓ **SUPPORTING THE FURTHER DEVELOPMENT OF BUSINESS AND ENTERPRISE**

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- ✓ **BUILDING AN INNOVATIVE INFRASTRUCTURE**

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- ✓ **INVESTING IN INFRASTRUCTURE AND THE ENVIRONMENT**

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- ✓ **GOVERNMENT PARTNERSHIP WITH BUSINESS AND ENTERPRISE**

It also recommends that Malta should target its resources to achieve medium to long term economic growth in the following specific sectors:

- ✓ **FINANCIAL SERVICES**

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- ✓ **ICT (INCLUDING DIGITAL GAMING)**

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- ✓ **FILMING**

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- ✓ **LIFE SCIENCES**

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- ✓ **MARITIME TRANSPORTATION AND ADVANCED LOGISTICS**

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- ✓ **AVIATION AND ADVANCED LOGISTICS**

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- ✓ **TOURISM**

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- ✓ **GREEN AND LOW CARBON**

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- ✓ **HEALTH SERVICES**

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- ✓ **EDUCATION SERVICES**

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- ✓ **MANUFACTURING**



Malta is at a cross roads. Much has been achieved and the Chamber recognises this. The fact that Malta has achieved so much over the years does not mean that Malta has done enough and should hold still.

Malta needs to move forward to address both weaknesses that continue to limit its potential for growth, global changes and new challenges which, if they are not addressed, will threaten Malta's future wealth and prosperity; and actively addresses areas wherein Malta is in fact regressing.

Most of the recommendations presented in this Economic Vision with regard to its underpinning policy fundamentals are not new. Indeed, a good number of similar recommendations were presented by the Malta Chamber in different national policy and strategy documents over the past decade or so. The fact that they are, once again, presented in this Economic Vision underlines the urgency of addressing such policy weaknesses.

Malta, the Government, civil society, trade unions, and business and enterprise, cannot allow such policy procrastination to continue. There is no reason why today, in 2014, as a country we are still talking about market failures, to mention an example, in providing

access to equity and forms of financing to knowledge base enterprises or SMEs which constitute the backbone of our economy. If Malta is to secure its economic and social gains, let alone continue to build on them, it has to be agile in taking the appropriate action to address policy weaknesses by taking bold and decisive decisions.

Although the Eurozone crisis has ravaged a number of economies, the Malta Chamber is convinced that the restructuring underway in certain countries to bring the



annual deficits and debt structures under control will see these countries emerge onto the post-crisis world economy stronger and far more competitive. On the other hand countries such as Romania, Bulgaria and other Eastern European Member States, renowned for their strong technical work force, are creating a business environment that is 'lean and mean' and pro-business friendly. Malta, similarly to Spain, Portugal, Ireland and Greece, is today

struggling to compete, for example, in high value added manufacturing with Eastern European Member States given that the local structured cost base has year-on-year been increasing.

Moreover, in a post-crisis global and European economy, Malta risks struggling to compete with a streamlined Southern Mediterranean in tourism and knowledge based service sectors. The economic, financial and social environments that Malta operates in today are very different from those that were in place only five years ago.

Malta must take heed of the evolving competitive dynamics, particularly in neighbouring South European and Central European countries. Malta ignores them at its peril as no-one owes it a living. Enterprise, and particularly foreign investment enterprises, will only invest if the returns make economic sense. The moment they fail to do so, the companies will uproot and relocate at the expense of Malta's economic fundamentals in terms of employment, exports and capital formation.

There is no 'business as usual'. To survive, let alone to continue to grow economically, Malta must break away from traditional restrictive practices, whether these relate to labour regulation or otherwise, that in



today's environment render Malta uncompetitive. Put differently, it needs to get real! Otherwise, it cannot guarantee the economic and social development which the Maltese people have become accustomed to and which they so rightly deserve.

The country has no choice but to undertake such change, difficult as it may be in the immediate and short term. These new challenges require different strategic approaches. As with any enterprise, a nation must take stock of where it stands, consolidate where appropriate, retrench where necessary, and take the difficult but necessary decisions that will allow it to move to its next stage of growth.

This is action that Malta must undertake if it is to secure the wellbeing of currents as well as future generations. The Chamber believes that there is today a unique opportunity. For the first time in Malta's political history there is a Party in Government with an overwhelming majority of seats in Parliament. This must be used as an opportunity for Government to take timely and decisive policy action which has otherwise not always been possible to date.

The Malta Chamber will work with the Government and the leadership of civil society, including those of trade

unions, to ensure that the decisions that need to be taken today to further increase economic and social development, and hence generate and distribute more wealth, are taken.

Attached to this Executive Summary is a list of the recommendations of the Chamber's Economic Vision, categorised under the main policy fundamentals referred to above.



# 03/Recommendations

of the Chamber's Economic Vision  
categorised under the main policy  
fundamentals



## Malta's Long Term Economic Vision

The Chamber recommends that Malta's long term Economic Vision is that of:

***“A focused and diversified successful economy underpinned by a high quality, dynamic, productive and innovative private sector that positions Malta as a global hub for business and investment leading to increased prosperity.”***

This Economic Vision should be monitored on an annual rolling basis and reviewed every 3 years to ensure that progress is met and that the Vision is calibrated as circumstances change.



## Targeting Economic Growth through Investment

This Economic Vision recommends that Malta should target its resources to achieve medium to long term economic growth in the following sectors:

Sector	Target	Opportunities
<b>Financial Services</b>	Position the sector for the local Pensions Market	Introduction of Third Pillar Pensions
		Introduction of Second Pillar Pensions
	Extend the sector to embrace a Regional Financial District	Establish a regional district with exclusive jurisdiction over all civil and commercial disputes within the district
	Extend the sector into soft intellectual property schemes	Royalties for films, licenses, etc.
<b>ICT Sector (Including Digital Gaming)</b>	Enable a transition towards productisation	Build IP Value of ICT companies
	Stimulate further competitiveness and growth	Establish the necessary prerequisites including skills to ensure that the sector continues to grow
<b>Filming</b>	Enable Malta to become the end to end production (including aspects of film shooting) destination of choice	Move up the value chain
<b>Life Sciences</b>	Establish a new economic sector	New bio-park infrastructure is being set up
<b>Maritime Transportation and Advanced Logistics</b>	Re-position Malta as a global and regional hub	Move up the value chain
<b>Aviation and Advanced Logistics</b>	Expand Malta as a global location of excellence for aviation maintenance	Establish the necessary prerequisites to ensure that the sector continues to grow
	Expand Malta's Aircraft Register	
	Re-position Malta as a global and regional hub for General and Business Aviation	Replicate successful model for maritime sector

Sector	Target	Opportunities
<b>Tourism</b>	Establish Malta as a Distinctive Global “City” for Tourists and Corporate Offices	Move up the value chain
	Increase awareness of Malta as a premier tourist destination in the Mediterranean region	Encourage product development and investments in Maltese tourism assets and products
	Instil a better service culture	Foster an adequate supply of skills and labour
<b>Green and Low Carbon</b>	Establish Malta as a Smart Energy Island	Create a new economic sector whilst replicating international best practice.
<b>Health Services</b>	Establish Malta as a global and regional Health Care provider of excellence	Create a new economic sector
<b>Education Services</b>	Establish Malta as a global and regional Education provider of excellence	Create a new economic sector
<b>Manufacturing</b>	Stimulate further competitiveness and growth	Establish the necessary prerequisites to ensure that the sector continues to grow



## Recommendations - Policy Fundamentals Underpinning Malta's Economic Vision

### Securing Economic Prosperity

- ✓ 1. Malta's continued economic success and social development depends on its ability to achieve bi-partisan, constancy of purpose and a culture of cooperation within society as well as an ability to recognise and establish national priorities and to undertake economic and social measures that are both remedial and proactive and that require time and a national concerted effort to come to fruition.

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- ✓ 2. The Malta Council for Economic and Social Development, if well equipped, resourced, and directed, is an essential institution for the attainment of a non-partisan approach to economic and social development.

### EMBRACING FISCAL PRUDENCE

- ✓ 3. Malta has to do far more than has been achieved to-date to manage government expenditure more effectively: productivity and the quality of public services must be translated into outputs of increased value for money and improved public service performance underpinned by a government wide Performance Budgeting system.

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- ✓ 4. At the same time Government must ensure a fair market 'playing field' between all market operators by, once and for all, proactively enforcing taxes, laws and regulations on those that operate below the compliance radar and beyond the knowledge of any authority including fiscal.
- ✓ 5. Governments for far too long have prevaricated to secure political consensus on reforms required to pensions, long term care, health and education on a far more sustainable basis – a state of play that must be addressed if Malta is to avoid a destabilisation of its economic and social model.



### EXPANDING ECONOMIC GROWTH THROUGH INCREASED PRODUCTIVITY

- ✓ **6.** Government should support the private sector by addressing inefficiency in technology, physical infrastructure, public administration and processes in order to achieve improved resource use over time and hence seek to meet productivity growth underway in competitor countries.

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- ✓ **7.** Malta must undergo a shift to productivity driven growth which requires a deepening of skills and expertise within every sector of the economy so that Malta's workforce can perform more dynamic and higher value added jobs.

### SECURING MALTA'S TAXATION FRAMEWORK FOR INTERNATIONAL BUSINESS


- ✓ **8.** Government must continue to strengthen the imputation corporation tax framework, complemented by a number of pro-employment, pro-training initiatives and pro-research and innovation policies, which are key drivers of economic advancement rendering Malta an attractive destination for Foreign Direct Investment. In this regard, Malta must ensure that permanent compensatory measures are allowed to neutralise its permanent physical disadvantages which translate into relatively higher operating costs. Such compensatory measures are not to be allowed on the basis of fluctuating measures such as GDP averages.

### Fostering Human Development

- ✓ **9.** Malta's continued economic growth depends on upgrading and deepening the education, knowledge and skills of Maltese workers. Human capital is a key factor in the adoption of new technologies, the introduction of innovative practices and in securing growth in multi-factor productivity arising from improvements in managerial practices, organisational change and inventions.

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- ✓ **10.** Education and training must establish stronger links with Malta's labour market given that quality intelligence on labour supply and demand dynamics are critical in ensuring outcomes that address the needs of current and future labour markets.

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✓ **11.** Enterprise, trade unions and Government should invest more in incentivising low-wage workers to participate in training, which is a springboard for them to upgrade their skills and justify better salaries.

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✓ **12.** Stipends in higher and further education should be reformed and should not be provided gratuitously: in the event that they are to be provided at the first instance students should be assigned to compulsory internship schemes which would serve to instil a work ethic value system amongst students whilst giving them invaluable exposure to the real world.

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✓ **13.** The stipend system must also be linked to an Employability Index indicating the possibilities of employment and potential income on completion of a chosen study path. These measures are crucial

in ensuring the availability of the skills required for the country to pursue its chosen economic path.

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✓ **14.** For Malta to compete globally, it must also be able to attract global talent and should revisit its current immigration and residency policy where-in it should adopt a selective policy directed at targeting persons who have the appropriate skills levels that the local economy is not in a position to provide in order to sustain continued economic growth.

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✓ **15.** Malta must ensure a more effective contribution by irregular immigrants wherein they are encouraged to take up legal employment which will allow them to contribute to their well-being and to productively contribute to Malta's economy.



## Supporting the Further Development of Business and Enterprise

### INCULCATING A CULTURE OF EXCELLENCE

- ✓ **16.** Excellence must become the hallmark of Malta's businesses and enterprises irrespective of the economic sector they are operating in. At the national level, an emphasis on Quality is to be driven by all social partners who together must inculcate a culture of excellence across the entire population.

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- ✓ **17.** Business and enterprise should be supported by institutions such as Malta Enterprise to transform themselves through the implementation of international standards and accreditation in order to improve the quality and standard of the goods and services they provide.

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- ✓ **18.** Government departments should be tasked to establish Key Performance Indicators and to draw up widely applicable Quality Service Agreements on the quality and timeliness of the service they provide to the citizen and / or entrepreneur.

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- ✓ **19.** Government should leverage its purchasing power to reward, in the most demonstrative manner, quality and excellence when securing goods and services for its use.



### ACHIEVING A FLEXIBLE COMPETITIVE LABOUR MARKET

- ✓ **20.** Malta must take heed of evolving competitive dynamics, particularly in neighbouring South European and Central European countries. There is a need for urgent realisation by the Government and the trade unions of the consequences which will arise if a reform of the COLA mechanism, that reflects productivity as well as inflation, is not carried out in the immediate term.

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- ✓ **21.** Wage is a function of productivity and not spending power and appeals for unjustified increases in the minimum wage across-the-board must not be entertained until Malta registers sustainable and significant rates of economic growth. Otherwise, the measure would further negatively impact Malta's competitiveness.

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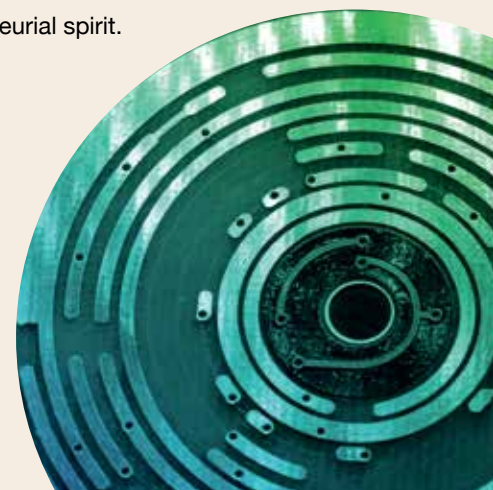
- ✓ **22.** The unintended consequences of Malta's labour law environment are starting to hit home as Malta's competitors are seeking to ease restrictive laws to support more people in entering the labour market. Removing the ability of a business to employ persons on temporary and flexible arrangements will result in businesses not investing in Malta or employers preferring not to employ in the absence of the necessary flexibility to contract out on the basis of business needs and market performance.

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- ✓ **23.** A call for a less inflexible labour environment demands a beefing up of the Government competent authorities to regulate employment practices and to sanction employers who carry out such abuses and thus ensure the adoption of fair and proportionate enforcement amongst all enterprises.

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- ✓ **24.** Tangible measures must be taken to enable Malta to move up the World Bank rankings for ease of doing business. Malta ranked in the 103rd place out of 189 surveyed economies – slipping from the 100th position in 2013. In this context, Malta is the lowest ranking EU Member State. Improvement definitely requires a sharp focus on smart regulation to cut red tape and competitiveness-enhancing public policies. Business and the country will benefit from a renewed entrepreneurial spirit.



### MANAGING THE ENERGY CHALLENGE

✓ **25.** The Chamber strongly emphasises that the cost of Enemalta Corporation's inefficiency; inflated headcount; inability to manage theft and administrative errors which constitute 8 per cent of all electricity generated; and high losses in generation due to obsolete use of steam technology, etc., should not be passed on to the productive sector.

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✓ **26.** Government should introduce measures that would lower domestic energy prices for industry and business to levels comparable to those applicable in the rest of the EU. This could be achieved through a number of measures including:

- allowing business and enterprise to undertake bulk buying and joint purchasing;

- allowing bulk consumers to opt for fixed or variable tariff;
- allowing privately managed energy distribution grids and substations in Industrial parks;
- considering the introduction of energy vouchers to incentivize private investment in alternative sources of energy and in increased efficiency of energy.

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✓ **27.** At the same time, it is crucial for the country to maintain flexibility to increase the share of energy sourced via the interconnector in the overall energy mix should it be more advantageous from a cost perspective to source energy for the private sector from Sicily or eventually mainland Europe.

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✓ **28.** In the 2014-2020 EU financing period, Government must channel more funds from the ERDF and other EU financing instruments to

support business and enterprise to undertake critical investments in Renewable Energy Sources and Energy Efficiency technologies.

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✓ **29.** The over-exploitation of the water table cannot continue forever as the sustainability of the water table is in danger and its collapse will have dire consequences on business and enterprise. Government must ensure that it introduces schemes under the 2014-2020 programming period that will incentivise business and enterprise to invest in water conservation projects.

### ENABLING ACCESS TO FINANCE TO SMES AND THE KNOWLEDGE ECONOMY SECTORS

- ✓ **30.** Government is encouraged to work with the Chamber and other stakeholders to create collateral-free loans under a form of credit guarantee fund trust schemes, structured access to equity, structured information on access to financing, etc. directed to promulgate increased entrepreneurship in the new knowledge economy as well as to assist start-ups to access early state capital during the early years of an enterprise's life cycle.

- ✓ **31.** The Government is encouraged to work with the Chamber to introduce export finance support schemes to facilitate the provision of export finance to viable SMEs to supplement similar initiatives provided by financial services intermediaries such as invoice financing and factoring.

### STRENGTHENING BUSINESS'S AND ENTERPRISES' ECOSYSTEM FOR OVERSEAS GROWTH

- ✓ **32.** Given that internationalisation assumes greater importance for companies in a small island economy, Government should partner with the Malta Chamber through the appropriate authorities and assume a far more focused approach directed at increasing successful export market entry by undertaking actions for business enterprises to ensure that they
  - (i) have access to expert advice and support on global expansions;
  - (ii) have access to a pool of expertise particularly in emerging markets;
  - (iii) are assisted in raising their level of international marketing and export competencies;
  - (iv) are assisted to exploit the information economy through overcoming obstacles with regard



to trade cross-border and in making full use of the internet and associated activities such as e-commerce;

(v) are assisted in selling innovative goods and services; and (vi) are supported in export orientation through increased higher and further education of international trade, traditional marketing, digital marketing, etc.

### POSITIONING MALTA AS A PREMIUM GLOBAL BRAND

- ✓ **33.** The FinanceMalta public private partnership model should be replicated in other economic sectors where Government and the private sector work together not only to be charged with the mission to promote Malta as a premium destination internationally but also to further develop the enabling framework that will allow each such economic sector and its respective value chain to grow.

### Building an Innovation Infrastructure

#### INCENTIVISING INNOVATION IN PRODUCTIVITY IMPROVEMENT IN BUSINESS AND ENTERPRISE

- ✓ **34.** Business and enterprise in Malta must be in a position to raise their levels of productivity if they are to remain competitive and Government, University of Malta, business and enterprise should come together to create a Research and Innovation Hub that will conduct applied research on productivity and innovation for enterprise to tap.



### ESTABLISHING MALTA AS A LEADING 'LIVING LAB' CENTRE

- ✓ **35.** Malta is an ideal “living lab” grounded on the ability to pilot with speed and scale within a compact urban environment for controlled experimentation, testing and lead adoption. Government and the private sector should partner up to invest in a living laboratories infrastructure that would allow companies to test technologies, product and process standards as well as to showcase their products.

### STIMULATING INNOVATION AND RESEARCH

- ✓ **36.** Malta cannot afford a continued institutional paralysis in rendering available financing for innovation and if this long outstanding market failure cannot be addressed in the short term, then Malta must start looking at innovative solutions, other than the traditional innovation vehicles, such as the creation of a Malta Development Bank or an Enterprise Bank.

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- ✓ **37.** The progress being achieved in the development of incubation infrastructure needs to be complemented by a formal business angel's infrastructure as a vehicle for equity financing for start-ups and SMEs which could be encouraged through the innovative use of fiscal instruments.

### SETTING UP A POST-DOCTORAL RESEARCH AND INNOVATION HUB

- ✓ **38.** The setting up of research hubs underpinned by researchers with post-doctoral fellowships is a significant and important priority for Malta to build indigenous research communities based on past and on-going human capital investment through Government scholarship programmes in doctoral studies.



### ENCOURAGING ENTREPRENEURSHIP

- ✓ **39.** Boosting economic growth requires the presence of a large group of individuals who are actively thinking about starting a business and have the attributes and skills to achieve their ambitions. A radical overhaul of the enabling environment building on the new National Curriculum Framework must be embarked upon.

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- ✓ **40.** Government should partner with the Malta Chamber to create a partnership to deliver support and mentoring services to SMEs, micro-enterprises and start-ups. The partnership should be private-sector driven and will provide competitiveness-enhancing and capacity building services in areas such as corporate governance, access to finance, business

transfer, internationalisation, EU regulatory and funding opportunities.



## Investing in Infrastructure and the Environment

### PRIORITISING AND FINANCING INVESTMENT IN INFRASTRUCTURE

- ✓ **41.** Malta faces considerable physical infrastructure bottlenecks which, if not addressed in a structured and planned manner, will negatively impact Malta's future economic and social prosperity. Government should draw up a long term national infrastructure strategy – up to 2030 – that articulates and prioritises the investment required both with regard to new physical infrastructure as well as the retrofitting / upgrading / technology refreshing of existing physical infrastructures.
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- ✓ **42.** Investment that is to be undertaken between 2014 and 2030 must be truly 'genuine' productive investment – that is investment that will truly contribute to the long term economic and social development of Malta as well as the expansion of Malta's productive base and not 'pet' white elephant projects. Such productive investment shall include (i) Digital Infrastructure for telecommunications; (ii) E-Infrastructure for Bioscience; (iii) Infrastructure in port, freight capacity and logistics management; (iv) Innovation Campus development aligned to national strategic research and innovation strategic focus; (v) Distributary and arterial network; (vi) Infrastructure for water management; (vii) Infrastructure for energy generation, distribution, and efficiency and (viii) Health disease and aging.
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- ✓ **43.** Investment in infrastructure must be sustainable and should not result in increases in the debt to national GDP levels of Malta. Government must consider more extensive use of private investment financing (PIF), public private financing (PPP) or foreign financing in infrastructure projects.



### ENERGY INFRASTRUCTURE

- ✓ **44.** Malta must adopt the strategic approach to invest in critical energy infrastructure sufficiently ahead of demand in order to always ensure stability and certainty in the generation and provision of electricity.

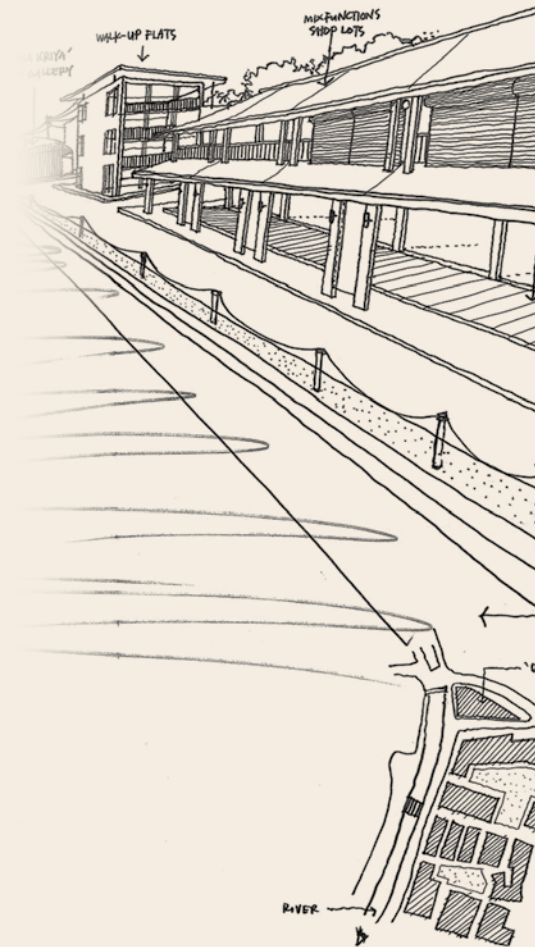


### URBAN REGENERATION

- ✓ **45.** The undertaking of an urban generation programme should become Malta's strategic focus towards which the building and construction sector should be directed, channelling investment in regeneration as against the continued, and unnecessary development of green field sites.

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- ✓ **46.** In designing and adopting a strategic approach to urban generation, Government should take the central leading role through the restructuring of the Grand Harbour Regeneration Corporation into a Malta Urban Development Corporation that would also incorporate the private sector and potentially public shareholding and in such a way as to ensure improved balance between retro-fitting and new buildings and between open spaces and built up areas.



## UNLEASHING MALTA'S GREEN CREDENTIALS

- ✓ **47.** It is imperative that as decisions are made today the welfare of future generations is taken into account.

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- ✓ **48.** A vibrant green economic sector will only emerge once the Government stops acting as the economic operator and assumes the proper role that it should hold: that of the regulatory authority in waste management, etc. with the private sector becoming the economic operator.

## Government Partnering with Business and Enterprise

- ✓ **49.** Government must adopt a culture of evidence-based policy-making that is backed by information and thus ensure that informed decisions are reached at the outset. Moreover, a continuous monitoring framework is required to guarantee performance output and, over time, measure impact. Greater discipline and accountability must be instilled in those departments which are found to perform inefficiently.



The Malta Chamber suggests the carrying out of a manpower survey and a gap analysis so as to take stock of the exact manpower skills available in the public services. This will enable Government to deploy its present and future resources more efficiently into productive activities.

**50.** Incremental improvements to the public service have proven to be inadequate: fundamental reform is now unavoidable. Aggressive action is required to (i) address inefficiency in human capital, physical infrastructure, public organisations and processes; (ii) create and capture value, preserve and expand the productive base and release resources which would enable the private sector to develop in order to expand the economy; (iii) introduce an outcomes-focused approach to performance so that Malta ensures that it has a public service that is fit for purpose, and that public services are affordable.

**51.** The Public Service must become a partner to business and enterprise: a relationship that is underpinned by the right regulatory framework that supports business creation and growth, and avoids unnecessary burdens which adversely impact Malta's competitiveness; where new regulation is introduced to address market failures; that regulation is applied universally and across all market operators and in doing so create an economic level playing field.

**52.** The current judicial process is now a liability to Malta's continued economic growth. Business and enterprise flourish in an environment where the judicial system is swift, and therefore effective; and one that provides fair judgement thereby building confidence in it.





