



MALTA EMPLOYERS' ASSOCIATION

6th November 2012

Talking Point by Mr Joshua Zammit, President

Last week the Malta Employers' Association launched its Memorandum to political parties as it always does when a general election is near. The document is entitled Strength in Unity and as MEA we represent organisations from almost every industrial sector in Malta be it private or public. This places on us the responsibility to speak about issues which influence the operations of our members and to instigate discussions at a national level intended to bring about change. Underlying the memorandum are a set of points which in our opinion are the fundamental building blocks. These are:

- (1) the reduction of the national debt is an overriding priority,
- (2) greater accountability from politicians,
- (3) a more explicit separation between the running of the country and politicians
- (4) Government should be a regulator not an operator and occupy a much smaller role in the economy while the private sector remains the primary force of economic growth.

Emanating from these general themes, the Association's Memorandum makes well over 100 proposals touching numerous areas that the Association believes should be addressed. It is therefore quite surprising that the proposal about technocrats was the one which received the most attention. This proposal needs to be seen within the context of the document which calls for reform within the political system. As it stands the current political system does not and cannot cater for technocrats, the right level of checks and balances are not present. Having said that we believe the time has come for an honest and apolitical discussion about our parliament and the manner it functions, the level of preparedness of our representatives and the extent to which those taking decisions are held accountable. We believe this country needs a full time parliament where elected members have the right level of support to go about their work and to whom cabinet is accountable. Whoever is in Parliament needs to restore credibility in our politicians and whoever is in Government needs to restore trust in our institutions.

But the document is not just about political reform, it makes a number of other proposals which are aimed at bringing about change which is not cosmetic. I will just touch on four of the bigger items in the document but we do address a much wider spectrum which are all worth debating in some detail and which require addressing with some urgency e.g. pension reform.

Education is always a good starting point. As MEA we are proposing a rethink in how we manage our educational system. Malta, relative to its size, is one of the big spenders on education in Europe, a feat we should all be proud of, but at the same time our achievement in this area is not at par with our spending. We are proposing that a new funding model is explored for education, a model which brings the multidimensional development of the child into the centre of our decision making, a model that gives real choice to parents as to where they wish to send their children to school, a model that injects a dose of healthy competition among schools that would need to fight to remain relevant to their students.

Healthcare is another area in which we are proposing far reaching reform. The MEA believes that maintaining a free healthcare system is without doubt one of the biggest challenges the next government will face and although we were never against free healthcare we still maintain that things in this sector cannot continue as they are and they need to be addressed with some urgency. It is for this reason that we have proposed a redefinition of healthcare financing, a bigger role for the private sector, better management of our resources (both human and otherwise), a rethinking of our healthcare strategy and more revenue generation.

In our view the public sector continues to be a major challenge for this country. We are very clear in our document that this sector needs to continue shrinking, it needs to be more effective, less bureaucratic, more accountable and less susceptible to political interference. This country cannot afford to go through restructuring after restructuring of its public entities and negotiating new collective agreements for the civil service, all at a considerable cost to the tax payers, and getting very little in return. It is inequitable having to pay for the inefficiencies of others and seeing our tax money squandered in this manner.

Energy and the environment are other areas of concern. The cost of energy paid by businesses in Malta is placing these businesses at a serious disadvantage with our foreign competitors. Utility charges have become one of the top three cost items for most companies and this has eroded profitability considerably. This country needs a well defined energy policy and a model which provides businesses with a forecasting tool to anticipate energy costs. The debate about energy generation needs to be taken out of the political arena and EneMalta should be operated on purely commercial lines with no political interference. This has now become a matter of national concern and should be treated as such.

As an Association we believe it is our role and in the interest of our members that we initiate debate on such topics as described above. We pride ourselves that we have always said things as they are and never tried to sugar-coat anything just because we didn't want to irk someone. In all that we are proposing the private sector has a definite and important role to play. We believe that the private sector is the real motor of the economy and it is only through private investment that sustainable growth can be achieved for our country.

Change happens fast and in very unpredictable ways. Any political party promising salvation through detailed, exhaustive and precise policies will be taking us for a ride. We will be looking for and expecting clear direction and guidelines in all areas that matter but above all we expect a government with a vision that is nimble and adaptive, responsive and innovative, able to react in the shortest time possible to the challenges we face. A government that understands the big

picture but who is sensitive to the everyday realities we face. Businesses are not afraid of competition, over time we have demonstrated that we can compete and win, but we want to be able to operate in a space which is a level playing field, free from bureaucracy, artificial barriers and government interference. It is in such an environment that business will be able to experiment, innovate and grow. It is about time our politicians start respecting the people they represent and understand that the rules of the game are changing.