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Media Release

'The consequences of being grey-listed by MONEYVAL could be as devastating as the COVID crisis'. MEA President

In her address during the 55th Annual General meeting of the Malta Employers' Association, the president Ms. Doris Sammut Bonnici focused on the governance issues and reputational damage being faced by Malta and their consequences. She stressed that: *'Malta should never have come to a state where MONEYVAL is breathing down our necks to put our house in order. Our financial services and gaming sectors built a formidable competitive advantage over the years through a well-designed combination of fiscal incentives, reputation building and overall infrastructure. Unfortunately, Malta's image has been devalued as the country has been rocked by a successive series of scandals that have drawn the attention of the international media. The consequences of being grey-listed by MONEYVAL could be as devastating as the COVID crisis'*.

She added that: 'No matter how resilient our economy is, it will not be able to withstand a contraction of the financial and gaming sectors, an ailing tourism industry and a fall in manufacturing output simultaneously. Businesses and people will suffer if this scenario becomes a reality'.

She had praise as the manner in which the COVID pandemic has been handled. 'Government dug into its reserves, many businesses suffered losses but kept running, and many workers made sacrifices through lost income. The health authorities addressed the medical aspect of the crisis with positive results, and the social partners all pitched in to minimise the damage, through constructive social dialogue. As happened during the financial crisis a decade ago, we all rose to the occasion when faced with an external threat'. However, she warned that all these efforts will have been in vain unless the country takes some hard and radical decisions to restore good governance in its institutions.

She referred to the proposals presented by MEA to address the governance deficit which we now face. 'We made recommendations for parliamentary reform, with fewer members on a full-time basis and a pay structure that reflects the level of responsibility and accountability expected in such positions. We called for a separation of powers between the legislative and the executive. Members of Parliament simply

35/1, South Street,
Valletta VLT 1100, Malta
t: (+356) 21 237585, 21 222992
f: (+356) 21 230227
e: admin@maltaemployers.com
www.maltaemployers.com

cannot hold positions of trust, especially when it is common knowledge that this practice is there to boost the income of the members of parliament of the governing party. We insisted on transparency and control in the engagement of persons of trust. There should be full disclosure of their conditions. How can employers take government seriously about promoting pay transparency when it refuses to disclose the packages of persons of trust who are paid from taxpayers' money?'

She added that it is also becoming evident that good governance also depends on the separation of party financing from corporate donations or coercive practices like door to door collections. This is the reason behind MEA's proposal to introduce partial state funding to political parties, and that it could also be the right time to do away with political party media.

Ms. Sammut Bonnici concluded by saying that we no longer have the luxury of time to debate these issues: '*This is not about MoneyVal, this is about us*', and that employers have an obligation to voice a warning of what the consequences might be if we simply try to patch things up to assuage MONEYVAL, rather than addressing deep-rooted issues that are disrupting our society's moral compass.