



**MALTA  
EMPLOYERS**

# **Good Governance & Smart Growth**

Balanced Prosperity for a Stronger Society

A MEMORANDUM TO POLITICAL PARTIES / May 2026





# Good Governance & Smart Growth

Balanced Prosperity for a Stronger Society

A MEMORANDUM TO POLITICAL PARTIES  
May 2026

# Table of Contents

## Introduction & Priority Issues

1.0	Introduction	07
1.1	Establishing Values	10
2.0	Governance	15
2.1	Direct Orders	15
2.2	Key Positions and Persons of Trust	16
2.3	Contracts	16
2.4	Parliamentary Reform – A Safeguard Against Politically Acquired Wealth	17
2.5	Financing of Political Parties	18
2.6	Corporate Governance	18
2.6.1	ESG as a Pathway to Excellence and High Value	19
3.0	Malta and the EU	21
4.0	Balancing Economic Growth and Well-Being	23
4.1	Transforming the Economy – Envision 2050	23
4.2	Establishing Malta as a Regional Logistics and Trade Excellence Hub	25
4.3	The Demographic Challenge – Increasing the Birth Rate	26
4.4	Rationalising the Human Resource	27
4.4.1	Adapting to an Ageing Workforce	27
4.4.2	Enhancing Career Guidance Structures	28
<b>Horizontal Policy Issues</b>		
5.0	Education and Skills for Malta’s Future Economy	31
6.0	The Changing World of Work	35
6.1	Work-Life Balance and Flexibility	35
6.2	A Reduction in Working Hours	36
6.3	Targeted Measures to Assist Families	38
6.4	Extension of School Hours	38
6.5	Supply of Hours	39
6.6	Later Exit from the Labour Force	40
6.7	The Right to Disconnect	41
6.8	Public Sector Employment	41
6.9	The Labour Migration Policy	42
6.10	Fighting Substance Abuse	43

7.0	Social Dialogue	45
7.1	The MCESD	45
7.2	The Low Wage Commission	45
7.3	Capacity Building for Social Partners	45
7.4	EIRA, WROs, the Industrial Tribunal & Human Rights and Equality Bill	46
7.5	Structured Social Dialogue	47
7.6	The Pay Transparency Directive	47
8.0	Gozo	51
9.0	Environmental and Climate Change	53
9.1	The Built Environment	53
9.2	ODZ	55
10.0	Transport	57
10.1	Multi-Modal Transport System	57
10.2	Maritime Transport and Infrastructure	59
	10.2.1 Investment in Infrastructure for Maritime Cargo Operations	59
	10.2.2 Grand Harbour Revival Plan	60
11.0	Defence	63
	<b>Sectoral Recommendations</b>	
12.0	Manufacturing	65
13.0	Tourism	69
14.0	Culture and the Arts	73
	<b>Annex – Malta Employers’ 140 Flagships</b>	75



# Introduction & Priority Issues

## 1. Introduction

Two main developments have shaped Maltese society during the first quarter of the 21st Century. The first has been Malta's accession in the European Union. This was the realisation of a vision that traces its roots to the years following Malta's independence. It was a hotly debated issue and democratically decided through a referendum. EU membership presented many challenges to our society, but the adaptation process has brought great benefits for Malta which few dispute. EU membership and the adoption of the eurocurrency has placed Malta on a path of economic growth and transformation, with access to markets and a convergence of economic metrics between Malta and the EU average. The transposition of EU directives has led to a more regulated business framework and enhanced conditions of employment.

The second critical development has been the rapid demographic shifts that are transforming Maltese society over the past two decades. On the one hand there are the demographic trends of the Maltese population – falling birth rates, ageing population. On the other, robust economic growth raised labour demand far beyond what the domestic population could supply, in spite of the fact that female labour participation rate increased rapidly from lows of 30% in 2010 to more than 70% in 2025. Initially, government attempted to suppress this demand by adopting a protectionist approach and limiting the influx of foreign workers in Malta. Over the past decade, this approach was turned upside down, as the increase in population in itself was seen as a catalyst of economic growth which indeed contributed in no small manner to the expansion in GDP. However, this came at a cost because it was unplanned and not backed with the required social and physical infrastructure to sustain it. Malta Employers sounded the alarm on numerous occasions. In 2017 it issued a position paper urging for a strategic approach ([link](#)), and in 2024 organised a national conference about the low birth rate.

There has been a shift in focus from economic growth towards quality of life. Again, Malta Employers has been consistently proactive about the importance of introducing well-being parameters to supplement GDP to have a true indication of social and economic progress.

The pressures on well-being are evident and profound. Overcrowding is gradually compromising Malta's appeal as a destination for work, residence and tourism. The expanding population has strained traffic infrastructure to its limits. If companies were not offering various flexible and remote working arrangements, many roads would today be gridlocked during rush hours. Unbridled construction activity has impacted the natural environment. Many blocks of

apartments are more designed to cater to short term rentals rather than family housing. Female labour participation has not become a matter of choice, but an imperative to afford higher housing prices, leading to increased demand on employers to offer flexible work conditions that are not always possible to entertain. This pressure on families and their quality of life has given rise to a set of proposals to reduce working hours. In February 2026 Malta Employers has analysed this issue through a position paper that, in essence, proposes flexible workplaces, active ageing, and measures focused on families raising young children, rather than nationwide measures.

Employment in the public sector is on the rise, both directly and indirectly through subcontracting. This is in part due to the requirements of servicing an expanding population and, worse, through jobs for votes that drain the private sector of precious human resources. More enterprises end up dependent on imported labour, which today accounts for more than a third of the total labour force in Malta.

Employers in the private sector face unfair competition with the public sector for talent. Financial constraints in many enterprises, dictated by productivity and competitiveness cannot compete with taxpayer funded employment conditions in the public sector. A recent recruitment campaign, with two women sitting idly behind a bare desk ringing a bell and extolling the many ways a person may not turn up for work in the public sector, sends a dangerous message that is unjust for productive employees both in the private and public sectors.

The country needs to focus on:

- **Maintaining and Improving Productivity and Competitiveness**

The country's aspirations can only be realised if enterprises are sustainable and competitive. Whilst being a consistent and committed supporter of the European project, Malta Employers already notes that several measures coming out of the European Commission are equally applicable to large member states located at the Continent's core as much as they apply to small, island Member States at the periphery. Malta Employers believes that the incoming government must uphold safeguard the Islands' unique interests by insisting with the EU that its uniform application of unique regulation (One-Size-Fits-All approach) can produce inequitable outcomes when applied to structurally unequal contexts. Moreover, Malta should not "gold plate" EU directives when transposing them to the our statute books as more often than not, this places Malta-based companies at a disadvantage. On the contrary, Government should work more closely with Maltese entrepreneurs to identify attractive niches and investment opportunities.

- **Transforming the Economy Towards Higher Value Added Sectors That Depend Less On Labour Intensive Activities**

There are too many workers – TCNs in particular – in low value jobs. This has to be addressed to reduce the dependency on TCNs in many sectors, and also to increase the value added per employee that will enable higher wages. As recommended by the IMF (IMF warns Malta cannot sustain further population growth), the trend of an expanding labour force and foreign population needs to be reversed.

- **Vision 2050**

These principles are very much in line with the four pillars that are the backbone of the Malta Vision 2050. However the appeal here is that many of the issues mentioned are immediate, and we do not have the luxury of expecting improvements over a 25 year period. Nonetheless, the Malta Vision 2050 is a valid exercise which sets a longer-term direction for our society.

It is disappointing that Vision 2050 has been launched extravagantly which certainly does not reflect the spirit of the exercise. It has morphed into a massive and expensive public relations event which went over the need to communicate the document to the public. There was no need for the packaging to overwhelm the substance. It is also concerning that, in an exercise that is meant to promote better well-being and a level playing field in business practice, contracts worth millions of euros were awarded through direct orders. This has not gone down well with the business community and certain cohorts of society such as those whose health and well-being are risked and constrained by the limitations imposed by public expenditure on health and social services.

- **Investing Human Resource Development In Anticipation Of The Challenges and Opportunities Of AI Technology**

AI will certainly bring about changes in the way we live. It is already happening and the momentum will pick up in the coming years. AI needs to be looked at as an ally, not a threat. Malta needs to anticipate, invest and educate to have the necessary capital and human resources infrastructure to use AI to its benefit. With proper planning, AI could be a means of generating value added in line with the Islands' plans for economic transformation and reduce demand for unskilled labour.

- **Increasing the Supply of Hours of The Maltese Labour Force**

Issues related to work life balance and family-friendly measures should be addressed within the context of supply of labour hours. The two are not mutually exclusive. For example, better flexibility to older workers can incentivise a later exit from the labour force, thus increasing labour hours. Investment in technology, AI and automation will not only lead to higher productivity but will widen the boundaries of flexible work possibilities for workers in broader economic sectors.

- **Addressing the Low Fertility Rate**

The low fertility rate is an existential threat to Malta. It is among the lowest in the world, and currently 25% of all births in Malta have non-Maltese parents. There needs to be an immediate holistic effort to incentivise a higher birth rate. In recent years, there have been positive efforts aimed at assisting young families and parents which need to be strengthened.

- **Strengthening Governance Structures Through Institutional Reform and Transparent Administration**

Governance remains a critical issue in Malta. Better governance is an appeal that is carried forward from the memorandum to political parties which Malta Employers issued in 2022. For example, the refusal of ministers to publish their assets sends wrong signals to the rest of society.

- **Restoring Trust In Institutions**

There is a declining trust on our institutions, particularly among young people. The recent debacle about the appointment of the Chief Justice has devalued the trust in our justice system.

- **Maintaining and Restoring The Natural Environment For The Well-Being Of Its Citizens**

The natural environment is an essential element for the well-being of the people and also for those interested in visiting Malta. There is no question that the natural environment has suffered over the past decade – e.g. excessive construction; noise pollution; waste. Land is becoming scarcer and dearer, and the demand to build stronger. Government needs to prioritise collective over private interests. Preserving the natural environment of the Islands crucial for Maltese and Gozitans alike.

- **Promoting Active Citizenship**

There is a prevailing culture of entitlement where people in general expect too much and give back the minimum possible. It is important to infuse a culture whereby citizens understand the country's limitations and that what we have can only be the result of hard work and commitment. Young people in particular need to appreciate both the benefits and responsibilities of citizenship.

- **The Unstable Geo Political Environment**

Although it is government's role to manage the country to maximise the well-being of its citizens, Malta's economic, social and political stability are also dependent on a broader international environment which lies beyond our control. Malta has faced economic crisis, and a global pandemic and bounced back. Rising geo-political instability in many parts of the world is a threat to all that we want to accomplish, as the international political scenario has shifted from global ideals to improve humanity towards a transactional approach and weakened international institutions. It is becoming even more essential for our political parties to join forces and, together with the social partners, seek consensus on national matters

## **1.1 Establishing Values**

The cohesion and progress of any society is dependent on accepted and practiced fundamental values. Political leaders have the responsibility to promote these values and an obligation to lead by example. These serve as a backdrop to economic and social policies that are truly designed in the national interest, and a basis on which the recommendations in this document are being put forward by Malta Employers.

- **The Value Of Opportunity Cost and Sacrifice**

The prevailing sense of entitlement is pushing politicians to satisfy as many segments of the population simultaneously and immediately under the delusion that the country has infinite resources to meet people's demands. Political parties must impart and reinforce the message that there is an opportunity cost to everything. Funds that have been used to subsidise public transport, for example, could have been allocated towards a better mass transport system. The same could be said of many expenditures

that could have been channelled towards alternative use. Any expenditure has to be projected as a choice between alternatives – doing something by foregoing something else.

- **The Value Of Common Good Over Private Gains**

Unfortunately, our political system has degenerated into placing private interests ahead of societal gain. That this may be endemic of small countries is no justification to use political power to gain marginal votes, especially when favours or concessions given come at an expense to the rest of society. A prime example is the granting development permits that may favour an individual but ruin the urban or natural landscape. The proposed planning bills sent a wrong message that those with political contacts can act with impunity over the rest of society. Government also needs to be strong and take decisions that may affect a few negatively in the interest of the common good.

- **The Value of Productive Work**

The people's material and self-actualisation needs can only be realised through productive work. This is especially true for countries like Malta whose fortunes depends on the quality of its human resources. Idle human resources, even if they are somehow employed, must be pushed into productive employment. Many of those who are productively employed can, through education and training be directed towards higher value-added activities.

One aspect of the increase of, foreign workers in Malta is that many Maltese refuse productive employment in many areas – in both the private and public sector – in favour of idle jobs. There is an emerging culture that hard work is for foreigners. This situation can become a source of social tensions.

Any measures that in any way result in a drop in the supply of hours need to be justified on the basis of productivity gains, or social imperatives that may indirectly lead to a more productive society.

- **The Value of Citizenship**

The meaning of citizenship is being devalued as being synonymous with owning an ID card or passport. Government must project a wider meaning of citizenship which includes obligations towards the country. Knowledge of the constitution, a commitment to defend the country if required, upholding the country's values within the parameters of diversity, encouraging participation in all aspects of Malta's culture, setting up a voluntary reservists register that may be called on in times of national emergencies. Citizenship is both about taking and giving.

- **The Value of Long-Term Term Thinking**

Perhaps the main value of Vision 2050 is that it promotes long term planning and thinking, and that society should not focus on just the immediate. Many of the fundamental challenges we face require solutions that can only be realised in the long-term. Demographic challenges, economic transformation and the natural environment

are among the issues that appeal for a collaborative approach between political forces, social partners and civil society to set a direction for Malta. This attitude must also filter down to individual choices to reverse the prevailing culture of instant gratification- e.g. saving for one's retirement, investing in self-development, health choices.

- **The Value of Good Governance**

Good governance is not about ticking boxes and legal compliance. It is a culture. Seeking a legal way out of publishing the assets of ministers sets a bad example to all society. Incidences of alleged politically acquired wealth erodes trust in the country's leadership, and such lack of trust filters down to all aspects of business also human relationships. People are led to accept that success in life depends on somehow circumventing the system: business growth through unfair competition, academic achievement through plagiarism, obtaining jobs without merit, development permits through political influence, giving the minimum and expecting the maximum, crime. Good governance has to permeate in all aspects of citizenship.


- **The Value of Social Cohesion**

Our society is composed of integrated diversified experiences of different groups of people. A lot has been achieved, for example integrating persons with disability in the labour force. This sense of cohesion needs to be nurtured. As Malta becomes a multi-cultural nation, we cannot afford to have ghettos – both physical and social – that marginalise groups. Government must also be conscious of rising inequalities, which are necessary in order to incentivise mobility of labour and investment, but which must be accompanied with structures that guarantee equal opportunity and orientation towards the common good.

- **The Value of Family**

The sense of family, in its diversity of forms, is the ultimate cohesive element of society. In a period where many economically developed societies, like Malta, are suffering from a demographic crisis, government has to strengthen supportive structures, through targeted measures, to help families. This is something which calls for the participation of social partners and civil society. Employers understand this. Yet there needs to be quid pro quo approach that addresses family needs without impacting the sustainability of enterprises.

*AI will certainly bring about changes in the way we live. It is already happening and the momentum will pick up in the coming years. AI needs to be looked at as an ally, not a threat. Malta needs to anticipate, invest and educate to have the necessary capital and human resources infrastructure to use AI to its benefit. With proper planning, AI could be a means of generating value added in line with the Islands' plans for economic transformation and reduce demand for unskilled labour.*

The background features a large, abstract geometric design. A prominent red shape, resembling a stylized arrow or a large 'L' rotated 45 degrees, points towards the bottom right. A smaller, dark blue shape is positioned within the red area, also pointing towards the bottom right. The overall composition is clean and modern, with sharp lines and a limited color palette of red, blue, and white.



## 2. Governance

Malta Employers has long been stressing the need to improve the country's governance systems. Unfortunately, little has been done in this regard in spite of numerous proposals submitted by the association which are also shared by other organisations. The intention, during this legislature, to introduce the planning bills, and, more recently, the removal of asset declaration by ministers and their spouses send clear messages that there is no commitment to improve governance systems. If anything, it is dismantling safeguards to good governance, a deterioration in transparency and accountability in public life. The dismantling of citizens' right to initiate an investigation into potential corruption and abuse of power through magisterial enquiries has drawn justified outcry from civil society and legal experts. A senior legal scholar described this as a 'fatal torpedoing of the rule of law', mainly meant to protect the political class from investigation and legal accountability. It is reasonable that they are held on a light leash and are expected to account for their actions within reasonable and fair boundaries. Accusations of politically acquired wealth, squandered public funds, unlawful practices and links to business for personal or partisan gains should be investigated. As before, the enquiring magistrate can turn down a request if allegations are not supported by sufficient evidence. It is thus being recommended to restore citizens' access to initiate magisterial enquiries.

### 2.1 Direct Orders

Government is a major client to many businesses, a primary consumer of goods and services using taxpayers' money. The regular bypassing of structures for public procurement cannot be allowed. Similarly, public contracts cannot be awarded arbitrarily, leaving many businesses out of the loop. Disclosure of expenditure on many projects – such as the Mediterranean Film festival and the recent launch of Malta Vision 2050 - is deliberately withheld or delayed. This lack of transparency creates an uneven playing field between operators.

Government should ensure that the parameters that regulate direct orders are respected and enforced. The rules of public procurement are being flagrantly ignored with contracts amounting to millions of euros being awarded through direct orders. This is creating an unlevel playing field among businesses and serves as a hotbed for corruption.

Any direct orders that go against these regulations should be immediately declared illegal and null.

The Malta Employers recommends:

1. The incoming Administration must commit to respect and strengthen existing governance structures related to transparency in public procurement.
2. In cases where the direct order system may need to be bypassed due to time constraints, a parliamentary committee with representatives from both sides of the house should be set up to decide on a supplier.
3. Freedom of information requests to divulge any expenditure involving government entities will be respected and made public within twenty days since the request is made.

## **2.2 Key Positions and Persons of Trust**

There are too many examples of persons engaged as 'consultants' or persons of trust whose duties are obscure, and often paid packages well above the norm. Besides the expenditure involved, this situation is creating an unjustified earnings gap between what these people earn relative to similar posts in the public and even the private sector. It is anomalous that many of them earn more than their superiors e.g ministers, and are hardly accountable for what they are meant to do and results achieved.

1. The appointment of persons of trust needs to be transparent and detached from purely partisan political affiliations. Their remuneration package will be made public, together with specific KPIs.
2. There should be a limit to the number of persons of trust.
3. All persons of trust, including consultants in public entities who have not been employed through a recruitment process should be subject to a periodic audit by an independent board to justify their position. The board shall include representatives of the Opposition. As with any company in the private sector, they will report on their activities, performance and results achieved.
4. Government will respect the provisions of the Pay Transparency Directive in establishing a fair relativity between persons of trust and related occupations in the public sector.
5. Key positions in Authorities, including the Attorney General and the Police Commissioner will be approved through a two thirds majority in Parliament. In spite of the recent impasse concerning the selection of the Chief Justice, the system should be retained.

## **2.3 Contracts**

All contracts entered into by Government with third parties will be made public within reasonable time – not exceeding three months – since the date of signing.

The Director of Contracts should be given back the authority to take an active part in adjudication processes and not to just act as a regulatory body. Tenders are not to be adjudicated by Ministries but by independent adjudicators.

Government will not enter into binding agreements (commercial or otherwise) with entities whose ultimate owners are unknown. Such agreements will be made illegal.

## **2.4 Parliamentary Reform – A Safeguard Against Politically Acquired Wealth**

Malta Employers reiterates its recommendations for Parliamentary reform which were presented in its memorandum for the 2022 elections with the objective of having a leaner, less costly and more efficient Parliament.

Members of Parliament and Ministers should be adequately remunerated to reflect their responsibilities. Currently, Ministers salaries are a pittance and act as a constant temptation to amass politically acquired wealth through illegal means. Suspicious behaviour is further fuelled by the compromising of Ministers' annual disclosure of assets. The system needs to be strengthened not dismantled but concurrently Ministers' income should be revised. Poor remuneration can never be used as a pretext to justify unethical behaviour.

Malta Employers recommends that:

1. The quota system for female MPs should be scrapped. All Maltese citizens have equal opportunity to stand for elections and it is up to voters to be responsible enough to elect the best candidates to represent them. In spite of the good intentions behind this measure, women should not be subjected to tokenism in being represented in Parliament. This is degrading and also discriminatory with respect to male candidates who may have acquired more votes than female candidates who end up in Parliament. The results of the MEP elections are indicative that the Maltese do not really discriminate between genders in their voting patterns.
2. Reduce the number of MPs to 45 seats
3. The number of ministers should be limited to 8 and 6 Parliamentary Secretaries
4. MPs will have a remuneration package of €70k p.a. plus benefits
5. Parliamentary secretaries will have a remuneration package of €90k p.a. plus benefits
6. Ministers' remuneration will be of €120k p.a. plus benefits
7. The Prime Minister shall earn €150k p.a. plus benefits (comparable to the package of the Italian PM).
8. MPs will not hold other positions in government entities, nor have interest in private sector companies which can create a conflict of interest with their duties as MPs.
9. Introduce a system whereby parties may appoint technocrats to serve in Parliament. This could replace the female quota. There have been members of Parliament who have not contested general elections and were coopted, and the general experience has been positive.

The coming legislature could be an opportunity for political parties, together with the social partners to consider these and other related proposals. The MCESD could be an ideal forum for such discussions.

## **2.5 Financing of Political Parties**

Malta Employers has always supported efforts to dilute – even remove completely – the proximity of the major political parties to business. This proximity is toxic, especially when coupled with a lack of transparency as parties do not divulge the sources of their financing. Such toxicity spreads into questionable practices such as bypassing established systems and procedures and awarding lucrative contracts by direct order. Many businesses are also uncomfortable with the pressure to ‘donate’ to party financing so that they will not be excluded from public contracts. This in turn leads to inefficiencies and a weakening of checks and balances that ensure that the most suitable suppliers are selected, and that taxpayer money is spent in the most judicious manner possible. Stricter regulation of the provenance of party funds is necessary.

The only feasible manner in which this can be achieved, given that members’ subscriptions will never be realistically seen as sufficient to support party financing on their own, is to introduce state funding for political parties. In full knowledge that it is not the perfect system, this is regarded as one of the better alternatives, one that will certainly lead to better governance.

## **2.6 Corporate Governance**

The Association recognises that Governance is not an exclusive responsibility of government and acknowledges the role of the private sector in ensuring good Corporate Governance. In this regard, Malta Employers has strongly and consistently encouraged its members to adopt sound Governance principles in their companies as well as to adhere to Transparency Register structures for professionals that are already made available by the MFSA as well as to pursue systems of Continuous Professional Education in this context.

Corporate Governance is a reflection of the organisation’s Values and is one of (arguably the main) pillars of ESG. Indeed, if a company’s values include a high regard for environmental matters or social justice then this will be reflected in the “Tone from the Top” in terms of high standards for corporate governance structures in the company and a guide for employees in their choices and actions. Proper Governance instils a culture that drives everyone to act with integrity, manage risk proactively and place value creation for all stakeholders—employees, shareholders, clients, communities—at the heart of the company mission.

In Malta’s case, strong governance has a national dimension. The Islands’ reputation as a jurisdiction for business, investment and even tourism depends on integrity and transparency at every level.

Good governance creates stability and stability attracts investment and continued investment. It gives confidence to the workforce, partners and international stakeholders.

That is why Malta Employers perceives the Governance pillar as an area of national importance.

### **2.6.1 ESG as a Pathway to Excellence and Higher Value**

As stated above, Governance is an integral part of the ESG framework that Malta Employers is strongly promoting through various initiatives, not least a National Conference held in November 2025. The Association's underlying message in this regard is that ESG adoption is not about compliance. It is a pathway to excellence.

At the micro level, ESG builds stronger, more resilient companies — enterprises that are efficient, innovative and trusted.

At the macro level, it strengthens Malta's brand as a forward-looking, responsible economy — a place where quality, fairness and ethics underpin competitiveness. It is an enabler for the country's journey towards Envision 2050 — which calls for transformation based on resilience, innovation and human capital where the ultimate goal is to align future growth to the physical and demographic realities of our island.

Through ESG, Malta can venture beyond low-value growth models and focus on quality-driven, knowledge-based and sustainable economic activity as the Malta Employers Association has been long proposing.

That said, however, Malta Employers believes that ESG adoption is best achieved by conviction rather than by coercion. To this end, it strongly advises the incoming Administration against setting and mandatory requirements, in this regard, that risk forcing entrepreneurs to become side-tracked from making the right decisions in the interest of their companies.

With gender quotas taking precedence over skills and competencies, for example, women candidates may be viewed favourably for senior level roles on the basis of gender rather than the selection being based on competence, fit and merit. This is also counterproductive for women's long-term career progression. Besides, the Association is also against the term 'presence' of women on boards. It feels that the mere 'presence' of women does not necessarily result in participation, nor does it necessarily guarantee the desired positive contribution. Therefore, Malta Employers believes that an unbiased selection process should be adopted to ensure that the right fit for the position is chosen on the basis of meritocracy rather than on the criteria of gender.



### **3. Malta and the EU**

Whilst being a consistent and committed supporter of the European project, Malta Employers cannot help but noting a “mainland scale” in several EU measures which are often applied to large member states located at the Continent’s core in much the same way as they are applied to small, island Member States at the periphery.

To this end, the Association expects the incoming Administration to continue to uphold Malta’s position to safeguard its unique interests as an independent, small, peripheral Island Member State. In this regard, it strongly contends that the incoming Administration needs to insist with the European Union for it to adopt better a calibrated and proportionate approach to its key policies in order to ensure success in the very objectives they seek to achieve.

The incoming government must stress with the European Union that its uniform application of unique regulation (One-Size-Fits-All approach), when applied to structurally unequal contexts can produce inequitable outcomes. Island economies like Malta face unique constraints—limited scale, geographic isolation and dependence on imports and exports—that mainland operators do not share. Malta exemplifies these challenges. It lacks natural resources, operates within a small domestic market and is geographically distant from Europe’s economic core. Its economy is therefore highly open, with trade volumes far exceeding GDP. This openness makes it particularly sensitive to disruptions in maritime connectivity. Consequently, Malta Employers holds that the incoming Administration must also argue with the EU that regional and cohesion policy should not be based on current economic performance but on the structural realities of insularity—permanent geographic disadvantages and inherent vulnerability. Malta, despite its strong economic growth in recent years, remains highly exposed due to its reliance on international trade, export-led services and uninterrupted global connectivity.



## 4. Balancing Economic Growth and Well-being

Linked to the above, the Malta Employers' Association organised a conference in June 2021, entitled: 'Balancing Sustainable Economic Growth with Quality of Life – a National Challenge'. The purpose of the conference was to kickstart a discussion about the need to introduce more refined metrics to capture progress (or otherwise) in economic expansion, well-being and quality of life. Such metrics need to be more actively incorporated in Malta's policymaking structures and procedures.

Malta Employers understands that the purpose of enterprise and labour should ultimately be to generate a return to investment and also to make people's lives better through goods and services produced. Countries like ours, with severe limitations, such as land scarcity, a dense population and other environmental constraints, need to be more sensitive to the extent to which economic activity impacts the quality of life of its citizens.

### 4.1 Transforming the Economy – Envision 2050

Achieving sustainable economic growth within the parameters of a decent quality of life necessarily entails a transformation of the economy. To this end, and as Malta charts its way into the future, the Malta Employers' Association welcomed the Vision 2050 strategy as a timely and necessary initiative.

For several months and years prior to the first announcement on this initiative, it itself, had, in fact, been consistently advocating for a new economic vision that is better aligned to the country's physical and demographic realities to enable Malta to transition towards a more sustainable, inclusive and productive economy. For this reason, Malta Employers had called for a new economic vision that focuses on quality, the use of new technologies and reskilling to ensure Malta remains competitive enough to continue growing our economy with less strains on resources and in so doing addressing the prevailing socio-economic pain points thereby offering better balance between the Islands' economic and wellbeing priorities.

The Association participated in a Working Group specifically set-up to support the articulation of the Vision by international consultants. It also gave its direct input in public and other fora behind the scenes. Throughout the consultations, it insisted on the participation and acceptance of the Opposition recognising the long-term outlook and that the identified goals established in the Vision transcend a number of Administrations. Throughout the consultations, the Association also recognised that challenges shaping

our future—demographic change, economic transformation, the environment—cannot be solved with short term fixes but require clear vision, collaboration between all stakeholders and a renewed dedication to building a cohesive, resilient society.

The Association praised the high-level objectives outlined in the Vision which attempt to provide a long-term framework for Malta's economic, social, and environmental development. The document shares Malta Employers' assessment on the enhancement of the country's sustainable competitiveness and resilience. For instance, the Vision acknowledges the need to grow the economy within the pressures of climate change, demographic shifts and geopolitical uncertainty whilst embracing the need for stronger adoption of digitalisation, AI, automation together with education and upskilling as strategic competitive-enhancement levers for national resilience. Investment in technology, AI and automation will not only lead to higher productivity but will widen the boundaries of flexible work possibilities for workers in broader economic sectors.

Malta Employers looks forward to the rectification of certain potential pitfalls in the Vision 2050 document particularly in terms of ownership, implementation timeframes and insufficient Economic Granularity. In particular, the Vision does not provide sectoral breakdowns of how various industries—including manufacturing, tourism, maritime, financial services and ICT—will be supported to upgrade their productivity, digital maturity and ESG performance.

Indeed, whilst the document makes positive references to the stronger adoption of digitalisation, it lacks a clear roadmap for AI adoption, research and development (R&D) infrastructure and integration of emerging technologies.

A key pillar of Malta's long-term strategy must be its ability to decouple economic growth from labour force expansion. With a shrinking native working-age population, increased life expectancy, and finite spatial resources, Malta cannot sustain a growth model that depends heavily on importing low- to mid-skilled labour. This challenge becomes an opportunity if the country pivots its economic model to one driven by productivity gains through innovation and technology adoption, particularly in the field of Artificial Intelligence. AI is now a critical layer across all major industries—from financial services and logistics to tourism, manufacturing, and maritime operations. Malta must embrace AI as a productivity multiplier, especially in sectors where labour shortages are acute and cannot be sustainably addressed through migration alone. At the same time, as AI and automation reshape the global economy, Malta must proactively prepare its workforce and regulatory environment to remain competitive.

Malta Vision 2050 sets a valuable foundation for national strategy. Nevertheless, Malta Employers believes that in order to make the Vision actionable and enhance its relevance for the business community, it must evolve further. The Association will support the incoming Administration in implementing this Vision perhaps through the establishment of an independent Economic Strategy Council tasked with tracking progress on Vision

2050 goals, involving social partner representation to ensure accountability and progress towards Malta's prosperity in an increasingly complex global landscape.

## **4.2 Establishing Malta as a Regional Logistics and Trade Excellence Hub**

In line with Malta Vision 2050, which envisages the Islands to better exploit the potential of its maritime and logistics capabilities, Malta Employers supports recommendations for the setting up of new free-trade zones to serve as a regional logistics hub. This initiative may support Malta in positioning itself as a centre of excellence in regional trade by transforming its logistics capabilities, boosting economic activity, and contributing significantly to national competitiveness and resilience.

Malta's strategic location at the crossroads of Europe, North Africa, and the Middle East—complemented by an established freeport and airport infrastructures—offers a unique opportunity to transform the country into a premium regional logistics hub. With regular connections to over 100 global ports and the third-largest port in the Mediterranean, the foundations for this venture are already in place.

The concept behind this proposal goes beyond the scope of the Malta Freeport. A free-trade zone builds on the mere transshipment of containers allowing for the processing and value adding of the cargo passing through Malta.

A development of this kind could attract multinational logistics-focused companies, and in the process contributing towards significantly diversifying Malta's economic base in line with Malta Vision 2050 aspirations. Indeed, this initiative may serve as the regional counterpart of the Dubai Logistics Corridor in the Gulf region, which contributes 20% to the UAE's GDP and sustains over 135,000 jobs. The Dubai case is a compelling reference point for what Malta can aspire to achieve in proportion to its scale.

The realization of this initiative and economic potential for Malta will require an extensive plot of land ideally located in the vicinity of both Malta Freeport and Malta International Airport to offer competitive turnaround times and intermodal connectivity for transshipment, value-added logistics, and re-exporting.

Besides physical land, this proposal requires the necessary political drive, targeted infrastructure investment, and administrative reform that facilitates ease of doing business for the users of the site.

As already stated, this initiative fully aligns with the new Malta Vision 2050 and the National Maritime Transport strategic documents as well as with Malta's broader strategic goals, including:

- Improving economic resilience through diversification.
- Encouraging high-value sectors that optimise land use.
- Creating quality employment opportunities.

- Leveraging digital and green transition technologies, including Blockchain, to simplify logistics operations and reduce costs.

Malta Employers urges the forthcoming Administration to mobilise the necessary resources towards the implementation of this initiative as a strategic national priority. With the necessary public-private cooperation, infrastructural support, and policy alignment, Malta can solidify its role as a regional logistics powerhouse, redefine its position in global trade, and drive its new vision for higher value-added sustainable economic growth.

### **4.3 The Demographic Challenge - Increasing the Birth Rate**

Malta Employers has brought to the national attention the critical issue of changing demographics and their socio-economic impact on our society. The Association has warned against economic growth which is dependent on population expansion through the importation of foreign employees. Given the low birth rate prevailing in Malta, resulting in a declining and ageing labour force, foreign employees will be essential for economic development. However, the engagement of foreign employees should be part of a national human resource strategy that matches the plans for economic transformation.

The fertility rate is a complex and sensitive sociocultural issue which, in Malta's current circumstances, needs to be addressed by social policy and fiscal measures. Births to Maltese citizens are on the decline, and currently a quarter of all births in Malta have non-Maltese parents. Fiscal measures have had some positive results in reversing falling birth rates in other countries.

Although the birth-rate is not, strictly speaking, an employers' matter, Malta Employers has, since 2017, taken on several initiatives on the matter due to its concern from a national perspective.

In light of the fact that this challenge is a multi-faceted one with no quick fixes available, the Association calls for a holistic plan from government which is derived from appropriate consultation with all stakeholders including the public. The objective to raise the birth rate is a shared responsibility which requires a concerted effort from all social partners and society to obtain the desired results. No piecemeal or single action and no stakeholder on his/her own can reverse current trends.

Given the complexity of the challenge, the Association appreciates that the required holistic plan needs to take stock of the socio-economic realities in the country and the mindset of today's child-bearing generation. It needs to incorporate a mix of fiscal measures including tax incentives, children's allowances and child bonuses.

The plan must also provide the right encouragement through family-friendly measures such as flexible working arrangements and the extension of support for shared parental responsibility. Finally, the plan must also incorporate a bolstering of the national

infrastructure and eco-system that supports both children and working parents including the child-care and educational structures, ensuring they provide the necessary, indiscriminatory support to all working parents.

At this juncture, the Association calls for further clarity as to the financing of the above. All incentives to stimulate a rise in the birth rate are welcome but Malta Employers is primarily the guardian of business viability that must be preserved. The Maternity Leave Trust Fund must not play any further role in the new plan because this is composed of private sector contributions and is already stretched. Equally, Malta Employers cautions against varying initiatives between public and private sector employees to ensure that business is not made to compete unfairly for its human resources.

The State has a fundamental responsibility to Employers and Employees to ensure that business is not overly burdened with potentially fatal government-induced costs of the monetary and non-monetary kind.

The revenue for expensive but essential social measures must come from the curtailment of non-productive public employment and expenditure. Moreover, the results of the initiatives must be monitored and measured in order to allow for any corrective action to be taken.

With this in mind, Malta Employers is ready to discuss with the authorities a package of policy solutions and socio-cultural engineering measures that are required to effectively address this demographic challenge.

#### **4.4 Rationalising the Human Resource**

Malta needs comprehensive plan to maximise the value added of its human resource. This will tie in with innovation, AI and automation strategies to move people into more productive employment. The public sector is riddled with underutilised personnel that can be more productively employed. Such a rationalisation will also reduce the dependency on imported labour.

Increases in pay packages in the public sector need to be accompanied with measurable key performance indicators to justify such expenditure.

##### **4.4.1 Adapting to an Ageing Workforce**

The average of the Maltese worker is gradually increasing in line with the ageing population phenomenon and declining fertility rates. The impact of an ageing population and an ageing workforce, all else being equal, on the labour market includes:

- a decrease in the working-age population (a shrinking workforce),
- an increase in the old-age dependency ratio, and
- an increase in the ageing of the aged ratio.

Since the new inflows of Maltese natives into the labour force will continue to decline

due to falling birth rates and longer life-expectancy, action needs to be taken to sustain the labour force and its productivity. Indeed, if properly addressed, the situation may present an opportunity for the labour market through the prolonged retention of valued local talent. In the private sector, more employers are offering better flexible work arrangements to enable employees reaching pensionable age to remain in productive employment to supplement their pension income, and to work flexibly for them to enjoy their leisure time and enhance their quality of life. The activation of this segment also acts to reduce the pressure on the labour market to import foreign labour. Government has already introduced incentives to activate older persons in the labour force. These efforts are being effective and should be additionally strengthened. Further options include:

- increasing the effective retirement age whilst also discouraging early retirement, through various measures (including fiscal) for increased labour participation rates for those 55+. Pensions should be completely tax exempt for employees and self employed; and
- education and awareness raising on the importance of contributing further to the labour market.

Planning for these medium to long term changes is critical and should be done in full consultation with social partners, especially since these changes directly impact labour productivity and, thereby, the country's attractiveness and competitiveness. Employers require visibility and the certainty of clear national strategies in order to make timely decisions.

Similarly, our workspaces and the labour market would thereafter need to be suitably fine-tuned to the needs of its future workforce. In so doing we need to strike a balance between retaining the experience of elderly workers and ensuring that our workplaces are attractive and open enough for new talent and ideas.

#### **4.4.2 Enhancing Career Guidance Structures**

Malta Employers has frequently gone on record to state that at present the country is not adequately equipped in terms of robust career guidance structures. This fact is likely to present serious restrictions for young people upon reaching the stage when they must decide on their future livelihoods.

Guidance teachers and educators are doing a lot but unfortunately the resources are scarce. In their limited time, these professionals not only need to meet with students but they must also keep abreast of the new careers which our evolving economy is constantly creating. This creates a massive challenge which needs to be overcome to ensure that our young people are made aware of the exciting career prospects that are available to them.

The Association therefore advocates greater investment in career guidance structures and an injection of resources should be made at the next Budget. In the forthcoming legislature, the Malta Employers is willing to play a central role to facilitate collaboration in this area and pledges its full support to the competent authorities for this noble cause.

Malta Employers is of the firm belief that more robust career guidance structures may empower young people to take better informed decisions about their futures for their own benefit and for the benefit of Malta's labour market and economic prospects.



## Horizontal Policy Issues

### **5. Education and Skills for Malta's Future Economy**

The Malta Employers' Association calls for an open and inclusive national debate on the urgent transformations required in Malta's education system. Year after year, the country continues to produce a high percentage of low achievers, while at the same time facing a widening mismatch between the skills supplied by the educational sector and the actual requirements of the labour market. This situation is becoming unsustainable. The economy is evolving rapidly, with industries increasingly shaped by digitalisation, automation, and the disruptive potential of Artificial Intelligence. Yet, our education system is still largely operating on an outdated model that places disproportionate emphasis on rote learning and exams, rather than preparing students with the transversal and adaptive skills necessary to thrive in a dynamic labour market.

The skills shortage is most evident in the lack of qualified tradespeople (MQF levels 4 and 5), as well as the insufficient number of students taking up STEM subjects. Institutions like MCAST have a critical role to play in addressing these shortages, by focusing on generating the skilled manpower required to sustain growth in key economic sectors. Beyond technical skills, however, education must also equip learners with human skills—such as creativity, critical thinking, teamwork, adaptability, and communication—that are increasingly valuable in an AI-driven future. Digital agility must be embedded across all levels of education to ensure that Malta's workforce is not left behind as the global economy accelerates into the digital age.

The transformation of education must also extend to the teaching profession itself. Teachers remain the backbone of any reform, and unless we succeed in attracting and retaining high-quality educators, no meaningful change will be possible. This requires a stronger professional development framework, better working conditions, and more competitive remuneration packages to make teaching an attractive career choice for top talent.

Work-based learning should also be expanded beyond vocational streams and integrated across other academic pathways. Such an approach strengthens students' transversal skills, fosters employability, and provides exposure to real-world challenges. In workplaces relevant to their field of study, students learn teamwork, communication, problem-solving, and critical

thinking—attributes that no exam can test but that are indispensable for success. Incentives for work-based learning should form part of the broader national debate and be considered as a pillar of educational reform.

At the same time, investment incentives in the form of grants and tax credits should be made available to organisations—including healthcare institutions, accredited education providers, ISO-certified technology firms, and gaming companies—that invest in quality assurance, training, and staff development. These investments not only strengthen the institutions themselves but also contribute to the upskilling of Malta’s workforce and the overall competitiveness of the economy.

In short, Malta requires a forward-looking education system that prepares its population for tomorrow’s jobs, not yesterday’s. The current model is no longer fit for purpose. A system that continues to generate skills mismatches and low achievers risks holding back national prosperity. By reimagining education around human skills, digital agility, lifelong learning, and teacher empowerment, Malta can build a workforce resilient enough to meet the challenges of the future economy and seize the opportunities of technological transformation.

Malta Employers reiterates the following proposals:

- A concerted effort to reduce the incidence of early school leaving.
- Channeling students into career oriented disciplines - e.g. STEM subjects. Weaning students away from what are considered to be ‘soft options’ in their studies. This will also assist Malta in addressing gender stereotyping in occupational choices as a means to reduce the gender pay gap.
- Enhanced and updated career guidance to shed light on the opportunities/skills offered/ demanded today and the immediate future. Malta Employers again proposes a closer link between guidance teachers and industry with mandatory involvement of career guidance personnel, through work periods, in the private sector.
- Wider application of Work Based Learning in all its forms. Malta Employers proposes that government should strengthen its efforts to increase the uptake of apprenticeships. There is a rising need for more technicians at MQF Level 4 and 5 in the labour market.
- Validation of informal learning through the Vocational Skills Card and other mechanisms that can developed by the National Skills Council.
- Stronger input of industry in the design of courses. Making academia conscious of numerous career paths available for different courses, and design courses accordingly.
- Strengthening entrepreneurship, social skills and work ethic.
- Recovering our mastery of the English language.
- Addressing brain drain by designing policies to retain Maltese and foreign people to work in our country. Other EU countries will be attracting Maltese labour to fill their vacancies. Malta Employers proposes bilateral agreements with third countries that can supply specialised labour

The issue of early school leavers needs to be addressed holistically. Simply bouncing the idea that trade schools should be re-opened is a non-starter, as the MCAST was founded precisely to promote vocational education, by developing a college which is accessible also for school drop-

outs and offering them opportunities to progress through a formal structure of qualifications. The MQC classification of qualifications has been instrumental in establishing levels of qualification for different trades. Perhaps one should assess the extent to which MCAST has remained committed to this core vision, or whether it has expanded its horizons to offer graduate and post-graduate qualifications to the neglect of its core mission.

It is the view of the Association that having 'two universities' is wasteful. MCAST should focus on MQF levels 1-5, but with established pathways to allow students to progress to higher levels of qualifications at University.

Another concept to be explored is that of raising the school leaving age to 18. This idea merits further thought and research which has to include a thorough analysis of why many individuals prefer to start working at an early age in the first place, and what type of educational reform is necessary to entice more students to look forward and enjoy studying. Unfortunately, it is becoming common that young, uneducated youths are having access to unexplained wealth, including exclusive cars and property. Are these people serving as role models to our younger generation, with the attraction of fast money without any educational qualifications?



## 6. The Changing World of Work

### 6.1 Work-Life Balance and Flexibility

Work is a part of life. It defines what we do for society. The segregation of work from other aspects of a person's life is simply wrong. However, it is acknowledged that many employees struggle to juggle between work exigencies and family responsibilities. Most employers face constant requests for different forms of flexible work arrangements from their employees. There can be no single model that satisfies the requirements of all employees, or that factors in the limitations of companies to accommodate requests for different forms of work organisation. Hence why customised solutions are more effective in responding to employee requests for work flexibility than prescriptive measures. This is precisely what is happening in many work places, in spite of the many challenges faced by employers, particularly SMEs. Teleworking, flexible hours, and reduced hours are becoming common practice in many organisations. The concept of family friendly measures has morphed into the term 'work-life balance', which has wider implications for the place of work and working relationships.

The concept of work-life balance can be subject to different interpretations:

- At its most extreme, it is projected to mean an outright reduction in working hours (e.g. a four day working week)
- It can be seen as a strict separation of work and leisure time (e.g. the right to disconnect)
- It can imply a flexible work organisation to accommodate customised work arrangements (e.g. teleworking, flexitime)
- Targeted measures to assist families, particularly those raising young children
- All of the above

In general, the main threat to employers of these pressures is that they are imposed indiscriminately through prescriptive legislation. The work environment is seen to be homogenous irrespective of sector or company demographics, under the presumption of 'equal rights' for all employees.

The reality is different. Companies in different economic sectors certainly do not share the same work environment. For example, high contact service industries (e.g. catering) require constant employee presence where the service is being offered. In others (e.g. creative and knowledge-based industries), remote working may be possible and even recommended.

Even within organisations, the variety of work positions cannot be approached through measures applied across the board. Administrative work can partially be done remotely, but a technician needs to be on site. Experience also shows that some employees are more trustworthy than others in terms of productivity when it comes to remote working.

The remote working divide carries the danger that employees will gravitate towards careers that offer better opportunity for flexibility. Already, sectors like nursing, hospitality and cleaning are suffering from chronic shortages of manpower that are being compensated through imported labour.

## **6.2 A Reduction in Working Hours**

Malta Employers has issued a position paper that explains its views and recommendations on the idea of a four-day working week. It also conducted research among its members on the subject. The position paper and the research results were launched during a conference that involved the social partners and representatives from government and opposition. The following are the summarised recommendations of the position paper:

1. The widespread adoption of a reduced hours four day week carries considerable risk and can affect many companies, and entire industries negatively. A reduction in the supply of labour hours will undermine the competitiveness of many companies, especially if the 32 hour week model is adopted. Reducing the working week and banking on a 25% productivity gain is highly improbable, particularly in sectors with time dependent output. The compressed model also presents severe limitations when applied to many industries. Therefore a blanket measure that is enforced on the economy places at risk jobs and competitiveness and will be counterproductive.
2. Malta has a situation of low increase in labour productivity. Reducing working hours can worsen this situation.
3. Imposing a shorter working week in a low income economy will carry a higher risk that the additional hours will be worked elsewhere, since the marginal benefit of an additional hour worked in terms of material gains will be higher than the marginal benefit of additional leisure hours. This applies particularly for low income workers and many TCNs who come to Malta not for extra leisure, but to earn money to send to their families abroad.
4. Any discussion on a shorter working week must be preceded by economic transformation to drive smart economic growth through capital investment, digitalisation, business process re-engineering, all of which contribute towards higher productivity at equal or reduced inputs of labour. Malta's trend in the last decade to build its economic model by expanding its labour force needs to be reversed to render the economy more sustainable, resilient and competitive. This needs to be done through investment in digitalisation, automation, AI, and robotics across new

and traditional sectors alike. Such investment needs to be coupled with re-skilling and a radical transformation in Malta's education system to render workers and youths more employable in the new tech-orientated economic model. Economic transition towards higher value added sectors must play an important role in reducing working hours.

5. It is recommended that parents with a second child less than six years of age will have the option of requesting to work a 32 hour week. The employer will have to present an objective reason in case of refusal. The parent will earn pro rata pay and benefits for the duration of the reduced hours week. Government will subsidise the lost earnings for the lost eight hours (e.g.: paid at 50% of basic pay). This will be a focused intervention addressing the needs of employees who are the most pressured by family responsibilities. The employee will have to provide proof from his/her employer that hours and income from main employment have been reduced as a result of less hours worked. No part-time work will be allowed during the period when the employee will be receiving a subsidised income. This is similar to the measures taken in Lithuania in the public sector.
6. There needs to be an honest and serious discussion about the need to reconcile school opening hours with the needs of families. This should have been part of the bargaining exercise with the teachers' union when the recent collective agreement was negotiated. Even by just increasing school times to 3.00pm will make it more practical for parents to opt for a thirty-hour week and a working day of 8.00 am – 2.30pm (with 30 mins break) where possible and be with their children upon their return from school. (See Section below)
7. The system of free childcare has become a key service in helping dual income with raising children. The service can be improved by extending it to cover employees doing shift work.
8. Employers will endeavour to intensify efforts to introduce a flexible work culture, based on output rather than hours worked. This includes strengthening the current trend of offering teleworking, reduced hours and flexible hours where possible. Preferential treatment will be given to parents with young children.
9. Legislation is counterproductive. Blanket measures bring pain to both workers and companies. Let social dialogue find customised and workable solutions. Government should lead with incentives, not legislation. Even imposing a shorter working week on selected sectors or occupational categories will be counterproductive, as it will cause friction between different groups of workers. This is already being experienced between employees in jobs that can be done through remote working and others that demand a constant physical presence at the workplace.

10. Most low and middle-skilled occupations can not be performed remotely. This is creating a teleworkability divide and exacerbating existing labour market inequalities.
11. Where feasible and accepted by employees, companies may introduce a forty hour week spread over a four days. Yet, the experience in other countries, notably Belgium, indicates that the compressed week did not gain traction with employees.
12. Developments in AI and labour saving technology play a key role in revising work organisation in many industries, thus diluting the strict relationship between hours worked and productivity. The potential increase in output per person could enable more work flexibility, including a reduction in working hours. The increased productivity could be translated into higher income or more leisure time, depending on companies' and employees priorities. Such changes can only be implemented according to companies' specific circumstances.
13. Companies which already have a working week with less than 40 hours will retain such systems, unless negotiated with workers' representatives.
14. The four day option may also be offered to employees attaining sixty years of age. One way to address the demographic crisis and welfare gaps is through active ageing. As the labour force ages, it becomes more important to encourage employees to work beyond retirement. Paradoxically, a reduced working week could be a positive incentive to increase supply of hours.
15. Excessive after work activity has become a source of anxiety for many families. Reducing such afterwork commitments is also a way to increase leisure time without sacrificing working hours.

### **6.3 Targeted Measures to Assist Families**

Given the demographic challenges which Malta is facing, with the lowest birth rate in the EU, and with a quarter of total births being to non-Maltese mothers, the focus of any family friendly measures should focus on families. It is recommended that any government induced measures to improve leisure time should focus on families with young children.

### **6.4 Extention of School Hours**

Part of the solution of enhancing work-life balance and quality of life of employees and their offspring is through an extension of school-hours. Malta Employers responsibly makes this proposal to the incoming Administration, in full knowledge that this requires strong political will, careful planning and detailed discussion. Striking agreement on this proposal could have national benefits including :

- A better functioning labour market
- Improvements in the wider aspect of education in this country
- A possible encouragement to have children or more children
- Enhanced quality of life of our families

This, particularly in light of the fact that :

- Malta is one of the countries where children spend the least time at school, and
- The difference between the length of the standard working week (40 hours) and the typical school week (32 hours) which causes most parents/mothers to work and earn less.

Reducing the disparity between the length of the working week and the time spent by children in schools could alleviate the pressures on the employer to grant flexible work arrangements and the stress (and financial hardship) on parents who need to balance their work responsibilities with the need to tend for their children while they are not in school.

Extending the time children spend at school on a daily basis should allow parents to consolidate their resources, especially time – more of this could be productively spent at work rather than driving frantically from one place to another transporting children from school to home, private lessons, child-care and/or extra-curricular classes held in various locations. Extra-curricular activities like sport, ballet and religious doctrine sessions could be taught in schools rather than in various locations and this does not necessarily require the involvement of the day school teacher. Ideally, in fact, the extra-curricular activity would be given by coaches and specialists or aspiring persons such as University Students. This would give peace of mind to parents knowing that their children are in a safe environment and productively occupied and would lead to less parents, especially mothers, opting out of the labour market to fulfil their family duties. It would also give more quality time for the family once all members are eventually home.

## **6.5 Supply of hours**

With an ageing population and a growing shortage of human resources, it is recommended that any labour market measures taken either do not reduce the supply of labour hours, or else are accompanied by measures that compensate for any reduction in the overall supply of hours.

There should be a political commitment that any proposed measure needs to be studied to determine the loss, if any, of supply of hours, and accompanied by counter measures to compensate for such loss. For example, a focus on reducing the supply of hours by young families should be accompanied by measures to increase the supply of hours by the elderly segment of the labour force through incentives, or a redistribution of existing entitlements to retain or increase the available supply of hours.

The emphasis on the supply of hours is being made in view that labour shortages are restricting potential growth of many companies. It is also fuelling the dependency on imported labour.

AI, digitisation and technology in general will certainly increase the value added per labour hour, but it is an illusion to assume that, under the current circumstances, the economy can trade labour hours for leisure without a fall in productivity. As mentioned in the position paper on the four day week by the Malta Employers, the decision on a reduction in working hours should be based on individual choices and company exigencies. This explains why in countries like the Netherlands, people work an average of 32 hours, although the official working week is 40 hours.

Improvements in working conditions are dependent on national competitiveness. In many sectors, Malta is competing with emerging economies outside the European Union where employees have far less entitlements.

## **6.6 Later Exit from the Labour Force**

Government policy should work on increasing the supply of hours through encouraging a later exit from the labour force. The recent revision in the tax exemptions for pension income is a positive example of how elderly workers can be incentivised to remain active.

In the public sector, employees should be offered the option of voluntarily remaining in service till the age of 67. Too much talent and experience has been discarded, due to forced retirement.

Employees beyond retirement age can ask to work reduced hours. This is a case where the concept of a four-day week can be applied strategically and actually serve to increase the supply of hours. Later exit from work increases national productivity, mitigates dependency of imported labour, and also acts as a buffer to protect pensioners against potential poverty in their later years.

Government may consider providing a fiscal incentive – enhanced pension or a lump sum bonus – for those who remain in employment till the age of seventy and beyond.

People must be educated to accept that if the mortality age increases, we have to be productive for a longer span of time to ensure a sustainable welfare system. Outright imposition, through raising the retirement age will be a bitter pill to sell to the electorate, but fiscal incentives, together with a flexible work environment can have a positive effect in this respect.

## **6.7 The Right to Disconnect**

The right to disconnect seeks to segregate work from leisure time. Employees should not be disturbed when they are not working. It is understandable that employees should not be available to employers when they are off work for frivolous reasons. However, the distinction between work and non-work is not so clear cut in many occupations and senior positions. Also, in cases where employees work non-specific flexible hours, establishing the right to disconnect can be challenging for many organisations.

It is acceptable that any employee needs time to feel detached from work responsibilities, and that employees should not feel to be at the beck and call of their employers outside normal working hours. This principle needs to be implemented with necessary safeguards to cater for force majeure situations, to allow for work flexibility, and to recognise that in senior positions, pulling the plug when a person is not at work is not always possible. In practice, such inconveniences are usually compensated through an element of flexibility that does not impose strict time schedules.

## **6.8 Public Sector Employment**

Public sector employment is booming due to:

- Jobs as political favours. Many companies in the private sector complain of losing manpower due to job offers in the public sector. Some even accept lower compensation to have a government job, or to work below their level of skill. Recruitment in the public sector should stop six months before an election.
- The increase in population. The number of non-Maltese persons living in Malta is creating a need for a larger public sector to service this population. For example, some government schools have a majority of students who are non-Maltese, requiring more teaching staff. The same applies for health workers, police etc.
- New and enhanced public services. Government is offering more services that require added manpower. For example, the number of LSEs in education has exploded over the years, as has the provision of child care services. Many of these services are required to sustain the changing needs of families and citizens, but the number of persons employed goes beyond what is required to provide such services efficiently.
- Indirect employment through sub-contracting. Government is increasingly relying on sub-contractors to offer critical services to cater for manpower shortages. These employees may not appear on the headcount of the public sector, but they are still part of the overall persons on the public payroll.
- Enhanced working conditions. Government employment is financed through taxes and deficits, whereas in the private sector, companies have to survive through sustainable practices. The conditions in recent collective agreements in the public sector cannot be matched by the private sector. In the case of independent schools, government had to issue subsidies to maintain relativity with teachers in government schools, and to keep independent schools in operation. Many companies simply cannot match wages, allowances, flexible conditions offered in the public sector, and end up losing human resources.

In view of the above points, the lifeline of the private sector has become the engagement of foreign employees, some of which are used to support the public sector itself through subcontracting. In general, employers have to deal with a higher rate of turnover, plus higher training costs and recruitment costs. Contrary to popular opinion, most employers prefer to employ Maltese employees if they are available.

The national reform to strengthen work life balance has to respect the characteristics of different sectors and size of companies. Remote working is not possible in the majority of jobs and is creating a divide between employees who telework and others who cannot benefit from such arrangements.

## **6.9 The Labour Migration Policy**

Malta Employers has consistently stood firmly behind all policies that promise fairness to the worker and stability in the labour market. True to its values, the Association supported the authorities in promoting ethical employment through the Labour Migration Policy introduced in 2025, engaging in consultations, meeting with the Ministry concerned and listening closely to the voices of hundreds of employers who participated in webinars which were purposes organised to collect feedback for meaningful consultation.

Malta Employers maintained and continues to maintain that while the Policy's focus on retention is welcome, its implementation is hurting employers through excessive fees, unclear termination categories, repeated charges after reversed refusals and resource strapped processes at Identità. These challenges are not abstract; they are threatening continuity in businesses, depriving workers of opportunities and are placing at risk the smooth functioning of vital services.

Going forward, the Association calls for urgent solutions. The policy and systems that administer it need to work in practice. Fees must be fair, processes must be transparent and administrative structures must be equipped to deliver. In particular, Malta Employers continues to maintain that the exclusion of the following categories:

- a) formal resignation (Cat 15),
- b) failure to perform duties as agreed in employer contract (Cat 14), and
- c) disciplinary reasons (Cat 13).

From the calculation of the minimum allowable Termination Rates creates unfair burdens on bona fide employers because neither of these reasons lies within the control of the employer.

The Association looks forward to working alongside a new Administration to assist in addressing these issues with urgency and pragmatism, we can uphold the spirit of the policy while ensuring that workers and employers are supported rather than compromised.

## **6.10 Fighting Substance Abuse**

Malta Employers presented a position paper at MCESD with recommendations to combat drug abuse and more recently welcomed Government's announcement on empowering police with random roadside drug and alcohol testing and introduce stiffer and mandatory punishments for fatalities caused by driving under impairment. These measures mark a vital step toward more secure roads and safer workplaces for those who engage in activities concerning transport, logistics and deliveries.

In the interest of governance and public safety, the Association further proposes discussions on random testing on health and safety grounds be entrenched in law. In this way, employers may better enforce their values and policies towards responsible behaviour at the workplace and in the course of the employees' duties whilst ensuring that such values translate in concrete protection for their customers, their workforce in its entirety and their reputations.

Giving employers legal standing to enforce zero tolerance to psychoactive substances and implement appropriate random testing protocols—within clear legal and ethical frameworks—would complement the role of law enforcement efforts and help curb the underlying risks of alcohol and drug use/misuse in a concerted effort to ensure a safer and more responsible society.

On a related subject, as it has already (jointly) expressed itself publicly, Malta Employers firmly believes that there should be no link whatsoever between sport, children and any entity or entities associated with the use or regulation of cannabis.

Children's sport must embody discipline, health, self-control, ambition, and clean living. It should never, under any circumstances, be connected—directly or indirectly—to cannabis or to bodies associated with its use. Such associations send the wrong message, creating confusion and undermining the values that youth sport is meant to promote.

No social objective can justify blurring the line between youth development and substances that should not be normalized in the minds of children. Sport should inspire young people to pursue healthy lifestyles, not introduce associations that risk weakening that message.

For years, society has worked to remove cigarettes and alcohol from sporting environments, based on a clear and widely accepted principle: harmful substances have no place in spaces designed to shape children's values and aspirations. That same principle must apply consistently, without exception.

Cannabis is not a symbol of health, discipline, or performance. Sport is. The two should not be linked, particularly where children are involved.



## 7. Social Dialogue

Social dialogue remains a critical tool that:

- Acts as a solid consultative base to government policies
- Contributes to harmonious industrial relations which is conducive to investment
- Promotes social cohesion
- Initiates discussions and debates on social and economic affairs matters

### 7.1 The MCESD

The MCESD should officially become the custodian of Malta 2050.

The initiative to institute a long term vision for Malta was primarily pushed by the social partners at the MCESD. There has been improvement in the manner in which the MCESD operates over the past years. The secretariat has been beefed up, leading to a better operation of the institution. However, presentations by government through ad hoc meetings too often take the shape of PR exercises, rather than being a vehicle for dialogue.

The MCESD could be enhanced by engaging research officials to assist the social partners in their submissions and to provide more evidence-based discussions.

### 7.2 The Low Wage Commission

The Low Wage commission which was set up as part of the Minimum Wage Agreement in 2017 has functioned well and consensus was reached for a further revision of the minimum wage during this legislature. The Low Wage Commission should retain its core function to address minimum wage earners exclusively.

### 7.3 Capacity Building for Social Partners

The Social Partners face increased obligations through more complex legal structures, new demands for services offered to their members and international representation. Although the Malta Employers retains its stand on compulsory union membership, it believes that employer bodies and unions should be provided with adequate resources to enable them to function more professionally and efficiently.

#### **7.4 EIRA, WROs, the Industrial Tribunal & Human Rights and Equality Bill**

In the coming years, the work on the revision of the EIRA, Industrial Tribunal and the WROs should be completed.

The social partners should explore the potential of elevating the WROs to sectoral agreements. This would give a more realistic coverage of sectoral collective bargaining in Malta. These discussions should be taken up at the Employment Relations Board, which, since its founding in 2002 has been a pillar of social dialogue and consultation on employment matters in Malta.

Malta Employers has been proposing recommendations for its continuous improvement for more than a decade given that it believes that it is of benefit to both employer and employee to improve the current system and expedite tribunal decisions.

As such, as the leading representative body for employers in Malta, the Association expects, as of right, to be party to any discussion on reforms to the Industrial Tribunal as this was not always the case throughout the past legislature.

On a related matter, the Association was consulted on the Human Rights and Equality Bill wherein it transpires that an outright encroachment is being proposed on the competence of the Industrial Tribunal.

Malta Employers has a major objection in this regard because Art 75. (1) of the EIRA states that ‘Notwithstanding any other law, the Industrial Tribunal shall have the exclusive jurisdiction to consider and decide all cases’ relating to:

- a. Alleged unfair dismissal.
- b. Alleged workplace Discrimination, Harassment, Victimisation.
- c. Trade Disputes.
- d. Breach of fixed term contracts.

The Human Rights and Equality Commission Act, through its “Commission” and “Equality Board”, will intrude into the above stated exclusive workplace jurisdictions of the Industrial Tribunal when it is proposed to hear claims in respect of alleged Discrimination, Harassment and Victimisation occurring at the workplace including claims relating to Gender Pay Gap arising from the Pay Transparency Directive as transposed to Maltese law.

Malta Employers has no objection to the setting up of the Human Rights and Equality Commission and Equality Board. It is, however, unequivocally opposed to this interfering in the workings, jurisdiction and competence of the Industrial Tribunal which the Association deems to be the correct forum to deal with all issues/disputes concerning the workplace and employment in general.

Malta Employers calls for policy coherence in this regard and appeals to the incoming Administration to iron-out this anomaly as it firmly believes that this established set-up must not be disturbed. Since its inception, to date, the Industrial Tribunal has served

well both employers and employees alike. Matters pertaining to both employment and industrial relations should be left within the competence and jurisdiction of the Industrial Tribunal and no other adjudicating body including that of an Equality Board.

## **7.5 Structured Social Dialogue**

It is essential that social and economic matter are discussed within the existing social dialogue structures. There is ample room for any organisation to voice its opinions and suggestions through these mechanisms. Whilst the formation of lobby groups is part of the democratic process, government only engages in formal social dialogue with the recognised social partners through established channels where such matters can be dealt with in a structured and professional manner, even if it means involving such lobby groups in discussions on particular issues.

The issue of the minimum wage is a case in point. The work and discussions that take place at the low wage commission cannot be undermined by taking the issue to the streets.

## **7.6 The Pay Transparency Directive**

Malta Employers has been actively communicating with its members about the implications of the Pay Transparency Directive for the past months and has organised specific training activities in preparation for its transposition. Through such engagement with members, the Association has realised that employers are experiencing much frustration and uncertainty about certain elements of the Directive and how it is yet to be transposed to Maltese law.

Malta Employers therefore calls on the political parties to publish the pertinent Legal Notice in June to satisfy the Commission's transposition deadline but postpone the coming into effect of its provisions to January 2027. The aim of this proposal is not to procrastinate, but to leave ample preparation time for a smooth transition. This is not unprecedented, as in the past, some legal notices – e.g. Legal Notice on the 2010 amendments to the part-time regulations - became effective months after the LN was published to allow for a transition period.

This is even more important in this case since a postponement will give time for the DIER to provide templates for reporting and any other tools and support – that are established in the Directive – and which employers need to adhere to the requirements of the LN. This transition period is necessary as one cannot expect companies to be presented with the Legal Notice in June and to immediately abide by its obligations.

This request aligns with the broader concerns raised at European level, including those articulated by BusinessEurope, which has called for a “Stop the Clock” approach. The Directive, while well-intentioned in addressing unjustified pay disparities, presents

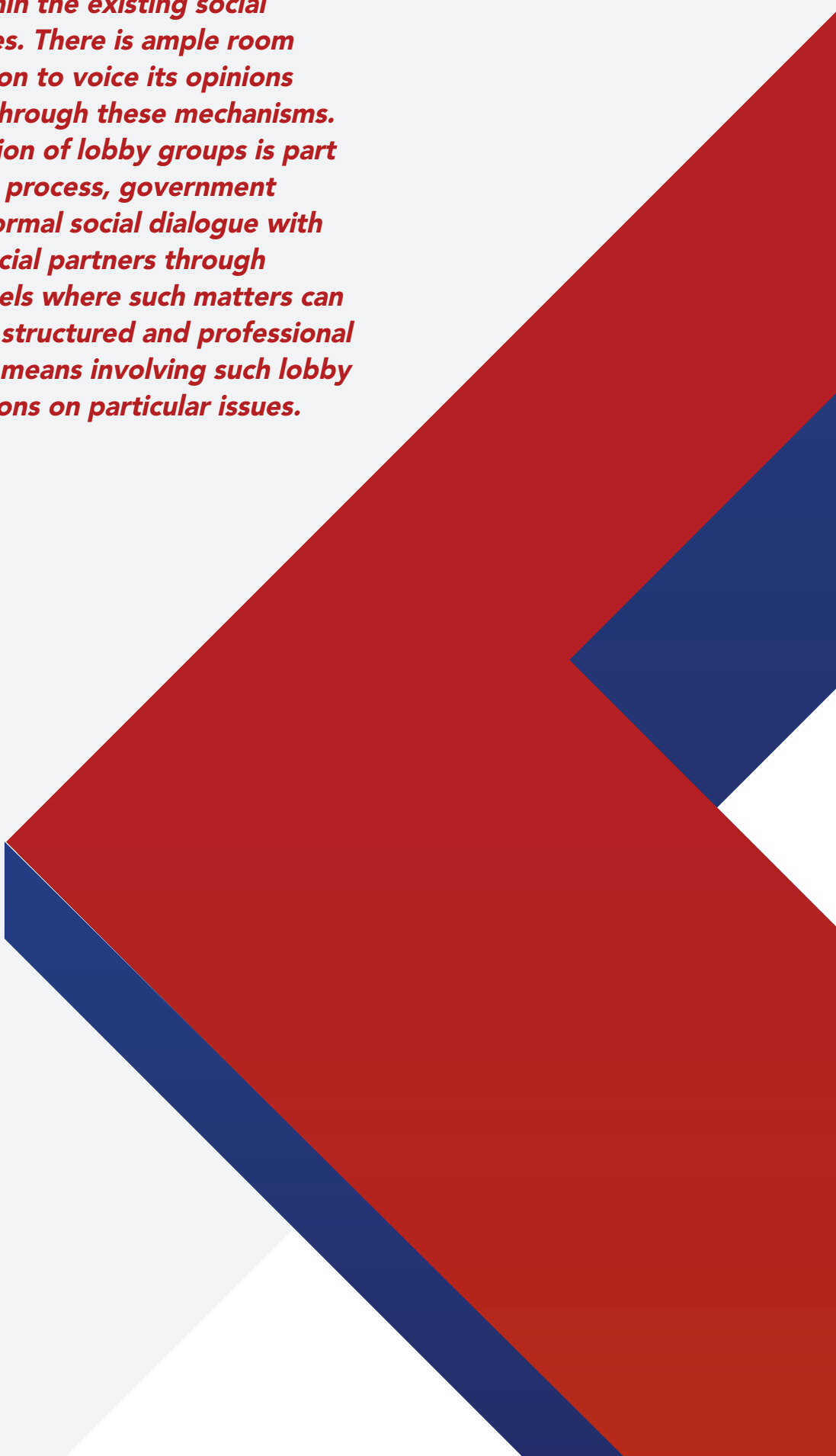
significant administrative and operational challenges that risk undermining its effectiveness if implemented prematurely.

Moreover, recent developments in other EU Member States reinforce the need for caution. The Swedish Government has publicly announced its intention to postpone implementation and seek a renegotiation of the Directive, citing excessive administrative burdens and insufficient flexibility for national systems. This demonstrates that Malta is not alone in facing significant practical challenges.

In terms of the draft LN provided for the review of ERB members, Malta Employers strongly objected to the inclusion of imprisonment as a possible penalty for employers who may be in breach of the provisions. The Association finds this disproportionate also because the Directive makes no mention of imprisonment. It calls for this to be replaced with less draconian measures providing deterrents in line with the breaches involved.

All in all, the recommended postponement would allow for improved legal certainty and a more practicable implementation framework that safeguards both gender equality objectives and labour market efficiency, given the current state of play.

***It is essential that social and economic matter are discussed within the existing social dialogue structures. There is ample room for any organisation to voice its opinions and suggestions through these mechanisms. Whilst the formation of lobby groups is part of the democratic process, government only engages in formal social dialogue with the recognised social partners through established channels where such matters can be dealt with in a structured and professional manner, even if it means involving such lobby groups in discussions on particular issues.***





## 8. Gozo

Gozo has a special character that should be retained and utilised to add value to the country's development. It has considerable untapped potential that could be harnessed to develop the island sustainably while improving the well-being of its residents, as well of the Maltese who choose Gozo as a getaway place from the increasingly chaotic Malta.

Unfortunately there is a push to overdevelop the island which can threaten its attractiveness and ruin its potential. On the other hand, initiatives such as the fast ferry have improved its connectivity to Malta and accessibility to Valletta. Remote working has reduced the burden of commuting daily to Malta for many Gozitan employees. Gozo can set an example of strategic planning to attract high value economic niches, invest in technology whilst retaining its natural beauty.

- Gozo can be turned into a singular wi-fi hotspot
- Agriculture can be converted to organic farming which will be used to brand its products. It will also raise the quality of its catering industry.
- Promoting the island as a 'quiet' place. Gozo can be positioned as a place of relaxation for Maltese, Gozitans and tourists alike. It can be enhanced through the promotion of cycling and walking paths. There should be strict enforcement of environmental protection.
- Gozo can be turned into a carbon neutral island through use of photovoltaic energy and use of natural water reservoirs. This can include special incentives for electric vehicles with targets to turn Gozo electric by 2035.
- Gozo has the potential to be marketed as a cultural hub for high end tourism. There are already very good initiatives that have been successful. For example, many tourists visit Gozo for the operas and other productions in its theatres. An artistic hub can be set up for visiting and local artists.
- Gozo can also be marketed to attract special tourism niches related to sports, religion and agritourism.
- Enhancing the health services through another hospital can develop Gozo as a center for medical tourism. Gozo has tremendous potential in this area due to its natural environment and weather.
- Comino should become a natural reserve, a place for relaxation, cycling, walking, bird watching with minimal construction intervention.



## 9. Environment and Climate Change

### 9.1 The Built Environment

Some years back (2021), Malta Employers organised a National Conference that highlighted the link between GDP and the quality of life and which has become much less clear especially as economic growth was largely explained by a rapid increase in the population count and density while the Islands geographic limitations remained constant.

Economic progress in Malta was partially fuelled by activities which may not be sustainable in the long-term, not least the rate of construction activity and its impact on the natural environment and the general well-being besides compromising the sustainability of other sectors, like tourism.

Malta's built environment is not one which does our nation particularly proud – a scenario that is exacerbated by unrestrained enforcement and primitive construction methods which continue to lack qualification frameworks, licencing procedures, training requirements, adequate protection for third parties.

The Association was amongst those who called for a comprehensive consultation process on Planning Bills 143 and 144 when these were introduced in 2025 to widespread public concern and opposition. These Bills were rightfully retracted because they diluted legal safeguards and offered unprecedented benefits to developers given that, amongst other things, they restricted citizens' rights to appeal planning decisions and threatened to hinder the power of the Courts to revoke irregular permits.

Going forward, Malta Employers believes that planning laws and regulations should enhance the rights of residents who are already burdened by intensive development. The structures and legal frameworks around the planning and permitting process must restore the trust and confidence of the citizen which has been severely eroded over the years due to a track record of lack of consistency and transparency in decisions and permits.

Furthermore, Malta Employers supports calls for harsher penalties applicable to irregular developments. Enforcement structures need to be strengthened and made more transparent. Penalties must act as real deterrents to would-be abusers and the culture that "Cheaters prosper" must be eradicated. No individual should not be allowed to violate the rights of fellow citizens for commercial or any other gain, knowing full well that they will only receive a slap on the wrist from pecuniary penalties. The incoming Administration has a moral obligation to maintain a system where success in business or otherwise is not contingent on playing dishonestly.

Past mistakes and mis-management have left the country to deal with an “uglification” issue in terms of the built environment that must be reversed. The (a) lack of planning and (b) the quality of regulation together with its interpretation and enforcement are at the heart of the mistakes that Malta has made in development.

Indeed, the Association joins the wide national consensus that the current situation is no longer tenable and supports all serious professional organisations in their efforts to raise the bar in the construction industry as a whole.

Such efforts need to be supported at a macro level especially because the Malta Employers believes that the state of the environment, and that of the built-up environment in particular has a direct bearing on the nation’s physical and mental health which in turn is directly correlated to the morale, creativity and productivity of our workforce.

Malta Employers believes that the first step in reversing the “uglification” process is by desisting to allow the construction of ugly and irregularly formed buildings with the long-term objective of arriving at a point where systems and structures are in place (including specialised financial instruments) aimed at re-development of streetscapes in their entirety to eliminate the current piece-meal approach which generates such hardship and negative externalities in terms of end product from an aesthetic point of view, impact on the quality of life of neighbours, logistic problems with continuous traffic diversions, air and noise pollution and so much more.

Besides, Planning Regulations give secondary importance building design because design is currently only assessed in terms of quantitative parameters – such as the distance of a balcony from a party wall and sight lines, may ignore aesthetic criteria. Malta Employers is in favour of proposals for change in this regard so that buildings which, through their design, contribute towards the embellishment of a depressed area are given due consideration. To this end, the Malta Employers supports calls made in the National Culture Policy for “a framework for ensuring high quality design and aesthetically pleasing buildings and places to be established in a transparent manner to serve the general public.”

At the European level, the architecture profession is strongly promoting the New Bauhaus initiative which was launched together with the EU’s Green Deal package. The Malta Employers calls for this initiative to be strongly supported by an incoming Government as it brings with it strong merits in recognizing the interdependences and linkages between sustainability and aesthetics, as well as with “inclusivity”. The initiative which is not solely restricted to construction but extends to cultural heritage in its wider context, promotes a new, community-based, approach to design, and hence industry. Malta should embrace and actively contribute towards Europe’s ambitions to consolidate its leading position in “design” related to energy efficiency, and sustainability, as a way of promoting a strong economy.

Moreover, the Association believes that a concerted effort continues to be desperately needed from the part of the incoming Government, the Industry and industry Professionals to collectively improve the reputation of the Construction industry by raising the bar in terms of quality and professionalism as well as rendering it greener.

Both objectives can in fact be linked if, for example, developers that place projects on the market that conform to higher quality and environmental standards are incentivised. Likewise, building contractors may be incentivised if their building methods are greener, conform to a pre-defined standard of good neighbourliness and generate low levels of negative externalities such as H&S risk, pollution and inconvenience. Clearly, this strategy also requires active communication campaigns directed at the market in order to sensitise buyers to the advantages – fiscal, financial and otherwise – to investing in high-quality, convenient and green solutions that provide convenience, better quality of life and realistic payback times for the buyer.

## **9.2 ODZ**

Malta Employers' Association strongly recommends that any development on ODZ areas will be subject to a two thirds majority in parliament.

Malta Employers believes that illegal buildings and structures constructed on ODZ land should not be eligible for regularization or sanctioning processes, except where minor amendments are justified. This recommendation is being made to wipe out the “build now, sanction later” mentality that has dominated the Malta planning culture since time immemorial.

Illegal developments should be physically removed or dismantled once declared illegal. Enforcement of actions must not be indefinitely suspended by appeals. A centralised “one-stop” enforcement mechanism is recommended, with fines accrued up to the point of removal remaining payable.



## 10. Transport

In the opinion of Malta Employers, the transport situation on the Islands has recorded mixed results since the last general election as (a) limited progress has been achieved towards the establishment of a fully-fledged, multi-modal transport system, (b) the infrastructural projects required to improve the facilities for the maritime industry to serve the rest of the economy have largely been either stalled or substantially delayed.

### 10.1 Multi-Modal Transport System

Over the past 5 years, the Maltese Government continued in its investments in the building and upgrading of the Islands' road network with the latest multi-million Msida Creek project and flyover. Whilst investment in the road network is positive, the Association has consistently commented that it does not deem this as a long-term sustainable solution towards combatting road congestion and related loss of productive time in traffic given the rate of increase in the number of vehicles coming on stream. Indeed, roads and parking spaces cannot continue to be widened to match the rate of increase in vehicle registrations. The set direction is also lacking in terms of its effects on air quality and the health of the Maltese population which is already amongst the most susceptible to respiratory ailments at a global level.

At the same time, no progress whatsoever was made on the multi-modal transport system front, which was so heavily promoted in the run up to the last general election. In the current circumstances of a growing population, land-use constraints and Malta's aspirations to join Europe in becoming carbon neutral by 2050, Malta Employers deems a phased, multi-modal transport system that incorporates roads, sea-borne transport and an underground metro providing intra and inter-island connectivity as the only alternative available to the country. The Association had welcomed the launch of the public consultation process on this matter during 2021 and augurs the resulting financial limitations can be overcome through EU funding sources with a view to give this project new impetus.

Within the context of road transport in a multi-modal system, the country must provide incentives to encourage and promote sustainable alternatives such as public transport and car-pooling systems for groups of workers and cross-collaboration between businesses to render the transport of goods and people across the Islands more organised, efficient and sustainable. In 2024, Malta Employers participated in social dialogue on related interim measures aimed at changing mentalities and commuter patterns by giving its recommendations and feedback on a list of initiatives put forward by the Minister for

Transport, Infrastructure and Public Works which included:

- Use of AI/digital technologies to manage traffic more efficiently
- Deviation of public services to off-peak hours
- Extension of schemes offered to companies for collective transportation of employees
- Park and rides
- Shift from road to waterborne traffic
- Forfeits of driving licence

Malta Employers supported all the above ideas except in part, the latter, insofar as young people being offered a monetary consideration to forego their driving licence, given that this could have an effect on their employability. Otherwise, the Association pledged its full support towards the successful implementation of these initiatives as a means to towards changing cultures, old-practices and pave the way to an innovative transport strategy which is less car-dominated and more multi-modal inspired. To this end, it also supported the increased investment towards expanding the use of passenger ferries to shift people traffic away from the road and onto the water. Similarly, it supports the idea of a dedicated cargo ferry service between Malta Freeport and Mgarr Harbour in Gozo possibly with a stop-over in the north of Malta. This initiative promises to:

- a. alleviate traffic on Maltese roads from Birzebbuga to Ċirkewwa, and
- b. reduce emissions of harmful CO<sub>2</sub> pollutants because of the lower generation of CO<sub>2</sub> per tonne mile generated by one ship compared to multiple trucks and is therefore complementary to the European Green Deal objectives with which Malta is aligned.

Beyond decarbonisation, therefore, the benefits of a successful implementation of the above proposals, extend towards the potential solutions to traffic congestion and delays which are detrimental to Malta's productivity as well as to the mental well-being of workers and citizens.

Malta Employers proposes:

- Implement a transport system that places people at its core rather than the car. The idea of a multi-modal transport system should be introduced as a phased project in the interest of feasibility, sustainability, opportunity cost and public health considerations.
- More investment in infrastructure and education of energy technologies like electric cars. E.g. communal parking with suitable infrastructure for electric cars; education in transport for mechanics and technicians to be able to deal with hybrid/electric cars.
- Within the context of road transport in a multi-modal system, incentives are required to encourage sustainable alternatives such as public transport and car-pooling systems.
- Every effort must be made to deviate services which disrupt road traffic to off-peak hours such as commercial deliveries and waste collection.

## 10.2 Maritime Transport and Infrastructure

### 10.2.1 Investment in Infrastructure for Maritime Cargo Operations,

In the run up to the 2026 National Budget, Malta Employers stressed on the need for investment in infrastructure for maritime cargo operations, in light of the strategic importance of the Grand Harbour in terms of facilitating tourism and foreign trade activity on the Islands.

The Association urges the forthcoming Administration to allocate the necessary resources and effort towards improved infrastructure for Roll-On/Roll-Off (Ro-Ro) operations on which the Islands strongly depend for the importation of consumer and industrial goods. The capacity to receive and process Ro-Ro traffic efficiently within the Grand Harbour is of paramount strategic importance to Malta's economy but an accumulated lack of investment in this area has subjected such operations to increasing limitations over recent years.

In fact, notwithstanding the fact that the trailer traffic to/from Malta, has increased from some 35,000 TIR units to about 75,000 TIR units over the last 20 years, the facilities within the Grand Harbour for Ro-Ro vessels have remained the same and there has been no investment in the infrastructural requirements that this traffic entails. Two decades ago, Malta had three Ro-Ro berths, which, over time were reduced to a single berth at Laboratory Wharf. The technological advances in shipbuilding over the last 20 years have developed at such a pace that today, environmental and economic considerations necessitate the employment of bigger and more efficient vessels. Due to the lack of enhanced facilities at Laboratory Wharf, Malta has already lost out on the deployment of eco ships by some operators because new vessels cannot be accommodated. Similar issues persist around other quays, namely Deep Water Quay (DWQ) and Flagstone Wharf.

Malta Employers, calls for a holistic approach to the pressing issues highlighted above which go beyond infrastructural works and addresses the most critical question that an island economy such as Malta should mitigate existential risks by ensuring back-up options for its existing single Ro-Ro berth on which its connectivity and survival so intrinsically depend upon. Going forward, given the multitude of demands on our port infrastructure, the Association is in favour of multi-purpose quays and facilities within the Grand Harbour and to this end, it urges the forthcoming Administration to see through the project of Ras Hanzir without any further delays with a view to ensure that this new 365m quay multi-purpose facility to be in operation prior to the commencement of any works related to the Grand Harbour Revival Plan so as to ensure seamless port operations which are of strategic economic importance.

Since the last General Election, the competitiveness of the Valletta Port as a destination for cruise ships has been further enhanced by the completion of the ambitious Onshore Power Supply (OPS) project which underlined Malta's commitment towards decarbonisation and a green maritime strategy.

Nevertheless, the operations of cruise liner passenger facilities have also been hampered by continued delays in the works leading to the completion of cruise passenger facilities at Pinto and Deep Water Quay. Boiler Wharf and its immediate hinterland should be similarly upgraded in order to accommodate higher-end, boutique cruise liners with passengers that prefer to be further away from mega cruise ships associated with the mass-market. This investment would be in line with Malta's quality tourism aspirations and Envision 2050 milestones.

### **10.2.2 Grand Harbour Revival Plan**

Cognisant of the strategic role of Valletta Port for Malta's economy and the pressures placed upon it by increasing demand, Malta Employers was already encouraging the authorities to put function over form well before any launch of the Grand Harbour Regeneration Plan (GHRP).

Key to further progress in this regard is the commissioning of a full Nautical Risk Assessment report by independent, reputable, expert research institutes, the conclusions of which will clearly outline the navigational boundaries and related tolerances of the proposed mix of activities identified for the Grand Harbour taking into account the need for any new infrastructural investment such as dredging, break-waters or wave breakers in order to broaden the possibilities of different activities co-existing within the Port.

The Association recognises the multitude of demands on the precious shoreline, creeks and hinterland that make up the area of the Grand Harbour and appealed for a long-term vision in drawing up plans that would avoid any irreversible limitation on the functionality of the Port in terms of providing maritime connectivity for the country.

In line with the above, Malta Employers continues to appeal to any forthcoming Administration to apply utmost prudence in ensuring that all, strategically important commercial port activity – current and future – is ascertained. Suitable alternative facilities for each operator and concessionaire need to be identified, allocated and set up before portions of quayside and hinterland are committed towards other non-commercial maritime use such as tourism, yachting and real-estate.

Malta Employers recommends that the key strategic role of the Grand Harbour in facilitating the Islands' economy through the efficient import and export of goods and fuel in and out of the country as well as the embarkation and disembarkation of passengers. At the same time, prioritisation needs to be given to storage facilities, warehousing, ship-repair and related maritime activity in the immediate hinterland of the shoreline. The importance of the above is intensified by the fuel transition which the world is experiencing and which it shall continue to experience in the global quest for net zero emissions. The growing need for fuel storage space and bunkering facilities around the port are intensified by the fact that there seems to be no consensus on one single fuel for the future and the distinct possibility

that different vessels will use different fuels including LNG, bio-fuels, ammonia and hydrogen each necessitating dedicated storage and distribution points.

In view of the above, whilst the optimum use of quays and surrounding hinterland within the Grand Harbour is encouraged, together with their embellishment and upgrading, Malta Employers is aware of the existing limitations which have port operators have been encountering for years due to the limited size of the natural port, increased demand, and increasing dimensions of vessels.

With current and future capacity considerations in mind, Malta Employers urges the authorities to also consider locating certain new activities identified in the GHRP to be located elsewhere ensuring that no unnecessary and irreversible limitations are imposed on the Grand Harbour as one of the country's most strategic assets.



## 11. Defence

International geopolitical instability is unfortunately creating tensions between countries and regions. Diplomacy is giving way to force as international politics are swaying from peaceful cooperation towards a transactional, at times confrontational approach. The ripples of military confrontation anywhere in the world threaten the livelihood and well-being everywhere, and Malta is no exception.

In this scenario, Malta is a very vulnerable state. There is a need to revisit Malta's situation to build its defence and to ensure its protection in case of aggression. This is a highly sensitive issue that should put aside partisan interests through an objective discussion that will ensure Malta's best interests in terms of security. It may also entail diverting more resources towards a stronger defence system.



# Sectoral Recommendations

## 12. Manufacturing

In line with its call for a high-value added economic model, Malta Employers has been consistently recommending that, in order to preserve its role as a key component of Malta's productive mix, the manufacturing industry needs to continue to undergo transformation and repositioning to climb up the value chain.

The share of Manufacturing in Malta's GDP has consistently fallen over the past decades as its competitiveness was gradually eroded. This was mainly due to increasing operating costs (principally high wages, high utility costs and increased shipping and logistics costs). The EY attractiveness survey conducted in 2024 highlighted a key issue in that FDI investors highlighted that wages in Malta were becoming uncompetitive relative to other jurisdictions, employees expressed dissatisfaction with their incomes indicating signs of a productivity deficit.


The Association made its recommendations also within the ambit of discussions on the Malta Vision 2050 and naturally agrees with the prescribed plan for future manufacturing growth to be underpinned by higher value creation, advanced technologies and selected specialisation that befits the country's spatial realities. Adoption of technology and automation will not only lead to higher productivity but will also open possibilities of more flexibility for workers employed in the sector, increasing its appeal as an "employer of choice".

In line with the above, Malta Employers makes the following recommendations to the incoming Administration:

- Support the availability of a Skilled Labour Force for Industry particularly in technical and specialized positions where shortage of skills has recently acted as a bottleneck to growth or indeed a threat to the sustainability of existing jobs.
- Continued Investment Support by Malta Enterprise, MDB and similar entities particularly for capacity building, quality assurance and "twin transition" purposes as Maltese companies grapple with challenges to transform and future-proof their business models whilst rendering them greener and more resilient

- Efficient and Competitive Transportation Links – incoming government should argue with the EU to allow the establishment of a national fund to support Malta-based businesses to neutralize the disproportionate transportation costs they face (relative to businesses located in mainland Europe) which erodes part of national competitiveness.
- Internationalisation Support especially for first-time and non-expert exporters
- Facilitate Access to Finance especially in current scenario of risk averse banking system
- Smart Regulation
- Availability of new, functional factory space at competitive rates

*The share of Manufacturing in Malta's GDP has consistently fallen over the past decades as its competitiveness was gradually eroded. This was mainly due to increasing operating costs (principally high wages, high utility costs and increased shipping and logistics costs). The EY attractiveness survey conducted in 2024 highlighted a key issue in that FDI investors highlighted that wages in Malta were becoming uncompetitive relative to other jurisdictions, employees expressed dissatisfaction with their incomes indicating signs of a productivity deficit.*





## 13. Tourism

Tourism is a sector which is intrinsically linked to several other strategically important economic sectors such as transport, entertainment, retail and manufacturing. Malta Employers believes that the industry has grown in an unstructured manner since its emergence from the pandemic with great emphasis on numbers to satisfy the growth in bed-stock and seat-capacity provided by airlines serving Malta. The Islands are being promoted in the mass-tourism market as well as in several niches including senior tourism, party/festivals, wedding/honeymoon, conference/incentive, cultural/religious tourism and others. This calls for greater effort in planning and strategy because, clearly, in the main, these niches are not always compatible and may cause collateral damage to the industry.

In line with the objectives and aspirations of Envision 2050, Malta Employers believes that the country needs to re-prioritise. The industry needs to fit within the carrying capacity of our islands in terms of physical size but also in terms of their physical and resource endowments, in particular skills.

Going forward, therefore, the country should gradually shift our focus much more towards quality rather than quantity. The objective should be of gradually aiming at comparable or higher levels of turnover with fewer tourists—but tourists who can afford to pay more and are willing to do so because the service, environment and experience they find in our country would be superior compared to what is currently on offer.

Attracting visitors to five-star hotels and premium dining and entertainment experiences delivers limited value if the overall stay is compromised by the surrounding environment, congestion-related delays, overcrowding, and a less welcoming atmosphere—clear indicators that infrastructure and community capacity are being stretched beyond sustainable limits.

Key to the sustained performance of the Tourism Industry going forward are the following factors:


- Product enhancement – infrastructure and general upkeep of tourism sites and environment to match the levels of investment made in private hotels and properties
- Continued support to airlines (both low-cost and legacy) to sustain secondary routes which are key for the industry
- Unique calendar of events (which needs to be Covid-friendly ie LESS [or no] mass events and MORE low-volume, high-frequency events possibly of a cultural nature
- The Authorities need to facilitate the Industry in sourcing skilled Human Resources (Maltese, EU, TCN) especially in specialized and client-facing roles
- Segmentation – Malta cannot be an attraction to all tourism segments simultaneously. Instead of focusing on numbers, Malta should be more target specific to attract tourism which yields

a higher value to the country. This direction will have to be supported by a wider strategy that makes the country more attractive to visitors. Projects such as the being undertaken at Xlendi will not serve to attract a higher quality tourist.

- A clear strategy to guide operators in the industry to align their current and projected activities with established parameters. One aspect of such a strategy will seek to determine the extent of the trend being experienced by Malta and other destinations for tourism to shift towards non-collective accommodation.

Besides, the key role played in the industry and the islands' general connectivity by KM Malta Air cannot be over-stressed in particular the importance of a sustainable and competitive national airline for the specific needs of the Maltese tourism industry which cannot rely solely on foreign legacy and low-cost carriers.

*Going forward, therefore, the country should gradually shift our focus much more towards quality rather than quantity. The objective should be of gradually aiming at comparable or higher levels of turnover with fewer tourists—but tourists who can afford to pay more and are willing to do so because the service, environment and experience they find in our country would be superior compared to what is currently on offer.*





## 14. Culture and the Arts

There have been numerous positive developments in promoting culture and the arts in recent years. MICAS is a contemporary art space that rivals similar venues abroad. Festivals promoting local and international talent have increased in frequency and quality of content. Vision 2050 also includes numerous references to promote the arts as part of Malta's culture and identity.

It is recommended to:

- Ensure transparency in expenditure in the arts and prioritise Maltese talent. The lavish expenditure on Malta's film festival, running into unaccounted for millions, together with the excessive sponsoring of international productions (€46m in one instance) contrasts sharply with the funds allocated to local talent.
- Set up funds, resources and opportunities for internationalisation of local talent. Many Maltese artists in different disciplines have tremendous potential but need support to break into international networks. Artists enhance our culture, add value to our tourism product, and act as ambassadors to Malta in their exposure in other countries. They should be an important part of our international branding.
- Culture and creativity should be recognised as an economic sector, generating jobs and value added. Culture and the arts are intricately related to attract tourism niches, the regeneration of neglected areas and international branding.
- Investing in infrastructure and increasing affordable creative spaces (studios, rehearsal spaces, etc) available for artists and performers.
- Mainstreaming culture and creativity in education – from Stem to Steam, i.e. including arts and creative studies with STEM disciplines.
- Establishing an artists quarter in Valletta.



# Annex - Malta Employers' 140 Flagships

## INTRODUCTION AND PRIORITY ISSUES

### Introduction

1. Political parties should join forces and together with the social partners, seek consensus on National Matters.
2. Good Governance must permeate in all aspects of citizenship.
3. Demographic challenges, economic transformation and natural environment are amongst the key issues that must appeal for more collaborative approach between political forces, social partners and the civil society to set the right direction for Malta.
4. The country's low birth-rate needs to be reversed.
5. The increasing trend of an expanding labour force and foreign population needs to be contained through economic transformation and investment in technology.
6. AI needs to be perceived as an ally rather than a threat. Malta needs to anticipate, invest and educate to have the necessary capital and human resources infrastructure to use AI to its benefit.
7. Issues related to work life balance and family-friendly measures should be addressed within the context of supply of labour hours. The two are not mutually exclusive.
8. Land is becoming scarcer and dearer while the demand to build is becoming stronger, therefore Government needs to prioritise collective over private interest.
9. Idle Human resources, even if they are somehow employed, must be pushed into productive employment, through education and training towards higher value-added-activities.
10. Government must project a wider meaning of citizenship which includes obligations towards the country.
11. While promoting active citizenship, it is important to infuse a culture whereby citizens understand the country's limitations and that achievements are the result of hard work and commitment.

## **Governance**

12. Political leaders must have the responsibility to promote fundamental values and feel the obligation to lead by example.
13. Through the value of opportunity cost and sacrifices, the political parties must impart and reinforce the message that there is an opportunity cost for everything.
14. Government needs to be strong and take decisions that may affect a few negatively in the interest of the common good, whereby the value of common good wins over the private gains.
15. The country must together work to re-instate trust in our institutions, particularly among young people.
16. Restore citizens' access to initiate magisterial enquiries.

## **Direct Orders**

17. Respect and strengthen existing governance structures related to public procurement.
18. Freedom of information requests to divulge any expenditure involving government entities will be respected and made public within twenty days of request.
19. Government should ensure that the parameters that regulate direct orders are respected and enforced.
20. Direct orders that breach regulations should be declared illegal.

## **Key Positions and Persons of Trust**

21. The appointment of persons of trust needs to be transparent. Remuneration packages must be made public with specific KPIs.
22. All persons of trust, should be subject to a periodic audit by an independent board that is to include representatives of the Opposition.
23. Key public sector positions, including the Attorney General and the Police Commissioner must be approved through a two thirds majority in Parliament.

## **Contracts**

24. All contracts entered into by Government must be made public within three months from date of signing.
25. The director of contracts should be given back the authority to take an active part in adjudication processes.
26. Tenders are not to be adjudicated by Ministries but by independent adjudicators.
27. Government must not enter into binding agreements (commercial or otherwise) with entities whose ultimate owners are unknown.

### **Parliamentary Reform – A Safeguard against Politically acquired Wealth**

28. In line with transparent administration, Ministers should make full disclosure of their assets.
29. The quota system for female MPs should be scrapped. All Maltese citizens have equal opportunity to stand for elections and it is up to voters' responsibility to elect the best candidates.
30. Reduce the number of MPs to 45 seats
31. The number of ministers should be limited to 8 and 6 Parliamentary secretaries
32. MP's remuneration to be increased to €70k p.a. plus benefits
33. Parliamentary secretaries will have a remuneration package of €90k p.a. plus benefits
34. Ministers' remuneration will be of €120k p.a. plus benefits
35. The Prime Minister shall earn €150k p.a. plus benefits.
36. MPs will not hold other positions in government entities, nor have interest in private sector companies which can create a conflict of interest with their duties as MPs.
37. Introduce a system whereby parties may appoint technocrats to serve in parliament.

### **Financing of Political Parties**

38. Introduce state funding for political parties in an effort to ensure better governance.

### **Corporate Governance**

39. Government and business should jointly promote good governance as a pillar for stability and investment.

### **Malta and the EU**

40. The incoming Administration must continue to uphold Malta's position to safeguard its unique interests as an independent, small, peripheral Island Member State.
41. The incoming Administration needs to insist that the EU adopts a better calibrated and proportionate approach to its key policies to ensure attainment of its own objectives.
42. The incoming government must stress with the European Union that its uniform application of unique regulation (One-Size-Fits-All approach), when applied to structurally unequal contexts can produce inequitable outcomes.
43. The incoming Administration must argue with the EU that regional and cohesion policy should not be based on current economic performance but on the vulnerabilities that arise from geographic disadvantages including small size and insularity.

## **Balancing Economic Growth and Well-being**

44. Introduce more refined metrics to capture progress (or otherwise) in economic expansion, well-being and quality of life. Such metrics need to be more actively incorporated in Malta's policymaking structures and procedures.
45. Government must be conscious of rising inequalities, which are necessary in order to incentivize mobility of labour and investment, but these need to be accompanied with structures that guarantee equal opportunity and orientation towards the common good.

## **HORIZONTAL POLICY ISSUES**

### **Education and Skills for Malta's Future Economy**

46. Initiate an open and inclusive national debate on the urgent transformation required in Malta's education system.
47. Work-based learning should also be expanded beyond vocational streams and integrated across other academic pathways.
48. Malta requires a forward-looking education system that prepares its population for tomorrow's jobs, not yesterday's.
49. A concerted effort to reduce the incidence of early school leaving.
50. Malta Employers believes in channeling students into career-oriented disciplines - e.g. STEM subjects. in occupational choices as a means to reduce the gender pay gap.
51. Strengthen career guidance structures to give more meaningful information on the opportunities demanded today and in the immediate future.
52. Establish closer links between guidance teachers and industry with mandatory involvement of career guidance personnel, through work periods, in the private sector.
53. Widen the application of Work Based Learning in all its forms.
54. Validation of informal learning through the Vocational Skills Card and other mechanisms that can developed by the National Skills Council.
55. Stronger input of industry in the design of courses. Making academia conscious of numerous career paths available for different courses and design courses accordingly.
56. Strengthening entrepreneurship, social skills and work ethic.
57. Give stronger importance to English language skills.
58. Address brain-drain by designing policies to retain Maltese and foreign people to work in our country.
59. MCAST's mission should be to focus on MQF levels 1-5 but with established pathways to allow students to progress to higher levels of qualifications at the University.

### **Transforming the Economy – Vision 2050**

60. Build on the Malta Vision document to strengthen the plan in terms of ownership and implementation timeframes.
61. Establish an independent Economic Strategy Council tasked with tracking progress on Vision 2050 goals, involving social partner representation to ensure accountability and progress.

### **Establishing Malta as a Regional Logistics and Trade Excellence Hub**

62. Set up new free-trade zones to serve as a regional logistics hub to support Malta in positioning itself as a centre of excellence in regional trade by transforming its logistics capabilities, boosting economic activity, and contributing significantly to national competitiveness and resilience.

### **The Demographic Challenge - Increasing the Birth Rate**

63. Set up, with the involvement of the social partners, a holistic plan needs to take stock of the socio-economic realities in the country and the mindset of today's child-bearing generation.

### **Rationalising the Human Resource**

64. The Malta Employers proposes that Malta should have a comprehensive plan to maximise the output and value added of its human resource. Resources should be channeled towards higher value added activities in the private sector.

### **Adapting to an Ageing Workforce**

65. Clear national strategies and support to employers are required to strike a balance between retaining the experience of elderly workers and ensuring that our workplaces are attractive and open enough for new talent and ideas.

### **Enhancing Career Guidance Structures**

66. The Association advocates greater investment in career guidance structures and an injection of resources should be made. At the same time, the Malta Employers can play a central role to facilitate collaboration in this area and pledges its full support to the competent authorities.
67. More robust career guidance structures will empower young people to take more informed decisions about their future for their own benefit and for the benefit of Malta's labour market and economic prospects.

## **Social Dialogue**

68. Malta Employers believes that Social Dialogue must remain a critical tool that Acts as a solid consultative base to government policies, contributes to harmonious industrial relations which is conducive to investment. Promotes social cohesion, Initiates discussions and debates on social and economic affairs matters.

## **The MCESD**

69. The MCESD should officially become the custodian of Malta 2050.
70. The MCESD could be enhanced by engaging research officials to assist the social partners in their submissions and to provide more evidence-based discussions.

## **The Low Wage Commission**

71. The Low Wage Commission should retain its core function to address minimum wage earners exclusively.

## **Capacity Building for Social Partners**

72. Whilst retaining its steadfast opposition to compulsory union membership, Malta Employers believes employer bodies and trade unions should be supported with adequate resources to enable them to function more professionally and efficiently.

## **EIRA, WRO's the Industrial Tribunal & Human rights and Equality Bill**

73. Malta Employers has been proposing recommendations for its continuous improvement for more than a decade, as such, as the leading representative body for employers in Malta, the Association expects, as of right, to be party to any discussion on reforms to the Industrial Tribunal as this was not always the case throughout the past legislature.
74. Remove conflicts between the proposed setting up of the Human Rights and Equality Commission and Equality Board and the EIRA in terms of interference with the workings, jurisdiction and exclusive competence of the Industrial Tribunal.

## **Structured Social Dialogue**

75. The Association insists that, It's essential that social and economic matters are discussed within the existing social dialogue structures. Whilst the formation of lobby groups is part of the democratic process, government must only engages in formal social dialogue with the recognised social partners through established channels where such matters can be dealt with in a structured and professional manner, even if it means involving such lobby groups in discussions on particular issues.

### **The Pay Transparency Directive**

76. Postpone the coming into effect of the Pay Transparency Directive LN to January 2027.
77. Remove imprisonment as a possible penalty for employers who may be in breach of the Pay Transparency Directive in favour of less draconian measures providing deterrents in line with the breaches involved.

### **A Reduction in Working Hours**

78. Avoid blanket measures that place jobs and competitiveness at risk.
79. Any discussion on a shorter working week must be preceded by economic transformation to drive smart economic growth through capital investment, digitalisation, business process re-engineering, all of which contribute towards higher productivity at equal or reduced inputs of labour.
80. Parents with a second child younger than six years of age to be given the option of requesting to work a 32-hour-week. The employer will have to present an objective reason in case of refusal. The parent will earn pro-rata pay and benefits for the duration of the reduced hours week. Government will subsidise the lost earnings for the lost eight hours.
81. Reconcile school opening hours with the typical working week and the needs of families.
82. Extend free childcare to cover employees doing shift work.
83. Companies which already have a working week with less than 40 hours will retain such systems, unless negotiated with workers' representatives.
84. A four day week option, with pro rata benefits, should be offered to employees attaining sixty years of age to address the demographic crisis.

### **Targeted Measures to Assist Families**

85. The focus of any family friendly measures should focus on families. It is recommended that any government induced measures to improve leisure time should focus on families with young children.

### **Supply of hours**

86. Labour market measures should not reduce the supply of labour hours, or else are accompanied by measures that compensate for any reduction in the overall supply of hours.
87. There should be a political commitment that any proposed measure needs to be studied to determine the loss, if any, of supply of hours, and accompanied by counter measures to compensate for such loss.
88. Any decision on a reduction in working hours should be based on individual choices and company exigencies.

### **Later Exit from the Labour Force**

89. Government may consider providing a fiscal incentive – enhanced pension or a lump sum bonus – for those who remain in employment till the age of seventy and beyond.

### **Right to Disconnect**

90. This principle needs to be implemented with necessary safeguards to cater for force majeure situations, to allow for work flexibility, and to recognise that in senior positions, pulling the plug when a person is not at work is not always possible.

### **Public Sector Employment**

91. Stop any recruitment six months prior to an election except in critical professions like teaching and care and health professionals.
92. Set limits on the number of persons of trust with full disclosure of remuneration packages, qualifications held and periodical auditing.
93. Carry out a detailed manpower survey in the public sector aimed at identifying areas of over- and under-manning.

### **The Labour Migration Policy**

94. The Association looks forward to working alongside a new Administration to assist in addressing issues with urgency and pragmatism and uphold the spirit of the policy while ensuring that workers and employers are supported rather than compromised.

### **Fighting Substance Abuse**

95. Discussions on random drug testing on health and safety grounds should be initiated.
96. There should be no link whatsoever between sport, children and any entity or entities associated with the use or regulation of cannabis.

### **Gozo**

97. Gozo can be turned into a singular wi-fi hotspot
98. Agriculture in Gozo can be converted to organic farming which will be used to brand its products. It will also raise the quality and value of its catering industry.
99. Promoting the island as a 'quiet' place. Gozo can be positioned as a place of relaxation for Maltese, Gozitans and tourists alike.
100. Gozo can be turned into a carbon neutral island through use of photovoltaic energy and use of natural water reservoirs.
101. Gozo has the potential to be marketed as a cultural hub for high end tourism.

102. Gozo can also be marketed to attract special tourism niches related to sports, religion and agritourism.
103. Develop Gozo as a center for medical tourism.
104. Comino should become a natural reserve, a place for relaxation, cycling, walking, bird watching with minimal construction intervention.

### **Environment and Climate Change**

105. Malta Employers believes that planning laws and regulations should enhance the rights of residents who are already burdened by intensive development.
106. The structures and legal frameworks around the planning and permitting process must restore the trust and confidence of the citizen.
107. Harsher penalties applicable to irregular developments. Enforcement structures need to be strengthened and made more transparent.
108. Intensify national efforts to raise the bar in the operating standards of the construction industry as-a-whole.
109. Give stronger weighting to aesthetic design in planning permission process.

### **ODZ**

110. Any development on ODZ areas need to be subject to a two thirds majority in parliament.
111. Illegal buildings and structures constructed on ODZ land should not be eligible for regularization or sanctioning processes, except where minor amendments are justified.
112. Illegal developments should be dismantled once declared illegal. Enforcement of actions must not be suspended indefinitely by appeals.

### **Transport**

113. Implement a transport system that places people at its core rather than the car. The idea of a multi-modal transport system should be introduced as a phased project in the interest of feasibility, sustainability, opportunity cost and public health considerations.
114. More investment in infrastructure and education of energy technologies like electric cars.
115. Within the context of road transport in a multi-modal system, incentives are required to encourage sustainable alternatives such as public transport and car-pooling systems.
116. Every effort must be made to deviate services which disrupt road traffic to off-peak hours such as commercial deliveries and waste collection.

### **Investment in Infrastructure for Maritime Cargo Operations**

117. Allocate the necessary resources and effort towards improved infrastructure for Roll-On/Roll-Off (Ro-Ro) operations on which the Islands strongly depend for the importation of consumer and industrial goods.
118. Erect multi-purpose quays and facilities within the Grand Harbour to maximise efficiencies and mitigate existential risks posed by accidents or unavailability of berths
119. Complete Ras Hanzir project with a view to ensure that this new 365m quay multi-purpose facility be in operation prior to the commencement of any works related to the Grand Harbour Revival Plan.

### **Grand Harbour Revival Plan**

120. Ensure that all, strategically important commercial port activity – current and future – is ascertained and encouraged to grow.
121. Locate non-priority maritime activities outside the Grand Harbour to ensure that no unnecessary and irreversible limitations are imposed on the country's most strategic asset.

### **Defence**

122. Revisit Malta's situation to build its defence and to ensure its protection in case of aggression. This is a highly sensitive issue that should put aside partisan interests through an objective discussion that will ensure Malta's best interests in terms of security. It may also entail diverting more resources towards a stronger defence system.

## **SECTORAL RECOMMENDATIONS**

### **Manufacturing**

123. Support adoption of technology and automation in Malta-based undertakings to increase productivity and open possibilities for more flexibility for workers employed in the sector, increasing its appeal as an “employer of choice”.
124. Support the availability of a Skilled Labour Force for Industry particularly in technical and specialized positions where shortage of skills has recently acted as a bottleneck to growth or indeed a treat on the sustainability of existing jobs.
125. Continued Investment Support by Malta Enterprise, MDB and similar entities particularly for capacity building, quality assurance and “twin transition” purposes to transform and future-proof business models whilst rendering them greener and more resilient.
126. Lobby with the EU to allow the establishment of a national fund to support Malta-based businesses to neutralize the disproportionate transportation costs.
127. Facilitate Access to Finance especially in current scenario of risk averse banking system.
128. Availability of new, functional factory space at competitive rates

## **Tourism**

129. Malta cannot be an attraction to all tourism segments simultaneously. Instead of focusing on numbers, Malta should gradually target specific high-value-added niche markets to increase the share of quality tourism to the country.
130. A clear strategy to guide operators in the industry to align their current and projected activities with established parameters.
131. Product enhancement – infrastructure and general upkeep of tourism sites and environment need to match the levels of investment made in private hotels and properties.
132. Continued support to airlines (both low-cost and legacy) is needed to sustain secondary routes which are key for the industry.
133. Establish a unique calendar of events.
134. The Authorities need to facilitate the Industry in sourcing skilled Human Resources (Maltese, EU, TCN) especially in specialized and client-facing roles.

## **Culture and the Arts**

135. Ensure transparency in expenditure in the arts and prioritise Maltese talent.
136. Set up funds, resources and opportunities for internationalisation of local talent.
137. Culture and creativity should be recognised as an economic sector, generating jobs and value added.
138. Investing in infrastructure and increasing affordable creative spaces (studios, rehearsal spaces, etc) available for artists and performers.
139. Mainstreaming culture and creativity in education – from Stem to Steam, i.e. including arts and creative studies with STEM disciplines.
140. Establishing an artists' quarter in Valletta.







35/1, South Street, Valletta VLT 1100, Malta  
+356 2123 7585 / 2122 2992 | [admin@maltaemployers.com](mailto:admin@maltaemployers.com)

[www.maltaemployers.com](http://www.maltaemployers.com)