



**uhm**

**VOICE OF THE WORKERS**

**Budget Proposals 2018**



# Introduction

A country that wants to thrive has to look beyond short term policies. Responsible politics has to take heed of the present as well as the future. We need to formulate policies that would be beneficial to us and to our children. UHM Voice of the Workers embraces policies that are long-term. Hence, we are presenting several proposals that we believe are beneficial to our country. The proposals put forward by UHM Voice of the Workers for the upcoming budget can help a lot to have a fairer, stronger country geared for the challenges ahead. Also, our country could be prepared to discuss and argue on a good research base. Being focused and innovative, we can help our nation to advance for the benefit of its people.



Josef Vella  
CEO of UHM  
Voice of the Workers



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## ONLINE PORTAL FOR WORK CONTRACTS

UHM has for the last 3 years proposed the use of technology to enforce the minimum basic rights established by the various labour laws. This can happen through a portal whereby one can:

- (i) choose the form of contract;
- (ii) fill contract online with the minimum basic rights taken as default;
- (iii) upload/download contract online. With this proposal, workers will have a contract of work and minimum rights will be safeguarded.

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## **INDIVIDUAL TRAINING ACCOUNTS**

This is in line with the EU's New Skills Agenda and is intended to provide workers with structured and relevant training depending on the type of work performed but with a strong emphasis on training in ICT.

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## COOPERATIVES

We are again proposing the formation of cooperatives in the health sector to provide health services at low cost. The experience of cooperatives in the health care reveals some important lessons that could apply to the local context. The main lessons drawn are that: cooperative health organizations can and do provide top-quality integrated, coordinated care, but they have faced formidable obstacles in their formation, operation, and growth (b) a national entity with authority to purchase health care at reasonable rates is integral to controlling costs successfully and (c) they have helped transform health care delivery into a more mission-driven and patient-centred health care system.

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## PENSIONS

UHM's insistence on addressing the adequacy and sustainability of pensions. We believe that the sustainability of pensions in the long-term remains an issue given almost total dependence on state pensions. Malta's population continues to grow and we are increasingly relying on foreign workers. With more EU citizens working in Malta, the number of eligible pensioners could rise, increasing the tax burden on the working population. As regards adequacy, we maintain our position that work-based pensions are necessary to supplement retirement income. The current capping is a limiting factor insofar as retirement income is concerned.

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We also believe that our position on second pillar pensions is fully in line with the European Commission's 2016 Directive providing greater protection for work-based pensions as well as the proposed regulation for a pan-European pension. Malta remains one of a group of EU Member States (mainly Eastern European) with no tradition in second and third pillar pensions.

For prospective retirees who on reaching retirement age would not have worked a full year, we propose that such persons be allowed to pay National Insurance Contribution covering a 12-month period. By doing so, they would be entitled to a better pension.

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## INCOME TAX AND COLA

We propose a readjustment of income tax bands by factoring in COLA. This would address the injustice faced by a growing number of workers who, because of COLA, become liable to a higher tax band. This is a common complaint we receive from our members.

We propose that gross income adjusted for income tax purposes. Expenses related to social security contributions ought to be deducted from the actual income a person receives. The adjusted gross income will then determine one's tax liability.

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## **PARENTS' LEARNING ALLOWANCE**

Incentives to parents to resume their studies. This measure is intended to provide opportunities for parents to take up studies in a field of interest and at the same time boost the participation rate in higher education at a time when Malta's rate lags behind almost all EU countries.

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## LOWER TAXES ON OVERTIME

When a person works overtime, it's pertinent to ask whether the extra hours on the job are worthwhile or not. Though overtime is taxed the same as normal income, reducing tax on overtime would serve as an incentive for workers opting to work overtime when this is available. Workers will see an increase in their discretionary income. With lower income tax rates on overtime earnings, they would keep more of their gross income, so effectively they have more money to spend. Cutting income tax on overtime earnings could also have an effect on the supply side of the economy. Overtime is more worthwhile if one gets to keep more of his or her income. This is the substitution effect – work is more attractive with lower tax rates.

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## **PROMOTING CROWDFUNDING**

As a new type of employment and investment in innovative ideas. We propose that Government provides incentives and promote crowd funding in line with COM(2014) 172 final of the European Commission. Whereas there is great potential in crowdfunding to complement traditional sources of finance and contribute to the financing of the real economy, more needs to be done to promote crowdfunding and explain the various benefits derived especially for SMEs. As stated in the document referred to in this paragraph, there is still a general lack of awareness about crowdfunding across the EU. Increased awareness is not the only factor needed for crowdfunding to succeed. A good understanding of how crowdfunding works, what it can deliver and what the risks might be, is also key to establishing trust with those who are willing to contribute and the state entity entrusted with its promotion. All in all, crowdfunding needs proper legislation to function well.

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## **INCENTIVES ON ECO-BUILDINGS**

We propose that owners of eco or green buildings (that achieve energy savings and occupant productivity) be provided with a range of financial incentives and government tax credits and deductions. Businesses could also be allowed to recover green building investments in a given property through depreciation deductions. Financial incentives could include long term, low interest rate energy efficiency financing and state grants tied to renewable energy investment.

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## PROPERTY

To boost the supply in the property market, we propose that vacant properties for a period of no less than 5 years be exempt from capital gains tax on sale of such property. We are concerned about the rising cost of rent as well as the increase in the prices in the property market. Therefore, government needs to provide more incentives for owners of vacant properties to place their vacant properties on the market.

Non-residential property must not be categorized under the first-time-buyer scheme. We believe that this proposal would prioritise financial assistance and help address the increasing pressures being faced by young couples in the housing market. long term, low interest rate energy efficiency financing and state grants tied to renewable energy investment.

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## **FREE LUNCHES TO SCHOOL-CHILDREN**

There's no such thing as a free lunch, but exceptions should be made for children, regardless of their families' income. By allowing every child a free lunch, many obstacles are erased. In our view, no student should have to go without a mid-day meal. That goes for children of all economic backgrounds, too. How often does a student forget his or her lunchbox or money at home? Free lunches could also help reduce the class/income divide amongst students. While an argument could be made that funds should be applied toward educational instruction, not food, the counterargument is that students need to be fed to ensure proper education. There are multiple studies that show that children who eat a nutritional lunch perform better at school.

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## **EXAM HALLS CLOSE TO OUR HOMES**

We propose that exam halls be closer to the main towns in the Maltese Islands. Whereas these halls could be utilised for other purposes when no exams are held especially by NGOs, the siting of exam halls closer to where children reside could help reduce some of the stress caused by examination conditions. Besides, such exam halls would be purpose-built with air conditioning facilities unlike the facilities used today. A mass of 6,000 students and 20 exam halls that occupy 300 students sitting at a desk within a space of 11 cubic metres and with a budget of €50,000 for each hall, this national project is estimated to cost €1,000,000. Such a project can be co-financed from ERDF funds.

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| <u>Bracket f€</u> | <u>Numru ta' haddiema</u> | <u>Perċentwal</u> | <u>Rata €</u> | <u>Kumpens €</u>          |
|-------------------|---------------------------|-------------------|---------------|---------------------------|
| €8,736-€9,999     | 10,591                    | 100%              | 200           | 2,118,200                 |
| €10,000-€15,000   | 32,832                    | 90%               | 180           | 5,909,760                 |
| €15,001-€20,000   | 31,711                    | 75%               | 150           | 4,756,650                 |
|                   | <b><u>75,134</u></b>      |                   |               | <b><u>€12,784,610</u></b> |

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## PUBLIC HOLIDAYS

We propose, yet again, that instead of re-introducing lost public holidays (which would mean additional costs to employers and possible loss of competitiveness and jobs), workers be paid compensation by increasing the annual statutory bonus (paid through Treasury) and estimated with reference to the basic wage but paid in full for persons earning up to €8,500 and with a reduced rate for incomes exceeding this amount but up to a maximum income of €20,000.

We are mindful that our proposal may be deemed discriminatory against higher income groups but our role as a trade union is also to safeguard the interest of lower-income groups. We are also not convinced about the electoral promise to re-introduce lost public holidays. Has Government costed the economic impact of this? Are employer groups in agreement?

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## TRANSPORT

Providing transport hubs through PPP arrangements with parking spaces being provided along established routes running from the northern tip of Malta to the south of the island. This would help reduce traffic on main roads while providing commuters with parking facilities and the efficient availability of either public transport or other possible modes of transport.

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A decorative graphic at the top of the slide consisting of overlapping red and dark red geometric shapes, resembling a stylized mountain or a series of triangles.

## **MAKING INTERNET MORE INCLUSIVE**

The use of mobile phones is widespread in Malta. Connectivity alone, however, is not enough to ensure that people are able to benefit from the internet. People must have the skills and confidence to use it. An inclusive internet implies that internet is widely available, is affordable and allows usage that promotes positive social and economic outcomes.



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