

Electoral Manifesto Proposals

20 22



UNLOCKING MALTA'S CO-OPERATIVE POTENTIAL

MALTA CO-OPERATIVE FEDERATION
www.mcf.coop



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INTRODUCTION

The co-operative model, based on democratic member participation, is an essential tool to achieving a fairer economy; where Malta can achieve a fairer distribution of wealth, and where citizens are not merely hired hands contributing to wealth, but become protagonists in the direct creation and benefit of that wealth. The co-operative model of business is sustainable and is proven to be resilient, especially in challenging times. More than one point three billion people around the world are members of almost three million co-operatives. Employment in or within the scope of co-operatives concerns almost 280 million people, almost 9.5% of the world's employed population. 27.2 million people work in co-operatives: 16 million as employees, and 11.1 million are worker-members (CICOPA). Co-operatives offer decent, fairly-paid jobs to workers, and many end up being owners of their own workplace. They provide the opportunity to create innovative models that are based on co-operation, literally in any sector of the economy. They thrive on seven internationally recognised principles, including voluntary and open membership; democratic member control; member economic participation; autonomy and independence; education and training; co-operation among co-operatives; and concern for the community. These are based on the values of self-help, ethical and honest business. Co-operatives offer the unparalleled potential for creating a sustainable, fairer, humane, and more resilient economy. The business model of co-operative societies is recognized by Article 48 of the EC Treaty and regulated in the Regulation (EC) No. 1435/2003 on the Statute for a European Co-operative Society.



MALTA

The Malta Co-operative Federation (MCF), a full member of the International Co-operative Alliance (ICA), represents co-operatives in Malta operating in the maritime merchant and leisure sector (through its maritime co-operative network), consultancy, transport, education, media, communications, tourism, social, culture, restoration, and artistic sector. The Federation is striving to expand co-operatives in diverse sectors of the Maltese economy and society. We firmly believe that opportunities exist for the next elected government to effectively provide the best possible environment for the creation and growth of co-operatives in Malta, as highlighted in Article 20 of the Constitution of Malta: “The State recognises the social function of co-operatives and shall encourage their development”. We believe that it is time for the next government to be committed to making this happen.

We are pleased to be submitting these electoral proposals to all political parties. We cordially invite all candidates and political parties to become more aware of the co-operative business model, and actively take on the challenge to develop further the co-operative opportunity. We are not inventing the wheel here. Inspiration, ideas and success stories are abundant both locally and globally.

Political parties as organisations, and also political candidates are welcome for a face-to-face discussion with the MCF on how we can make Malta a more cooperative society. Candidates interested in meeting the MCF, or require more information or assistance, can contact us at info@mcf.coop, or on 21233078.



BACKGROUND

Through the years, Malta has managed to be successful, even in adversity. It built its economy out of colonisation, and has since managed to overcome a multitude of challenges, both internal as well as external. This it did through the vision of its leaders and the flexibility and hard work of its people.

Amongst other issues that Malta currently faces, the following can help us create opportunities out of challenges. These trends include:

1. Urgent environmental challenges that threaten Malta, and indeed, our world;
2. A market economy that, notwithstanding government intervention, is giving rise to greater wealth inequality;
3. A more diverse society that still needs to tackle the importance of effective integration;
4. A continued lack of effective community participation in different aspects of the economy and grassroots initiatives;
5. A general culture of the individual, versus community success: working together is still a challenge;
6. An entrepreneurship class based on individual and monetary prowess, rather than the possibility of being successful through working together;
7. A general, trickle-down emphasis on wealth creation making workers hired hands, rather than having direct citizen participation through worker ownership initiatives to create wealth directly.

In tackling these issues and others, the argument in favour of co-operatives has never looked stronger. In this sense, government needs to provide the best possible environment that can enable co-operatives to develop and prosper:

1. Co-operatives are better because they give individuals participation through ownership, which makes them inherently more engaging, more productive, and both more useful and more relevant in the contemporary world. The aim is to elevate participation within membership and governance to a new level.
2. Co-operatives are better because their business model creates greater economic, social and environmental sustainability.
3. Co-operatives are better because they are a business model that puts people at the heart of economic decision-making and bring a greater sense of fair play to the economy. (ICA)



PROPOSALS

These proposals are classified into four main aspects. Rather than being mutually exclusive, these aspects are mutually dependent on each other for achieving success:

PROPOSAL PILLARS

- Acknowledging the co-operative potential at the political level
- Strengthening the legislative framework
- Providing the right environment for effective community participation
- Education and awareness - encouraging the setup of more co-operatives in different sectors of the economy



1. ACKNOWLEDGING THE CO-OPERATIVE POTENTIAL AT POLITICAL LEVEL

a) On a political level, the co-operative model of business needs to be concretely acknowledged as an important pillar of the Maltese economy, forming an essential part of policy decisions. This is in the light of a commitment towards building an economy that is fairer, that promotes a more equitable distribution of wealth that creates a better sense of ownership of the wealth being created.

b) We collectively need to realise that the co-operative business model can create wealth in practically all sectors of the economy, including untapped areas that can accrue benefit both to the economy as well as to the people. Economic growth on its own does not improve people's quality of life. There needs to be a strong political commitment at the highest level of government to ensure that everyone is a winner while ensuring that wealth does not end up exclusively in the pockets of the few. Whilst confirming that government is open to business, it should also be actively open to co-operative business. This policy needs to permeate across all levels of government and will provide the necessary impetus for co-operatives to develop further.

c) Fiscal incentives for a level playing field
Government should introduce cash grants to co-operatives which would make up for the fact that co-operatives are not entitled to apply for tax credits. This would ensure that co-operatives are treated on a level playing field with other businesses when it comes to access to funding.

d) Tax incentives to business owners selling to community-led co-operatives or their workers
Tax incentives should be provided to encourage business owners who wish to sell their going concern, to consider selling to community-led co-operatives and/or worker-co-operatives (especially employees of the specific business).





2. STRENGTHENING THE LEGISLATIVE FRAMEWORK

a) Government needs to commit to working towards having legislation in place that strengthens the cooperative sector. This entails a commitment to initiate a thorough exercise that seeks to identify and address any hindrances in legislations that are not conducive to promoting a co-operative economy and society. The four core legislative instruments are The Cooperatives Society Act; the Central Co-operative Fund Regulations (SL 442.03); the Social Enterprise Act; and the Small Business Act. This exercise needs the involvement of all co-operative stakeholders. The MCF believes in enacting legislation based on effective dialogue with stakeholders, most especially with the co-operative movement itself. The principle of ‘nothing about us without us’ here is paramount to building effective legislation that is the result of mature and creative discussion.

b) Commit to pass the Social Enterprise Act

The MCF welcomes the discussion about the Social Enterprise Act which provides a framework that gives official recognition status to Social Enterprises. This discussion comes at a crucial time when Malta is embarking on its post-pandemic economic recovery. Social enterprises, and notably, social co-operatives, have the potential to flourish and become an essential social and economic pillar, much like other European Union countries and beyond.

These discussions have now been ongoing since 2015 and government should commit to a timely vote to pass this legislation, after the necessary consultation with stakeholders is finalised.

c) The Co-operative Societies Act

Together with stakeholders, the government needs to enact fresh legislation that builds on the 2001 legislation, and improves on it to take new realities into consideration.

i) *One member One vote*

The “one member one vote” aspect is an international principle that is central to how co-operatives work. The current Co-operative Societies Act, 2001, includes contradictory elements on this fundamental aspect. On the one hand Article 21(2) enshrines this principle in the Act. On the other hand Article 56 of the Act gives the opportunity for co-operatives to do away with this principle. MCF strongly recommends that this contradiction is resolved in favour of the “one member-one vote” principle.



ii) *Create more opportunities for bodies to form cooperatives between each other*

Current legislation restricts entities from forming a cooperative since it obliges all types of cooperative societies to have a majority of *individuals* as members. In practice this is making it difficult for bodies including social entities, NGOs, private companies and associations from forming a cooperative among each other. MCF proposes that the definition of ‘societies’ in the Cooperative Societies Act is amended accordingly in order to open the cooperative space further

iii) *Reduce the minimum number of members required.*

The required minimum number of members to form a co-operative in Malta should go down from 5 to 3. This will encourage more people to come forward to form a cooperative. Research carried out by the MCF has shown that It is worth pointing out that countries such as Germany, France and Spain, who have much larger markets have changed their legislation to reduce the minimum number of members within co-operatives, to three.

d) *Include co-operative representation within the organs of the Small Business Act*

The Malta Co-operative Federation, the co-operative movement and the related government bodies regulating the co-operative sector should be represented by competent individuals within the organs of the Small Business Act. This includes the Enterprise Consultative Council, the Small Business Advisory Committee and the College of Regulators.

e) *Revise legislations that discriminate against co-operatives.*

A number of legislations currently impede co-operatives from working freely in particular sectors (the Banking and the Broadcasting Act are a case in point). MCF proposes that an inter-ministerial effort is initiated to identify any legislations, regulations and policies which are preventing co-operatives to be set up in their respective sector.

f) *Within the ambit of co-operative legislation, government should, in consultation with stakeholders, identify ways of how the registration of new co-operatives can be facilitated. Government needs to factor in new developments in membership possibilities and ways of working that, within the co-operative framework, can render co-operatives to be in a position to be proactive to market needs.*



3. PROVIDING THE RIGHT ENVIRONMENT FOR EFFECTIVE COMMUNITY PARTICIPATION

a) MCF proposes that the government provides effective support, both nationally, as well at local council level, to initiatives for the organisation of community-based co-operatives, and provides them with a preferred option for the procurement of certain services that can assist in their expansion and their development. The European Court of Justice in 2011 recognized the specific regime and structure of the cooperative enterprises.

b) Actively support the setting up of community co-operatives in the field of alternative energy and the environment. These will provide the opportunity for community members to partake in investments that they can afford and that the benefits accruing from such investments will directly benefit them and their families.

c) Facilitate the setting up of home and housing co-operatives in Malta. Housing and home cooperatives are jointly-owned, democratically-controlled enterprises designed to meet the common economic, social, and cultural needs of their members. They are designed to keep housing affordable and to give residents an active role in their own communities. Housing cooperatives around the world are leading the way with sustainability initiatives. In Malta, Home cooperatives could prioritise the interests of the community over that of purely speculative businesses, including by providing open spaces in their neighbourhoods, environmentally friendly measures such as the provision of renewable energy and the use of appropriate planning and architecture that respects the surrounding area. This model of housing can provide for mixed-housing set-ups, and will decrease the possibility of people being burdened with crippling debts until retirement age. These co-ops can benefit first-time buyer couples, the elderly, students, single-parent and separated couples, and persons who cannot afford market rates for property acquisition or rental payments. Home co-operatives can form a sustainable part of Malta's housing stock.

d) There needs to be decisive action with regards to ensuring that co-operative enterprises, are not put in a position to have to compete in price with businesses that thrive on worker exploitation, unfair, or unequal pay.





4. EDUCATION AND AWARENESS - ENCOURAGING THE SETUP OF MORE CO-OPERATIVES IN DIFFERENT SECTORS OF THE ECONOMY

a) Malta needs to become more creative and innovative in how it does business. We need to move away from specifically championing a model where one or few shareholders reap all the benefits of the work of their employees. We need to foster a culture where people think outside the box and create opportunities to work together in a co-operative setting. Particular effort needs to be made in those sectors in Malta which currently lack co-operative participation, including, but not restricted to, housing, the environment, services, industry, and social services.

b) Education is key. The Malta Cooperative Federation proposes that the co-operative model be included in Malta's educational curriculum in order to promote teamwork and the concept of working together rather than just promoting competition.

c) The co-operative model of business is treated on par with other business formats in business and entrepreneurship courses

d) In tandem with the University of Malta and MCAST, courses specialising in social entrepreneurship are set up. This can create a new generation of qualified persons who can be active in setting up and provisioning services to social and community co-operatives.

e) The co-operative business model becomes a component in courses at tertiary level, including in business, law, vocational and other courses where business organisation is discussed. This will create a better pool of professionals who are knowledgeable in co-operatives and who can provide support services to present and future co-operatives.





CONCLUSION

Malta has always prospered when it decided to think outside the box in providing a vision for the country. The MCF believes that we all need to be unashamedly ambitious when it comes to developing further the potential of the co-operative model of business. We need to lay the groundwork for co-operatives to be created, and for the sector to flourish. Success stories of present co-operative initiatives can provide us with a glimpse of the benefits that Malta and its people can derive from them. The MCF firmly believes that Malta still has enormous opportunity to harness the power of co-operation that has yet to be tapped. We are ready to co-operate with the government to make this happen.



Statement on the Co-operative Identity

DEFINITION

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise. Values Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

PRINCIPLES

The co-operative principles are guidelines by which co-operatives put their values into practice.

1. Voluntary and Open Membership

Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2. Democratic Member Control

Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organised in a democratic manner.

3. Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the



following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

4. Autonomy and Independence

Co-operatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

5. Education, Training and Information

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.

6. Co-operation among Co-operatives

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

7. Concern for Community

Co-operatives work for the sustainable development of their communities through policies approved by their members





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