

# Keeping Malta competitive

## INTERVIEW WITH DR AUSTIN GATT

MINISTER FOR INFRASTRUCTURE, TRANSPORT AND COMMUNICATIONS, MALTA



### AUSTIN GATT

received his education at the Lyceum and the University of Malta. He read Law and graduated as a Doctor of Laws in 1975. Dr. Gatt practised law as a partner with one of the oldest law firms on the island. After the Nationalist Party was elected to Government in 1987, Dr. Gatt was elected Secretary General of the Party. He was appointed as a Minister for IT & Investment, responsible for the creation of the Information Society and Economy and ICT in Government. Following a cabinet reshuffle, in July 2004, Minister Gatt was appointed as Minister for Investment, Industry and Information Technology. This meant that in addition to his other work, he also became responsible for Investment Promotion and Malta Enterprise.

### **With Malta being one of the most densely populated countries in the world, how has the transport and infrastructure of the island kept up with these growing demands?**

I have been Minister for Transport for the last four years. I believe the most significant development in this sector has been the major investment that we've made in roads. Malta is a very traffic-congested country. We have more than one vehicle per person over 18; so we do have traffic problems on the island. We had a major problem with public transport which we've tackled head-on. For the first time in fifty years we have a modern fleet of new buses, replacing a deteriorating, 30 year old fleet. To complement this, we have built some arterial roads as well some 400 residential roads over the last four years. We have also implemented the reform of taxis, coaches, cars, car hire and chauffeur-driven cars to enhance competition to benefit the consumer. As far as major infrastructure projects, the major ones are around Valletta, where we are changing the entry into the city, and building a new gate, a bus terminal and a new parliament building for the first time in our history. We are also rebuilding the old Opera House and have just inaugurated the new bridge in the Grand Harbour area; both were bombed in the Second World War. We have major projects in the Grand Harbour which is central to our economy because it receives a lot of trade from abroad. We have also become the largest shipping register in the EU, which I believe is a remarkable achievement for a small country like Malta. Transport Malta, the government agency responsible for forming policy and overseeing these projects has done phenomenally well.

### **How has IT developed over the years and what are your strategic priorities relating to this sector?**

I have been responsible for Information Technology for the last 14 years. Today I believe we are up there with the best in Europe. There is no doubt that international rankings place Malta amongst the best in Europe for coverage and usage of IT. So whether it be the statistics of how many computers we have, the hubs, bandwidth speed, average bandwidth delivery speeds, usage of computers by businesses or internet subscription rates – we are always above EU averages and within the top five countries in the EU. We also have widespread IT usage within government. Without IT we would

not be where we are today as far as administration is concerned. And we have built this from nowhere. Pre-1998 IT usage was limited to the normal office package, whereas there is no one government department which is not reliant on databases. The next big step for us now is cloud where we have already started, transferring some of our applications. The big advantage of Malta, in this case is being able to leverage the fact that we are small. So although we lose out on the economies of scale we can run faster than others in implementation. We have, for example, as an integrated e-government service where you can get e-government services wherever you are – it is an integrated system which very few European governments have. We similarly have one education platform which runs throughout all schools and throughout primary and secondary schools.

We are leveraging IT to enhance the efficiency of our economy. To give you one example, in the Annual Report issued by the EU which compares all EU member countries as far as sophistication and spread of the government is concerned, Malta has been rated first in the last few years. We have 97 per cent of all government services on-line. We have a very sophisticated EIU system which, apart from giving great service to citizens where government structures are concerned, also facilitates the life of any business. You can file your income tax on-line. You can get all your certifications on-line. You can file all your statistical data on-line. Businesses can do most of their government interactions on-line. This allows, for example, a new company to be registered in 24 hours to have complete certification set up and running in 24 hours. It can do most of its trading on-line. When you tie in what we're doing with IT, together with the advantages in tax that we have as well as our other financial infrastructure it emerges that IT is a facilitator for economic growth and not simply IT for its own needs.


### **How can foreign investors benefit from this system?**

We will never really be equipped to facilitate a 1,000-person company in Malta, But we do facilitate the setting up of medium-sized companies in Malta. There are three very positive attributes regarding foreign investment that we have. One, we invest a lot in education, so we have the right people with the right skills, and we have very good rapport between the business world and our technical colleges. So technical

colleges are attuned for what businesses need and businesses input directly into the curriculum. We have a development called Smart City in Malta which is owned by TCOM, the operators of Smart City Dubai which is a major attraction for a large number of IT companies. Smart City is especially equipped in the way Smart City Dubai is equipped; but focused now on Europe. So that is a very good advantage we have, office space, which is about 50 per cent of what you would pay elsewhere in the EU. There are already, I think, something like 12,000 square metres up and running; they will have something like 36,000 square metres which are there, so it's already operating. Another item is our financial regulation which is very much attuned to a business environment; it has particular tax advantages for non-resident shareholders compared to other jurisdictions within the European Union.

**What would you highlight as the main opportunities for companies looking to invest in Malta, especially in the sectors that you manage?**

I think firstly I would highlight aviation. We have grown from nothing to become one of the foremost aviation

hubs in the Mediterranean. We have Lufthansa Technik in Malta which employs 700 people, with a massive hangar which can take three aircraft at the same time, two of them A380s. We have SR Technichs which is ex-Swiss Air. We have Medavia. These three facilities have grown in the last six or seven years from not having any aviation technicians in Malta, to now having a surplus of aviation technicians emerging from our technical colleges. We have a great aviation register; we're the first country to have signed, for example, the South African Convention. Shipping remains, I believe, our asset as far as investment is concerned. We are the largest shipping register; and this is not by chance but through sheer hard work. We're working hard now in the commercial yachting field where we have on our books about 5 per cent of the world's super-yachts fleet, so that is also an expanding register. As an investor I would look at the information technology sector. We will be the first country to be 100 per cent fibre-driven, because we can deliver fibre to each and every home in Malta and in Gozo. It is an opportunity to relocate from the European mainland to Malta because you will find the right people with which to work at about 60 per cent of the cost. 

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