



THE MALTA CHAMBER

PRESS RELEASE

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Budget 2025 does not address quality – The Malta Chamber

Acknowledges the need to change but does nothing about it.

The Malta Chamber of Commerce, Enterprise and Industry acknowledges that while the Government has recognized the importance of quality over quantity, Budget 2025 lacks the necessary measures and economic vision to drive a major quality leap and a tangible improvement in the well-being of society. For the third consecutive year, Government's budget includes energy subsidies, social assistance for pensioners and vulnerable persons. In addition, tax brackets are being revised for the first time in 11 years. This is a budget that incentivises consumption but does not address productivity, competitiveness and attractiveness for investors. The focus is on distributing wealth rather than generating it in a sustainable way.

This budget represents yet another missed opportunity to introduce concrete measures that address key issues such as:

- productivity and value-added employment
- skills that are required by the industry in the immediate future
- advanced digitalisation and innovation
- proper planning and upkeep of public areas
- waste management
- sustainable tourism
- overpopulation
- transport and traffic
- critical infrastructure such as water, sewage and energy distribution
- over construction
- enforcement

This budget is finally introducing the concept of auto-enrolment with opt-out mechanism for occupational pension schemes. While government will be matching contributions for public sector employees, The Malta Chamber notes that employer incentives to do the same have not been improved. This puts private employers at a disadvantage on the labour market.

Good governance is essential for achieving quality, accountability and an improvement in productivity, as well as ensuring a level playing field. The 2025 budget did not allocate funds for long-overdue reforms such as that needed in public procurement.

The budget speech indicates that there is an understanding of the extent to which traffic congestion, over population and abuses in construction are impacting the quality of life of people. There is also a willingness to discuss measures to address these issues especially with the social partners at MCESD, and this is a step in the right direction.

While the budget remains a fundamental annual financial planning exercise aimed at reviewing taxes, subsidies, and social benefits; allocating funds for ministries and government projects; and forecasting government borrowing needs, a budget needs to be developed within the context of a comprehensive strategic plan with a broader long-term outlook. Such a plan should precede the budget, outlining funding requirements based on long-term objectives with clearly defined milestones. This has not happened so far and hence this budget represents another missed opportunity to address significant challenges impacting overall well-being and the country's competitiveness and attractiveness.

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