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BUDGET 2026

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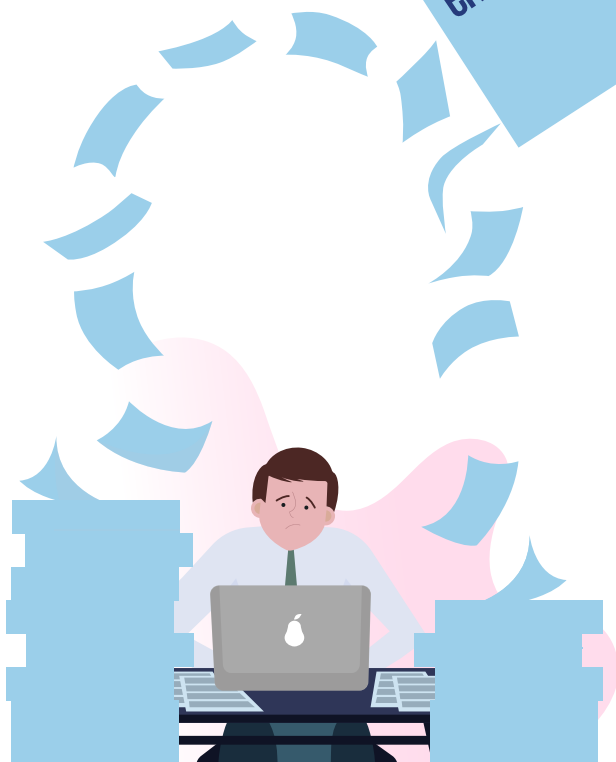
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Budget 2026

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BUDGET 2026 DELIVERS PROGRESS, BUT KEY REFORMS STILL AWAIT ACTION

William Spiteri Bailey

President, The Malta Chamber of Commerce, Enterprise and Industry

Budget 2026 arrives at a pivotal moment for Malta's economic landscape - a period that calls for consolidating past resilience and steering firmly toward a model of growth rooted in quality, innovation, and long-term competitiveness rather than sheer expansion.

In the lead-up to the Budget, The Malta Chamber held thorough and constructive discussions with the Government.

I wish to highlight the openness shown by Finance Minister Clyde Caruana and Economy Minister Silvio Schembri, both of whom demonstrated genuine readiness to understand and address private-sector concerns.

Such collaboration is crucial if national policy is to truly reflect business realities and Malta's strategic priorities.

The Malta Chamber's Pre-Budget Document 2026 offered a clear roadmap inspired by the principles of Envision 2050 — fiscal responsibility, sustainability, innovation, and stronger productivity. We are encouraged to see that several of these recommendations have now been integrated into the 2026 Budget.

Among the most impactful new measures is the introduction of a 175% tax deduction for research and innovation expenditure, coupled with a two-year accelerated write-off for investments in digitalisation and AI.

"Budgets are ultimately judged not by the promises they contain but by what they deliver. Businesses need predictability, efficient processes, and timely implementation."

This measure not only builds on our proposal for a 150% deduction but goes further by offering stronger incentives for businesses to embrace technological advancement.

To illustrate: a Maltese enterprise investing €120,000 in automation and innovation equipment would normally depreciate this over eight years, saving roughly €42,000 in tax.

Under the new Budget measure, the company can deduct 175% of the investment (€210,000) over just two years, increasing its tax saving to €73,500

— that is €31,500 more, achieved six years earlier. The result is immediate cash-flow relief and a powerful push toward innovation-led growth.

We are also encouraged by the introduction of a National Industrial Policy centred on high-value manufacturing and export-driven sectors — a long-standing Chamber priority — as well as the planned International Logistics Hub to be developed through a Public-Private Partnership.

Both initiatives align closely with our calls for better connectivity and strengthened value-added logistics capacity.

Additionally, progress on establishing a Centralised Due Diligence Repository for the financial services sector is a crucial step forward. This reform, inspired by Chamber proposals, will streamline compliance processes, reduce duplication, and reinforce Malta's standing as a reliable financial jurisdiction.

Yet, despite these positive developments, certain critical areas remain insufficiently addressed.

Firstly, public procurement reform continues to lag behind expectations. We have consistently advocated for an annual Public Procurement Outlook, a transparent register of all awarded contracts, and a whitelisting system recognising compliant suppliers.

These changes are vital for ensuring fairness, value for money, and the elimination of malpractice in public contracting. Although the Budget acknowledges the importance of good governance, it falls short of committing to these essential reforms — a missed opportunity to strengthen public trust and business clarity.

Secondly, Malta still lacks a comprehensive Transport and Mobility Masterplan that genuinely prioritises productivity, connectivity, and efficiency. While ongoing roadworks and incentives for electric vehicles are positive, they must form part of a broader, cohesive strategy to reduce congestion, resolve logistical bottlenecks, and minimise the economic impact of time lost in traffic.

Thirdly, public sector reform remains largely untouched. The Chamber continues to insist on an independent review addressing duplication, bu-



reaucratic burdens, and overstaffing within government entities. For Malta to maintain sustainable growth, the efficiency of public administration must be brought closer in line with private-sector expectations.

Even with these shortcomings, Budget 2026 represents a meaningful step forward. It signals a clear shift towards quality growth, responsibility, and innovation — principles that The Malta Chamber fully supports.

The real test, however, lies in the execution.

Budgets are ultimately judged not by the promises they contain but by what they deliver. Businesses need predictability, efficient processes, and timely implementation.

The Malta Chamber remains committed to working hand-in-hand with the Government to ensure that these measures translate into practical outcomes that strengthen competitiveness, attract investment, and enhance citizens' quality of life.

If the coming year is marked by follow-through, transparency, and genuine progress, Malta will move significantly closer to a smarter, more equitable, and more sustainable economy — one that truly rewards innovation, ethical practice, and enterprise.



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THE TWO SIDES OF BUDGET 2026

Dr Marthese Portelli

CEO, The Malta Chamber of Commerce, Enterprise and Industry

As a long-standing representative of Malta's business community, The Malta Chamber of Commerce, Enterprise and Industry has a duty to provide a frank assessment of the annual Budget.

While Budget 2026 contains several commendable measures that support families and initiatives that can potentially accelerate business digitalisation, there are other long-standing critical areas which have not been addressed despite repeated calls by the business community.

On the positive side, supporting families, pensioners, and vulnerable groups through increased disposable income is a societal imperative, and such measures are welcomed.

With respect to the business community there are a number of proposals which help achieve the digital leap faster and better, particularly the emphasis on AI adoption, automation, the setting up of proper and adequate cybersecurity infrastructure, and digitalisation.

"The business community is not asking for handouts; we are asking for an environment that is efficient, predictable, and conducive to sustained high-quality investment."

The same can be said for the financial support with respect to related training. These type of measures, if implemented properly, can help boost both productivity and competitiveness.

Furthermore, the introduction of a 60% capital investment tax credit, the accelerated tax write-off scheme, and the 175% deduction for research and innovation (R&I) expenditure can be described as an investment booster that creates a good lever for businesses looking to modernise and grow.

The plan to establish a new logistics free zone near the airport, linking it to the Freeport, is also worth mentioning. This strategic move can help address a critical supply chain and trade facilitation need. But only if other critical and complimentary issues are addressed as well.

The absence of new consumption taxes or import duties is also welcomed as this helps contain inflationary pressures.

Despite these positive signals, Budget 2026 dodged a number of difficult, structural decisions needed to secure Malta's long-term prosperity and enhance the quality of life for everyone who lives and works here – primarily the traffic issue, proper planning and construction, and better governance.

On these fronts it is one of disappointment and imparts the profound sense of a missed opportunity.

The business community is not asking for handouts; we are asking for an environment that is efficient, predictable, and conducive to sustained high-quality investment.

With respect to traffic and infrastructure, the persistent failure to present a credible, long-term plan to resolve chronic traffic congestion is no longer acceptable. This crisis bleeds millions from our economy annually, harms productivity, and severely compromises the daily well-being of our workforce.

On planning and construction, the long awaited revision of the SPED is nowhere in sight yet, and until then, we continue to experience a cacophony of uncontrolled development, impacting negatively on our heritage, culture and natural landscape.

On governance it is enough to mention the procurement reform paralysis. The Malta Chamber has long called for serious reforms to the public procurement system to ensure transparency, efficiency, a fair level playing field and more innovation in the products, services and solutions being



procured. Postponing these reforms stifles innovation and wastes taxpayer money.

Looking into the longer term, one would also have expected that this Budget would be addressing pension sustainability. The continuous hesitation on introducing occupational pension schemes (auto-enrolment with opt-out) is short-sighted. We must act now to strengthen the pillars of our future pension system, rather than leave the problem for the next generation.

Since we are speaking about the Budget, one has to say a word about national debt. The Malta Chamber's position is very clear – public debt strategically channeled into capital expenditure that generates a substantial return on investment (ROI), boosts national productivity, and demonstrably improves the quality of life is welcomed. However, debt incurred simply to sustain recurrent spending is unsustainable and irresponsible.

Incentives are always welcome – they can help businesses thrive and Malta remain competitive. Equally important, however, are fundamental reforms focused on sustainability, high-quality growth, and responsible governance.

The Malta Chamber will continue pushing for policy making that puts wellbeing at the centre of its thought.

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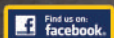
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TAX CUTS ALONE CAN'T REVERSE MALTA'S POPULATION DECLINE

Rachel Bondi Attard

Head of Media and Communication Strategist,
The Malta Chamber of Commerce, Enterprise and Industry

The Maltese government's 2026 Budget introduces extensive tax cuts for families, presented as a tool to address Malta's declining birth rate. Yet, this fiscal approach oversimplifies the demographic crisis and neglects critical socio-economic factors underpinning low fertility.

Both international research and local insights, including The Malta Chamber of Commerce's position on proposed family leave policies, reveal that monetary incentives alone are insufficient to reverse population decline.

The Limitations of Tax Cuts in Boosting Birth Rates

Budget 2026's tax relief measures allocate approximately €160 million annually to families, shifting tax thresholds so parents with two or more children will pay no tax on the first €30,000 of income by 2028. Additional birth, adoption, and fostering bonuses are also included.

"Malta's Budget 2026 tax cuts for families formalise political commitment to demographic renewal but fall short of evidence-based solutions proven effective elsewhere. International studies reveal that monetary incentives, if isolated from broader social reforms, yield limited demographic impact."

While these fiscal measures increase disposable income, they inadequately address the core reasons Maltese families hesitate to have more children. Living costs, particularly housing expenses, job insecurity, and limited work flexibility create barriers far beyond financial capacity.

Extensive global studies underscore the limits of such monetary incentives. Research published in the journal *Population Research and Policy Review* shows that while financial benefits may

marginally influence fertility decisions, their effect wanes without complementary social policies (Mykyta & MacDonald, 2012).

Countries like France and Sweden have stabilised or increased fertility by combining financial support with comprehensive childcare options, accessible parental leave for both parents, and gender equality initiatives - not by tax cuts alone.

Conversely, in Hungary, despite significant tax benefits for families, fertility improvements were moderate at best due to persistent social and economic constraints.

A focal point of Budget 2026 is the proposed extension of maternity leave to one year. The Malta Chamber of Commerce supports family-friendly initiatives but strongly cautions against this extension without robust evidence assessing economic impact.

The Malta Chamber warns that prolonged leave may strain businesses - especially SMEs - by reducing workforce availability and productivity. Moreover, without enhancements to paternal leave and workplace reintegration, such policies risk reinforcing gender inequalities and limiting women's career advancement.

This stance echoes international research highlighting potential downsides of extended leave policies. A 2021 study in *Labour Economics* found that overly generous maternity leave, without balanced parental leave and workplace flexibility, could inadvertently reduce women's our market participation and increase employer discrimination (Kluve et al., 2021).

The Need for Holistic Policy Approaches

Addressing Malta's demographic challenges requires integrated measures beyond tax relief. International experience demonstrates that fertility responds positively to:



- Affordable, quality childcare access (OECD, 2020)
- Equitable, shared parental leave policies (European Commission, 2021)
- Housing affordability supports (World Bank, 2019)
- Flexible work arrangements and gender role shifts (ILO, 2022)

Absent these, tax cuts remain a superficial gesture that fails to tackle systemic issues such as work-life balance, gender norms, and economic stability.

Malta's Budget 2026 tax cuts for families formalise political commitment to demographic renewal but fall short of evidence-based solutions proven effective elsewhere. International studies reveal that monetary incentives, if isolated from broader social reforms, yield limited demographic impact.

The Malta Chamber's analysis of the proposed one-year maternity leave underscores risks of economically unsustainable policies that could worsen gender disparities.

A successful strategy demands a multidimensional approach, embedding fiscal relief within comprehensive family supports, labour market reforms, and cultural change to foster genuine and lasting fertility increases.

PREPARING THE ROAD FOR MALTA VISION 2050 TOWARDS THE MALTA OF THE FUTURE

The last decade has seen Malta's economy move rapidly such that our GDP per capita is now one of the top 10 in the European Union. We are one of the few European countries in a situation of full employment, with the bulk of new entrants in our job market going for managerial, professional or technical careers.

This success has brought with it challenges, such as pressures on infrastructure and an increased foreign population.

Addressing these challenges is a priority for Government, but cannot be our sole focus. Rather, we need to look beyond the Malta of today and seek to create the right conditions for the success of the Malta of the future.

This is what Malta Vision 2050 is all about: it is not simply a plan, but a commitment to creating a nation that is resilient, innovative, and inclusive, and where economic growth goes hand in hand with social well-being and environmental sustainability.

We are shaping a vision that prioritises quality of life for all our citizens. This means not only addressing immediate challenges but also anticipating the needs of future generations.

It is our nation's plan to ready ourselves and achieve successfully the transformation of our economy and society. While we will continue to aim for the continuation of our economic success story, the focus will now become much broader.

We are moving beyond the targets of high GDP growth, low unemployment and stable government finances. Going forward, our key targets will be human development, improved median disposable income and the overall experience of life. We want our country to be in the top 10 in all of these dimensions.

To achieve this we need to continue to accelerate structural reforms and boost the capability of our infrastructure and our resources.

We need to valorise better our culture, our environment and our identity and turn them into key attractors for investment and economic activity. We need to transform our education and training systems, and create a new culture of lifelong learning and constant upskilling and reskilling.

This may sound ambitious, but it is both achievable and necessary.

The Malta Vision 2050 framework sets out clear key performance indicators that will guide policymakers in the coming years ensuring that our long-term decisions are consistent, measurable, and aligned with the four pillars of our vision: sustainable economic growth; accessible, people-centred services; resilience and modern education; and smart land and sea usage.

A long-term vision must be accompanied by early action. This is why Budget 2026 represents the first major step in putting Malta Vision 2050 into practice. For us to be successful we need to have stronger families and stronger businesses. Only then can we have a stronger Malta.

To this end, Budget 2026 includes the strongest social package ever presented by a Maltese Government. An additional injection of €120 million will strengthen the income of pensioners, working families and those most vulnerable.

We have once again boosted support to families by raising Children's Allowance and the in-work benefit. Moreover, we enacted the strongest-ever tax cut for parents, boosting their income by €160 million and making many middle-class families tax-free. These measures ensure that households remain resilient and able to invest in their own future at a time of global uncertainty.

The Budget for next year also provides support to firms. We are not only maintaining our commitment to keep fuel and energy prices stable, the lowest in the euro area, but we have launched a €40 million tax credit package that will enhance even further the competitiveness of Maltese firms, particularly those investing in labour-saving technology or raising wages.

This is in addition to a €100 million commitment for Malta to become the most AI-friendly country in Europe.

We are doing all this for a purpose. Families and firms must be empowered to contribute to Malta's long-term transformation.

Budget 2026 provides the stability and incentives needed for households to invest more in education and skills, and for businesses to adopt technology and boost productivity. This collective investment is essential if we are to move forward together and secure a new era of prosperity.

Past years have been characterised by existential challenges for us. Our resilience has made us stronger.

Now is the time to take the next steps with clarity and purpose. Malta Vision 2050 gives us a direction that is ambitious, yet achievable, a future where quality of life, opportunity, and sustainability define our success. It is time to move confidently towards the Malta of the future.



"We are shaping a vision that prioritises quality of life for all our citizens. This means not only addressing immediate challenges but also anticipating the needs of future generations."

Dr Robert Abela,
Prime Minister of Malta



A NEW CHAPTER FOR MALTA

COMPETITIVENESS, INTEGRITY & GROWTH

Dr Alex Borg, Leader of the Opposition

For over a decade, Malta has experienced remarkable economic growth. Our GDP has surged, unemployment has remained among the lowest in Europe, and sectors such as financial services, gaming, tourism, and technology have expanded significantly.

Yet, as we look closely at the state of our nation in 2025, the hard truth emerges: our current model is no longer sustainable. Population growth, spiralling housing costs, infrastructure pressures, and skills shortages are eroding the very competitiveness that once set Malta apart.

This is not a moment for complacency. It is a moment for leadership and vision.

As the new Leader of the Opposition, I take on this responsibility with humility and determination. From my first day in this role, I made one thing clear: Malta deserves better. Malta needs renewal, grounded in good governance, economic resilience, and a quality of life that rewards the hard work of its people.

“The business community has been consistent in its message: Malta’s competitiveness must be safeguarded through long-term, strategic investment in skills, infrastructure, and innovation.”

Competitiveness at the Core

The business community has been consistent in its message: Malta’s competitiveness must be safeguarded through long-term, strategic investment in skills, infrastructure, and innovation. I could not agree more.

Our vision places productivity and innovation at the heart of growth. By modernising education and training, streamlining recognition of for-

eign qualifications, and investing in research and technology transfer, we can ensure that Maltese businesses remain globally competitive while creating quality careers at home.

Planning for Growth, Not Gridlock

Businesses and citizens alike are frustrated by planning bottlenecks, inadequate infrastructure, and rising costs of living. The time has come for a holistic reform of the planning system, a modern framework that balances development with sustainability and ensures that infrastructure and housing keep pace with population realities.

Housing affordability is not just a social issue; it is an economic one. If skilled workers cannot afford to live in Malta, our competitiveness will suffer. A new government under my leadership would prioritise affordable housing supply, enforce rental standards, and ensure that development aligns with infrastructure investment.

Restoring Integrity as an Economic Asset

It is no secret that Malta’s reputation has been tested in recent years. The period of FATF grey-listing was a painful reminder that governance and transparency are not optional, they are essential for our economy.

Today, we must see integrity and the rule of law not as burdens, but as strategic assets that attract foreign direct investment and strengthen our standing within the European Union.

The Opposition under my leadership will continue to hold government accountable while advancing concrete proposals to improve procurement practices, strengthen the judiciary, and ensure independent regulation.

Investors, entrepreneurs, and households all need the confidence that Malta operates under rules that are fair, transparent, and consistently applied.

A Partnership with Business and Society

No political programme can succeed in isolation. Malta’s renewal requires a genuine partnership between Government, the business community, and civil society.

The Malta Chamber has long been a constructive voice in this dialogue, and I am committed to deepening collaboration so that policies reflect not only political priorities but also the lived realities of employers, workers, and families.

The coming six to 12 months will be decisive. The choices we make today will determine whether Malta continues as a resilient but overstretched economy, or whether we seize this opportunity to build a higher-value, more sustainable model.

The Way Forward

My vision for Malta is clear:

A competitive economy built on skills, productivity, and innovation.

A fair society where housing and cost of living are addressed with urgency.

A credible state that restores integrity as a driver of investment and growth.

A sustainable future where planning and infrastructure reforms keep pace with ambition.

Malta’s people are ambitious, resilient, and resourceful. Our businesses are innovative and outward-looking. What has been missing is the political leadership to turn challenges into opportunities with courage and clarity.

As Leader of the Opposition, I pledge to provide that leadership. And as Malta prepares for its next chapter, I invite every business leader, every worker, and every citizen to join me in building a country that competes, thrives, and inspires at home and abroad.

BUDGET 2026

UNDER ENVISION 2050



The Malta Chamber is presenting a focused selection of proposals that serve as priorities for immediate attention, categorised under the four pillars of Envision 2050.

The compartmentalisation of the proposals under Sustainable Economic Growth, Accessible Citizen-Centred Services, Resilient Country & Modern Education System, and Smart Land and Sea Usage, aim to ease adoption and execution by Government, both in terms of Budget 2026 and Envision 2050 milestones and deliverables.

1

PILLAR

SUSTAINABLE ECONOMIC GROWTH

With a focus on quality over quantity, prioritising high-value sectors such as financial services, aviation, gaming, and high-end manufacturing.

To achieve quality over quantity and be in a position to prioritise high-value sectors, Malta needs to enhance its competitiveness and take into consideration multiple other factors, such as addressing issues which effect the dimension of trade and high-value employment, as well as speeding up the uptake of digitalisation. Fiscal discipline is another area which is crucial.

COMPETITIVENESS

1. Level Playing Field

All economic operators should operate in a level playing field – this is a basic principle of fair competition. Government must address all the shortcomings and resultant gaps in our system which expose economic operators to an unlevel playing field. Ethical businesses are increasingly being disadvantaged compared to those that find ways to dodge their responsibilities, all while authorities are not enforcing all rules effectively.

2. Industrial Policy

The manufacturing industry cannot operate in a vacuum. It needs a **modern industrial policy** clearly outlining the country's priorities, objectives, institutional responsibilities, targeted support instruments and policies related to trade, regulation, innovation and technology, education and skill formation, as well as sustainable supply chains. **Transport links and the cost of transportation** need to be addressed – these are a remain major concerns for the local manufacturers, importers and exporters - **the lack of adequate transport links and the cost of transportation remain key contributors to the erosion of our competitiveness.**

3. International Logistics Hub in Malta

Malta needs a state-of-the-art International Logistics Hub, one which would seamlessly integrate air, sea and land transport, leveraging Malta's strategic location at the crossroads of major global trade routes. This can be done possibly through a Public-Private Partnership (PPP) model, under the Free Zone Act. This initiative would not only enhance Malta's role

in international trade, but it would also cultivate a new economic sector focused on high-value logistics and supply chain services. If done well, it could position Malta as a premier logistics gateway between Europe and North Africa. Our Logistics Hub proposal aligns with national development priorities and complements the planned expansion of the Freeport and the development of a dedicated air cargo terminal at the airport, as outlined in Envision 2050.

4. Corporate Tax

The current corporate tax system favours foreign companies, putting local firms at a competitive disadvantage. With a 35% rate – among Europe's highest – domestic businesses face reduced earnings and limited investment capacity that would stimulate the uptake of technology, increase productivity and lower negative impacts on the environment. **Lower taxes** coupled with **targeted incentives** for high-potential sectors (both foreign and local) would encourage innovation, attract more investment, and stimulate economic development. This initiative **would also help in attracting high value-added employment.** The Malta Chamber advocates for a fair tax structure **that supports compliant businesses and ensures a level playing field.** While it stands to logic that Foreign Direct Investment (FDI) needs to be given an attractive proposition; we need to ensure that we are attracting high value-added FDI which complements local business growth.

5. Digitalisation

Operators across multiple sectors are grappling with imported inflation, rising wage pressures, and stagnant productivity, often while relying on outdated manual processes, low-value service models and seasonal labour. Without targeted intervention, critical investments in transformation remain financially inaccessible. The Malta Chamber recommends **a 150% tax rebate for qualifying investments in digitalisation (e.g. automation, CRM, guest platforms), accessibility improvements and workforce training.** Additionally, we propose more focus on Cybersecurity Infrastructure. Whereas the current schemes do offer a degree of support, The Malta Chamber believes that the allocation in this regard should be bigger, higher and more outreaching, covers all company sizes (micro, small, medium and large). Support should range from **taking a snapshot of the status quo to understand what level of investment is required, to the setting up of protocols and response planning, penetration testing and infrastructure. This could take the form**

of a mix of tax credits, voucher schemes that cover 80% of the cost, and interest free loans backed by Malta Development Bank (MDB).

6. Mitigating the Impact of US Tariffs

Local electronics manufacturing firms are experiencing a significant drop in orders due to compounded pressures from US tariffs and project delays. Immediate, targeted government support is critical to avoid a shift to four-day weeks and potential job losses. We recommend an urgent conditional **support scheme tied to companies' commitment to upskilling, reskilling or automation.** This will cushion short-term impacts while enhancing long-term competitiveness. Eligibility should be based on pre-tariff profitability, with a clear understanding of the full spectrum of affected companies. This dual approach ensures both stability and strategic transformation of a sector vital to Malta's manufacturing ecosystem.

FISCAL DISCIPLINE

7. Public Debt

Over the past decade, Malta's economic growth consistently outpaced the interest rate on public debt, supporting debt sustainability, however, such favourable conditions are the exception rather than the norm. It is now prudent to prepare for a **normalisation in both growth and interest rate dynamics.** Over the past decade, the average annual rate of increase in Malta's GDP has been consistently higher than the average annual rate of increase in its public debt. This is primary reason why Malta's debt to GDP ratio has remained stable and well below the EU's 60% threshold, even though the total amount of debt has increased in most years. This trend was briefly disrupted during the COVID-19 pandemic when the public debt increased significantly while GDP growth slowed, but the long-term trend of strong economic growth relative to debt accumulation has been the dominant factor.

8. Capital Investment

This budget must prioritise **capital investment over recurrent expenditure.** Such a shift is essential to safeguard against unwarranted economic shocks and prevent a slowdown in consumer spending. For instance, compensation for public employees has surged by 47% between 2019 and 2024, while Intermediate Consumption has risen by 76% in the same period. Yet, these increases, largely driven by salaries and **Government public propaganda, have not translated into higher productivity and efficiency.**

9. Leaner Public Sector which is more responsive

While it is understandable that the **public sector** needs personnel at specific levels, there is a very costly overstaffing problem in various government agencies and organisations. Government is also actively poaching human resources from the private sector. A **comprehensive review of job roles and responsibilities** within all government ministries, entities and departments can easily generate savings as it would identify areas of duplication, streamline processes and eliminate unnecessary bureaucratic layers, as well as capture overstaffing. An independent audit study needs to be commissioned for this and, through incentive programmes encourage surplus personnel to be seconded to the private sector. A job with Government cannot continue to be perceived as a cushy job for life.

It is also equally important to revisit inconvenient **public sector half-day schedules** and introduce **shift work to provide continuous service,** ensuring businesses receive timely support without disruption.

10. Fragmentation

Whereas there has been some improvement on this front, there is still a lot to be done. Addressing fragmentation within departments, agencies, authorities and Ministries will avoid duplication of efforts, and eliminate excessive waiting times, overall diminishing superfluous bureaucracy and increasing productivity. This requires (i) replacing messy government services user interfaces and opting for clean integrated user interfaces, (ii) simplifying very complicated procedures and (iii) addressing the frustratingly slow resolution of issues. Examples:

- Automate **customer care and verification** levels where possible.
- A faster adoption of the **'One-Time-Only' principle.**
- Government should implement a real-time status tracking technology that provides applicants with **relevant and timely updates on their requests** across all entities. This would significantly improve transparency, efficiency, and user experience while **reducing unnecessary follow-ups and delays.** The system would be multipurposed and should be **rolled out across key authorities and agencies,** including Lands Authority, INDIS, Malta Enterprise, Identità, Jobsplus, DIER, WSC, REWS, and ARMS.
- Accelerate the process of **rebates and disbursements** for successful beneficiaries.

11. Consolidation

Consolidation increases clarity, efficiency and transparency. The Malta Chamber has long been advocating for an **INDIS reform to address and solve persistent inefficiencies, contract expiries, irregularities and regulatory confusion. Coordination and cohesion among authorities** such as Malta Enterprise (ME), INDIS, Lands Authority, Planning Authority, Building and Construction Authority (BCA), Transport Malta (TM), Occupational Health and Safety Authority (OHSA), Civil Protection (CPD) and Commission for the Rights of People with Disability (CRPD) must drastically improve. **The Malta Industrial Parks**

(now **INDIS**) **Act** and corresponding legal notices and subsidiary legislation **must be consulted upon adequately before enactment – the same applies to the Malta Enterprise Act**. Consolidation is particularly required with respect to **INDIS** and **Malta Enterprise**.

12. Public Procurement

The Malta Chamber has been advocating for a **Public Procurement Reform** since 2020. These are some of our proposals:

- a) **Publication of a publicly accessible public procurement outlook** for all government entities and departments, at least **six months in advance** to help bidders plan and tender with the best solutions, products and services.
- b) Setting up a **publicly accessible and easy to use Public Contracts Register** for all public contracts issued by contracting authorities,

including direct orders, which, apart from the current public information, would include the specific **milestones and deliverables** to be reached by the contractor and whether they have been reached, the **payments** made (when and how much), any **disputes** that may have been registered, any variations and their reason thereof as well as any **modifications/variations**.

- c) Introduction of a **whitelisting system** to ensure that all government entities engage with reliable and reputable suppliers. This should include financial stability, legal and financial compliance, quality certifications, performance history, adherence to ethical standards and capacity to meet government requirements. Concurrently, a **black-listing system** with clearly established criteria against defaulting contractors and defaulting service providers, should also be introduced.

SECTORS

13. Sustainable Tourism

A clear **national action plan is needed to define the type of tourists Malta aims to attract**, supported by effective regulation of short-term rentals and consistent enforcement, as well as a clear way forward on addressing oversupply in hospitality accommodation. Focused promotion of culture, gastronomy, natural assets and religious tourism can attract **higher-spending visitors**. This approach would deliver greater economic value while ensuring the sector's long-term sustainability and preserving Malta's attractiveness and liveability. The national action plan must also address boldly the off-peak season, including a clear path on how to attract well **established quality international symposiums/exhibitions to Malta during off peak months on an annual basis** to position Malta as the place-to-go to for these events thereby creating a niche that is currently underexploited.

14. Financial Services

The Malta Chamber welcomes progress on the **Centralised Due Diligence Repository** and **urges for swift implementation now that the award process has concluded**. We expect implementation to begin in 2026 (if not before), initially integrating Government entities and banks, and then extending access to licensed private service providers. This initiative, originally proposed by The Malta Chamber, will reduce duplication, enhance efficiency and improve compliance across sectors, contributing to a more competitive, secure and business-friendly environment for both local and international operators.

Moreover, to support Malta's financial ecosystem, the Government should establish a **Credit Review Office** which will help in streamlining sector-informed banking processes. **FIAU should provide clear guidelines enabling banks to accurately assess their AML obligations in the context of specialised sectors like tech, aviation, virtual assets, yachting and gaming firms among others**. Such will ensure a better understanding on how the **legal obligations would be adhered to within the sector-specific business nexus**. The Malta Chamber reiterates that a risk-based, case-by-case **banking approach** should replace blanket sectorial restrictions. Furthermore, **grant schemes should be made more accessible** by addressing, where possible, restrictive de minimis rules and overly bureaucratic shareholding requirements that currently discourage uptake and prevent otherwise eligible businesses from applying. In parallel, **digitalisation support measures**, such as **should be expanded and sustained**.

15. Aviation

While Government launched a strong vision for the aviation sector over two years ago, this now needs to be firmly linked to the Envision 2050 Action Plan for it to be truly materialised beyond rhetoric, with aviation positioned as a key growth sector. Priority should also be given to developing infrastructure, including facilities for business aviation and aviation cargo. Government's recognition of **aircraft leasing** as a strategic growth area in two consecutive budgets is commendable, however, its success depends not only on regulatory agility but also on strengthening the financial and operational ecosystem. This includes improving access to specialist financing and aligning tax and legal frameworks with global leasing hubs.

For the aviation sector to continue growing organically, it must have adequate resourcing both from the human resources aspect and the financial aspect. Specialised and expert staff, at all levels, is required to be able to stay ahead of other competing jurisdictions. Equally important is ensuring that a **coordinated governance model, led by the Transport Ministry, should be established** to bring together key players: Economy and Enterprise, Finance, Education and Employment. This **hub should steer strategic decisions, especially in MRO training, early-stage aviation skills and ESG transition**. As EU sustainability requirements grow, Malta must advocate for proportionate, commercially viable compliance pathways to preserve competitiveness as a peripheral island state and attract quality operators. **Aviation deserves its due importance**, nationally and internationally if we really mean to achieve what is aspired to within **Envision 2050**.

16. Virtual Assets and Gaming

It is important to further strengthen Malta's virtual assets and gaming sector while **maintaining a risk-based approach** that provides **clear regulatory guidance and operational support**, particularly in AML compliance and access to sector-specific financial services. Efforts should focus on attracting reputable FinTech and virtual asset operators. However, to achieve this, greater clarity is needed on regulatory obligations, with a stronger emphasis on **maximising Malta's first-mover advantage potential** and reducing the reliance on regulatory referrals to European Securities and Markets Authority (ESMA) for interpretation. Such measures will reinforce **Malta's position as a competitive and credible jurisdiction**, with a relatively strong regulator - as affirmed by the ESMA - while ensuring full compliance with international standards.

2

PILLAR

ACCESSIBLE CITIZEN-CENTRED SERVICES

Aimed at strengthening social inclusion, healthcare, and mobility.

In our rapidly changing society, the importance of accessible and citizen-centred services cannot be overstated. It is essential that everyone, regardless of their background or abilities, has the opportunity to fully engage with and benefit from the community. This section outlines several proposals aimed at ensuring better order, safer and well-maintained localities, an improved justice system, as well as enhanced mental health, healthcare, elderly care, and mobility.

PROPER ENFORCEMENT OF LAWS AND REGULATIONS

17. Proactive as Against Reactive Enforcement

Government departments and entities, as well as their respective enforcement units need to co-ordinate their efforts through the better use of resources (human resource, finance and information). This budget needs to ensure that government departments and entities are properly equipped to carry out proactive, co-ordinated and unselective enforcement at all levels – **preventive monitoring and enforcement** is more out-reaching and fairer than reactive enforcement.

18. Justice System

The European Commission's July 2025 Rule of Law report steps up pressure on Malta to improve its **justice system**. This requires **accelerating the full digitalisation of our law courts, increasing judicial and court**

efficiency, streamlining inter-authority interactions and introducing specialised, **well-resourced commercial courts** to enhance effectiveness and uphold the rule of law.

19. Clientelism

Practices propagating a culture of clientelism that increase inefficiency and lack of transparency need to stop. The longer we allow things to slip, the worse the repercussions and the cost of repairing them will be. The Malta Chamber expects government **to put in the required investment to carry out the necessary reviews and changes required**. There should be a zero-tolerance policy for any kind of abuse that is facilitated by those entrusted with political or administrative responsibility.

LIVEABLE COMMUNITIES

22. Reinvestment in Localities

Malta should **invest back in every locality's product development a % of the VAT generated by that particular locality as well as the eco-contributions** – this will help to mitigate the significant disparity in MTA's spending, which heavily favours marketing over tangible investment in infrastructure and amenities. **By reinvesting locally generated revenue back into the community we would be ensuring a fairer distribution of resources, supporting long-term destination quality across all localities, and a better quality of life to our citizens.**

23. Accessibility

A **clear plan for tables and chairs** which prevents kneejerk reactions and does not allow room for interpretation, basing it on clear criteria which depends on location, kitchen size and indoor seating amongst other criteria, while ensuring unobstructed passage to passersby and disabled

persons, is required across Malta (and not only in selected localities). The plan must also ensure continuous access to emergency vehicles. Health and safety requirements must be upheld at all times. **Enforcement must be coordinated across Lands Authority, Police, LESA, and MTA, using technology and intelligence that facilitates monitoring.**

24. Maintenance and Cleanliness

A plan for the systematic and regular proper maintenance and cleansing of all public areas is required as this will **boost local commerce, encourage more social interaction and ensure accessibility for all ages and abilities**. Additionally, **well-maintained public areas tend to have lower crime rates** as they are more likely to be actively used and monitored.

MENTAL WELLBEING

20. Support for Employers and Employees

Reflecting on the findings of The Malta Chamber's 2025 study and recent event, The Malta Chamber urges dedicated budget support to enhance mental well-being for employers and employees. Rising mental health concerns impact productivity, absenteeism and overall workplace morale. Effective financial support for mental health awareness, management

training and accessible professional support services are therefore required. Additionally, investment in confidential digital platforms will facilitate timely assistance and reduce stigma. By prioritising mental wellbeing, the Government can foster healthier, more resilient workplaces, driving economic growth and social stability.

HEALTHCARE

25. A seamless digital health experience for patients

Citizens should not have to navigate different systems when managing their health. By **fully integrating electronic health records across both public and private providers**, patients will benefit from safer and more coordinated care. A **nationwide electronic prescription system** would reduce mistakes, improve medication safety, and make it easier for people to collect their medicines. **Joined-up digital systems would also help ensure essential medicines and equipment are available when needed, avoiding shortages that directly affect patients.**

26. Faster and fairer access to new treatments

Modernise the national healthcare formulary and inventory system to **improve access to innovative medicines and diagnostics**. The Malta Chamber welcomes the government's initiative to relieve the Malta Community

Chest Fund from its financing role in this area and proposes allocating 0.25% of Malta's GDP to establish a National Fund in this regard whilst enabling timely access to approved novel therapies.

27. Fast-tracking elderly patients from care homes at the Emergency Department

Older citizens living in care homes are among the most vulnerable members of our community, and their experience in the Emergency Department must reflect dignity and respect. The Malta Chamber recommends introducing a fast-track process for elderly patients arriving from care homes. This would mean that on arrival, residents are promptly seen at the triage area, avoiding long waits in distressing and uncomfortable conditions.

LOW-INCOME EARNERS

21. Tax Refunds

Incorporate any planned tax refunds by cheque into the revised tax bands to eliminate the administrative burden of the issue of these cheques

and to **improve the monthly take-home-pay of people in employment**. Additionally, **COLA should not be taxed**.

3

PILLAR

RESILIENT COUNTRY & MODERN EDUCATION SYSTEM

Ensuring that Malta can adapt to future shocks through investment in human capital, energy resilience, and environmental stewardship.

In order to have a resilient country and a modern education system that is easily adaptable to future shocks, education and environmentally sustainable practices must be prioritised.

Malta needs to enhance the skills and capabilities of its workforce. Energy resilience initiatives will help secure a stable and sustainable energy supply, while environmental stewardship efforts will promote the implementation of sustainable practices that ensure the long-term health and vitality of the environment.

ENERGY, NATURAL RESOURCES & WASTE

28. Energy Investment Plan

Whilst acknowledging that the number of power cuts during the current summer months has decreased significantly when compared to last year's, it is crucial to keep investing in a timely maintained **Energy Investment Plan** which builds on infrastructure as against quick fixes. This plan should be developed in consultation with the private sector, with clear milestones and deliverables based on realistic growth projections and the available skills. Investment in the distribution network must be sufficient not only to address current needs but also to meet the **increased demand and greater dependency on electricity** expected in the years ahead, ensuring capacity for the next three

decades calculated on the country's requirements in line with Envision 2050. The plan must ensure that:

- It supports a wider **renewable energy generation and distribution**.
- It addresses the **liberalisation** of the energy distribution. The plan must be reviewed annually and updated technically and financially as needed. Furthermore, **options should be widened** beyond the current focus on just two interconnectors. Solutions should also consider energy conservation measures and **explore a connection to North Africa**, with potential for selling energy at a premium price.

29. Energy Subsidies

In line with the Central Bank of Malta's 2025 Discussion Paper (DP/04/2025), which highlights the long-term fiscal and environmental risks of untargeted energy subsidies, The Malta Chamber recommends the **gradual phasing out of such energy subsidies**. A **minimum six-month advance notice** should be given to mitigate disruption, discourage excessive consumption and incentivise renewable energy uptake. This should be supported by:

- A **nationwide campaign on climate change and the water-energy nexus**, raising awareness among businesses and citizens about the true cost of energy.
- Utility bills that **display** carbon emissions and consumption trends (monthly/yearly), in both units and percentage terms to encourage responsible use.
- Free access to **real-time consumption data via a Smart Grid metering app**, enabling users to monitor and manage their energy use effectively.

30. Rainwater

Recognising the untapped potential of rainwater to reduce pressure on Malta's water supply and support sustainable water management, The Malta Chamber recommends targeted incentive schemes. These should be designed to maximise storage, reuse, and efficiency across sectors, and include:

- Storage and use of rainwater in **industrial estates**.
- Treatment and reuse of grey water in the **hospitality industry**.
- Investments in technology to improve **irrigation** efficiency in agriculture, public and private landscaping.
- Rainwater harvesting from **domestic** structures for use as secondary water.
- Reduction of water uses through **consumer** behavioural changes.

30. Renewable Energy Grants

The Malta Chamber welcomes ongoing Government support for **renewable energy grants**, but highlights concern with the current first-come, first-served system, which often excludes eligible applicants. We propose shifting to an **'open rolling call' scheme**, allowing year-round submissions with periodic evaluations. This would ensure fairer access, better alignment with national energy goals and more effective fund utilisation. Such a system would strengthen uptake across sectors and support Malta's long-term climate targets.

31. PVs

A **well-designed feed-in tariff (FIT) for businesses should offer an improved return on investment** for installations on privately owned, privately leased commercial premises and those leased from INDIS. **With respect to INDIS, rental charges for the installation of Photo-Voltaic (PV) systems on its roof space should be removed**, while companies that do not invest in PVs on their industrial roofs should incur a charge. The FIT remit should also be **extended to include bi-directional electric vehicles and charging stations** capable of both drawing energy from the grid and supplying excess energy back to homes and businesses.



¹ "Electricity from renewable sources reaches 47% in 2024", source: Eurostat, ec.europa.eu

Whilst acknowledging Government's continued efforts to promote renewable energy systems as a key pillar in achieving Malta's environmental and sustainability goals, the **PV grant system** needs to be reshaped. The current "first-come, first-served" is leaving many eligible and willing applicants unable to benefit. This limitation undermines the broader objective of encouraging widespread adoption of renewable energy technologies. To address this, we strongly recommend transitioning to an **"open rolling call" scheme for renewable energy system grants**. Such a system would allow applicants to submit proposals throughout the year, ensuring more equitable access and efficient utilization of available funds. Periodic reviews of submitted applications would also enable better alignment with national energy priorities and ensure high-quality projects receive due consideration.

Malta's renewable energy uptake remains very low, with only 15.1% of the country's energy generated from renewables in 2024.¹

32. Planning Permits

With respect to new builds, preference should be given to those that meet **pre-set energy performance criteria**. This could be based on a Planning Authority scoring system which **supports fast-tracked permitted processes and a reduction in planning fees** for applications which are in line with the pre-set criteria.

This should be supplemented by:

- **Fiscal incentives** specifically designed to support green products/services.
- **Innovative financing options** such as Energy Performance Contracting.
- **Low tax rates for lessors** renting buildings having an energy performance higher than the minimum required.
- **Higher support and no stamp duty for first time buyers** buying property having an energy performance higher than the minimum required.
- **Reduction in capital gains / final withholding tax for developers** using sustainable construction materials.
- **Zero % VAT rate on PV systems and their installation** to promote more solar PV take-up.

The Malta Chamber acknowledges the Buildings and Construction Authority's (BCA) **updated Minimum Energy Performance Requirements** as a step forward for sustainable construction. The mandated standards for the building envelope, technical systems, solar PV integration and Energy Performance Certificates improve energy efficiency, however, The Malta Chamber expects **more ambitious, future-proof measures, as outlined in this proposal**, to effectively meet Malta's long-term environmental goals.

33. Waste Collection

The introduction of **barcoded waste bags** to enable traceable household waste disposal, should be encouraged. This would facilitate enforcement, encourage more sorting at source, improve recycling quality and deter non-compliant behaviour. Equally important is the enforcement of **mandatory garbage collection solutions** for all new multi-unit developments, including garbage rooms proportional to projected occupancy and use.

INVESTMENT IN HUMAN CAPITAL

34. High Value-Added Employment

The Malta Chamber is proposing the introduction of targeted **tax exemptions for a period of five years to attract highly qualified Maltese nationals currently working and residing abroad to return to Malta**. This measure would help address local skills gaps, strengthen the talent pool in key sectors and reverse brain drain by incentivising the reintegration of experienced professionals into the domestic economy.

35. Bringing together Business and Academia

It is important to encourage inquisitive minds within our academic institutions, industry and broader society, to working together to develop new technologies with a high commercialisation potential. This can be achieved by:

- Scaling up the **public expenditure on RD&I closer to 2% of GDP from the current low 0.6% and by increasing the current 150% tax deduction of R&I expenditure of companies to 200%.**
- **Short placements for secondary school students in manufacturing and tech-based companies**, to cultivate a STEM mindset as well as to expose students to the real-world application of STEM and effective communication principles, as this will help cultivate a pool of young people who are inclined to pursue careers in research and innovation.

- Promote **interest in technology from an early age** by introducing a new core subject that includes computation thinking, coding and robotics at primary school level to develop digital skills at par with traditional core subjects.
- Revisit the **funding eligibility criteria and application success criteria to emphasise productivity and how digitalisation can help to decrease workforce dependence.**

36. Trades

The Malta Chamber is proposing the introduction of a **Trade Skills Visa & Education Scheme vocational mobility package designed to attract international students in trades** (e.g. in carpentry, welding etc) to study in Malta while learning English and benefiting from subsidised renting accommodation rates. Participants gain work placements with vetted local employers. This scheme would help address Malta's skilled labour shortage and drain in trades and would position Malta as an attractive destination for trade-focused education. High-performing students may also be offered extended stay visa stay opportunities tied to longer term residency permits. The scheme should **supplement the launch of a new Institute for the Trades at MCAST** in October 2025.

4 PILLAR

SMART LAND & SEA USAGE

Promoting efficient spatial planning and conservation of natural resources for long-term ecological balance.

Achieving long-term ecological balance is imperative for both present and future generations. We must embark on responsible stewardship of our planet's resources and direct our efforts to harmonise development with nature, fostering a healthier and more sustainable world.

SPATIAL PLANNING

37. Strategic Plan for Environment & Development (SPED)

Despite repeated assurances from the authorities, the long-promised SPED review has not materialised yet. SPED 2015 was due for review in 2020. Five years later, this essential process is still pending. This budget must ensure that there is the necessary budget allocation to review it without any further delay. This must be done **in tandem with a comprehensive review of all planning policies** to ensure that (i) all policies are aligned with the revised SPED, (ii) all policies are clear and unambiguous, leaving no room for a 'pick and choose' approach, and (iii) it is unequivocally determined which planning policies take precedence over others to prevent abuse, misinterpretation and misapplication of policies.

38. Incomplete Developments

New developments should be completed within the validity period of the permit, typically five years. If the project remains unfinished beyond this timeframe, financial disincentives should be introduced and gradually increased over time. Should the building remain incomplete, the state would assume possession/use under a proposed 'Derelict Redemption Act'. This would **allow the property to be repurposed for public use within five years, ensuring idle and unsightly developments are transformed into community assets.**

39. UCA Properties

The Malta Chamber is proposing the introduction of **interest-free renovation loans for UCA properties** through dedicated funding. This scheme would incentivise property owners to invest in renovations and improvements leading to enhanced property values, better living conditions, and overall revitalisation of the area. Additionally, the interest-free renovation loans would make it more affordable for property owners to undertake necessary upgrades, thereby promoting economic activity and potentially attracting more residents and businesses to the area.

40. Non-UCA Properties

The Malta Chamber is recommending the introduction of a **'Heritage Restoration Exemption' category for non-UCA stone-feature homes, granting UCA-equivalent incentives while limiting demolition** to safeguard Malta's built heritage beyond current zoning limits. This scheme would help preserve not only the architectural heritage but also increase appreciation of the Maltese stone, giving an overall aesthetic uniqueness to our country.

LAND TRANSPORT

41. E-Mobility Wallet

The Malta Chamber has long been pushing for the introduction of an **e-mobility wallet** with government allocating an annual amount to every e-wallet to be used for various environmentally sustainable or shared transportation options (by land and sea), coupled with the introduction of **parking fees** in central urban areas with fees paid being transferred into an e-mobility wallet for use of sustainable means of transport. This initiative, coupled with other proposals such as **attaching car license fees to usage, restricting certain congesting activities during peak hours and incentives for night shifts and pooling delivery fleets** would help ease congestion on our roads.

42. Incentives for Green Vehicles

The Malta Chamber proposes **revisiting the tax fringe benefits legislation by widening the maximum investment value per vehicle to reflect today's costs, particularly of electric vehicles**. In addition, The Malta Chamber also proposes **implementing an incentive tax credit for the purchase/lease of electric cars equivalent to 100% of the annual lease payment and the initial investment capital outlay required for the charging stations** (taking into consideration the criteria set out under state aid, de minimis and applicable regulations) – these initiatives should be applicable to all businesses, irrespective of their size, and include also large businesses.

43. Permits for Various Activities

The introduction of a **centrally managed permitting system**, which effectively plans and controls the issue of permits for concurrent activities in the same region, especially during traffic peak hours, is crucial. It is important to clarify that this system needs to have a **broad digital coordinating platform**, onboarding amongst others; Transport Malta, Infrastructure Malta, WSC, BCA, the Occupational Health and Safety Authority (OHSA), local councils and telecom service providers. This would avoid uncoordinated road closures which lead to frustration, waste of time, road rage and higher emissions.

44. Public Transport to and from Industrial Estates

Building on the meaningful collaboration already underway between Transport Malta and The Malta Chamber – which has led to tangible improvements in public transport routes in San Ġwann and Marsa – **should now be sustained and extended to the other industrial estates**. Priority must be given to improving public transport access to (i) cater for all key routes, (ii) cover all shifts and (iii) ensure better access to factory locations, particularly at night.

SEA TRANSPORT

45. Port Operations

Following the European Commission referral to ECJ for 'not correctly applying EU law in relation to port workers', decisive reform is due. A service agreement should be introduced to improve efficiency and competitiveness for businesses, whilst ensuring that workers' conditions are good.

46. Ro-Ro operations at Valletta Port

The €65 million Ras Hanżir quay project, announced in 2020, must be prioritised to enhance Ro-Ro handling and ensure port operations effectively serve industry and the domestic market.

Malta Enterprise Schemes



Entrepreneurship Route

1. Business Start Scheme

Providing early seed financing to small startups that have promising and innovative business concepts. Businesses in eligible sectors may receive a cash grant of up to €10,000 to help them refine their business proposals and prepare for subsequent funding.

2. Start-Up Finance Scheme

Supporting small, early-stage startups with a viable and scalable business concept. Eligible companies can benefit from a repayable advance starting from €500,000, with higher amounts available for innovative ventures. Funding may cover payroll, equipment, materials, technical services, and costs to establish operations in Malta.



Sustainability Route

1. Smart and Sustainable Scheme

Empowering companies to invest in sustainable and digital upgrades, keeping competitiveness and reducing environmental impact. Licensed commercial premises can receive a cash grant covering up to 50% of eligible investment costs, capped at €100,000 per project.

2. Green Mobility Scheme

Helping businesses that are transitioning their transportation fleets to electrical or hydrogen powered. Businesses may receive support as grants or tax credits when investing in charging infrastructure, and when leasing clean or zero-emission vehicles over ICE vehicles.

3. Business Development Scheme

Offering targeted support to enterprises implementing projects to improve environmental protection and performance. Applicants may receive support through tax credits or cash grants covering up to 75% of the approved project cost.





Research & Innovation Route

1. Innovate - Innovation Aid for SMEs

Small and medium-sized enterprises receive assistance to boost their innovation. Eligible SMEs can receive cash grants covering up to 50% of eligible costs (up to €250,000) linked to secondment of highly qualified personnel and access to innovation advisory and services.

2. Exploring Research Grant

A scheme focusing on supporting businesses to conduct R&D feasibility studies to help identify risks before any research projects are started. A cash grant up to €100,000, covering 50% (large firms), 60% (medium), or 70% (small firms) may be awarded.

3. Research & Development Scheme

Supporting industrial research and experimental development for projects that focus on scientific or technological uncertainties to drive innovation. Aid from this scheme is awarded as cash grants, tax credits, or a combination of both.



Growth Route

1. Invest Scheme

Supporting initial investment projects aimed at growing Malta's industrial regional development through setting up of new establishments, expanding capacity, diversifying operations and processes, or taking over closed-down establishments. The scheme offers a mix of cash grants, tax credits, interest rate subsidies, and (for SMEs) loan guarantees.

2. Business Development Scheme

Providing support to startups, business expansions, innovative projects, digital transformation, environmental actions, and more. Projects that are eligible may receive cash grants and/or tax credits of up to €300,000 per single undertaking over a rolling 3-year period, covering up to 75% of eligible costs.

3. Skills Development Scheme

Focusing on helping businesses grow their workforce through structured and tailored upskilling and reskilling initiatives. This scheme may cover eligible wage and training costs through tax credits or cash grants. Aid is capped at different levels depending on enterprise size.



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GOVERNMENT OF MALTA
MINISTRY FOR JUSTICE
AND REFORM OF THE CONSTRUCTION SECTOR

A COMMERCIAL COURT FOR MALTA A MILESTONE IN JUDICIAL REFORM

Jonathan Attard,

Minister for Justice and Reform of the Construction Sector



Judicial reform has long been a cornerstone of Malta's political and institutional agenda. While progress has varied over the decades, the need to enhance the efficiency, fairness, and credibility of the justice system remains a constant priority.

A well-functioning judiciary is not only essential for upholding the rule of law, it is also a critical enabler of economic growth, investor confidence, and international competitiveness.

A Historical Perspective

Malta's commercial legal tradition dates back centuries, with the earliest forms of commercial jurisdiction traceable to the Consolato del Mare under the Knights of St. John.

A formal Commercial Court was established in 1814 during the early British period, reflecting the recognition of the need for a specialised forum to adjudicate commercial disputes.

However, this dedicated court was abolished in 1995 through Act XXIV, which merged civil and commercial jurisdictions into a single civil court. The reform aimed to streamline judicial processes and reduce procedural formalism, but it also eliminated a key pillar of specialisation in commercial adjudication.

The Case for Specialisation

Over time, the complexity and volume of commercial activity in Malta have grown significantly. This evolution has underscored the limitations of a one-size-fits-all civil court system.

The absence of a specialised Commercial Court has been a recurring point of criticism in international business and legal circles, particularly in relation to

judicial efficiency and predictability, two factors that directly impact Malta's attractiveness as a business hub.

In response, a Commercial Section was introduced within the Civil Court in 2018.

While this was a step in the right direction, it was not a substitute for a fully-fledged Commercial Court with its own structure, procedures, and judicial expertise.

A New Era for Commercial Justice

Today, Malta stands on the threshold of a transformative development. Bill 133, currently at Committee stage in Parliament, proposes the formal establishment of a distinct Commercial Court.

"The proposed court will be equipped to handle complex domestic and cross-border cases in areas such as competition law, consumer protection, maritime and aviation disputes, insolvency, and intellectual property."

This initiative is not about reverting to the past, but about building a modern, specialised institution that meets the demands of today's business environment.

The proposed court will be equipped to handle complex domestic and cross-border cases in areas such as competition law, consumer protection,

maritime and aviation disputes, insolvency, and intellectual property.

It is designed to deliver timely, expert judgments that are enforceable both locally and internationally, an essential feature for businesses operating in a globalised economy.

A Dedicated Home for the Commercial Court

A major step forward was taken when the government announced that the building on Melita Street, at the corner of Triq id-Dejqa in Valletta, was officially transferred from the Lands Authority to the Court Services Agency.

This building will house the new Commercial Court, marking a concrete move toward its operationalisation.

This development signals the government's commitment to providing the institutional infrastructure necessary for the court's success. It also reflects a broader vision of judicial reform that supports economic resilience and legal certainty.

Looking Ahead

Judicial reform is a multifaceted endeavour, encompassing everything from small claims and administrative justice to human rights and criminal law. Within this broader framework, the establishment of a Commercial Court represents a strategic investment in Malta's economic future.

For the business community, this is a welcome and long-awaited development. A specialised Commercial Court will not only enhance the resolution of disputes but also reinforce Malta's reputation as a reliable and efficient jurisdiction for doing business.



Nollaig Mac An Bhaird,
Headmaster, St Edward's College



ST EDWARD'S COLLEGE REIMAGINED FOR A NEW GENERATION **TRADITION MEETS TOMORROW**

For just under a century, St Edward's College has stood as a pillar of academic excellence and character formation in Malta. Nestled within the historic walls of the Cottonera Lines and what was once a military hospital in Birgu, the college has cultivated generations of leaders, thinkers, and changemakers to the inspiring motto of 'Virtus et Honor'.

"We refer to it often, not out of habit, but because it reflects the sort of young people we hope to send out into the world. Academic results matter, but the students' character, their ethics and integrity matter more," smiles Analise Cioffi, Bursar at the College.

Today, as the world evolves, so too does St Edward's - embracing a bold new chapter that blends tradition with transformation, underpinned by character formation and a forward-thinking educational philosophy.

The College's mission is clear: to provide a holistic education that nurtures academic excellence, personal integrity, and a sense of global responsibility.

"The college's transformation into a co-ed institution with cutting-edge facilities signals a clear message: St Edward's is ready for the future - and ready to lead it."

Analise Cioffi,
Bursar, St Edward's College



The most recent and significant shift has been the transition to a co-educational model, welcoming girls into its classrooms and community.

"This move is more than a structural change - it's a reflection of the college's commitment to inclusivity, equality, and preparing students for the collaborative realities of the modern world," stressed Nollaig Mac An Bhaird, Headmaster at St Edward's College.

By fostering a learning environment where boys and girls grow, learn, and lead together, St Edward's is shaping a generation that values diversity and mutual respect.

"The college's transformation into a co-ed institution with cutting-edge facilities signals a clear message: St Edward's is ready for the future - and ready to lead it," added the Headmaster.

This evolution is being matched by a series of strategic upgrades to the college's facilities and educational offerings.

"Our buildings carry history, and with that comes responsibility. In each case, we try to

choose materials and solutions that support long-term sustainability rather than short-term convenience," explained Ms Cioffi.

From state-of-the-art science labs and smart classrooms to revitalised outdoor spaces and enhanced sports facilities, every corner of the campus is being reimagined to support 21st-century learning.

"The physical setting of the College is one of its great advantages. Our large campus is frequently used for teaching. A lesson held outdoors changes the atmosphere immediately," observed Ms Cioffi.

These investments are designed to improve the student experience and align with contemporary global educational standards and the College's vision for future-ready citizens.

At the heart of this vision is the College's pedagogical approach: Think – Understand – Learn. This model encourages students to engage deeply with content, develop critical thinking skills, and apply knowledge meaningfully - preparing them not just for exams, but for life.

St Edward's College is also deepening its ties with the business and innovation community.

"Technology is another area that requires ongoing attention. Chalk and talk is a thing of the past. To keep pace, we review equipment and systems regularly," said Ms Cioffi.

"We look at what genuinely supports learning rather than adopting technology for its own sake. The aim is to provide staff and students with resources that are practical, well-integrated and reliable," added Mr Mac An Bhaird.

Through partnerships, career talks, and entrepreneurship initiatives, students are exposed to real-world challenges and opportunities. The college's International Baccalaureate programme continues to attract forward-thinking families who value critical thinking, global awareness, and academic rigour.

From finance to sport, from sciences to the arts, St Edward's alumni are at the forefront, demonstrating the enduring value of a holistic education rooted in values and vision.

As education becomes ever more globally interconnected, the Boarding School is an important element of the college, and at present 40 different nationalities call St Edward's their home.

"How can you help not being inclusive in such an international atmosphere?" smiled Headmaster Mac An Bhaird, clearly proud of these achievements.

With cultural norms as diverse as Germany, Singapore, Korea and the UAE, St Edward's College is proud to contribute to Malta's global journey by nurturing academically accomplished and ethically grounded young minds.

"We look at what genuinely supports learning rather than adopting technology for its own sake. The aim is to provide staff and students with resources that are practical, well-integrated and reliable."

As the gates of St Edward's open to the future, they remain anchored in the values that have defined the college for generations: excellence, integrity, and a deep respect for the individual.

It is a powerful reminder that while the world may change, the core mission of education at St Edward's - to inspire, empower, and uplift - remains timeless.





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FROM STABILITY TO COMPETITIVENESS A FUTURE FOR OUR CHILDREN

With real GDP expanding by 3.1% in the first half of 2025, outpacing the EU average by more than double, and projections for 2026 indicating growth of over 4%, our economic momentum is undeniable. But this favourable position isn't an excuse for populist promises; it's a mandate for responsible choices.

This year's Budget leverages this stability to make the necessary structural investments for our children's future, rather than taking short-term gambles.

This robust performance is not a strategy in itself; rather, it is the solid foundation that gives us the fiscal space and the responsibility to improve our economic model.

As our economy performs strongly, we are successful in creating jobs and growing our workforce. This success has created its own pressures: a tight labour market, rising wage demands, and strain on infrastructure.

These are the clear signals that our future economic growth must be built on a new foundation, one driven primarily by productivity, which means getting more economic value per employee, not just adding more employees. To secure the next phase of our development, thereby, we must evolve.

This Budget contributes to such structural shift. It is built on two pillars that address our two biggest challenges: our long-term demographics and our immediate productivity.

First, we are addressing our long-term demographics. An economy cannot function without a sustainable, long-term labour force. For the corporate world, this is not a social issue; it is a fundamental economic constraint.

Demographic trends are clear: fewer young people are entering the workforce to support a growing number of dependents. A shrinking domestic demographic pyramid means a shrinking future talent pool.

The tax reform for families is our primary structural response. By widening the 0% tax bracket for parents with two children to €37,000 by 2028, we are providing predictable and permanent support that starts to address the demographic realities that would otherwise constrain future growth.

Second, we are driving immediate productivity. While the family measures secure our long-term labour supply, our business incentives are designed to aggressively increase our capital investment.

The 60% investment tax credit, the 175% R&D deduction, and accelerated incentives for AI are not just costs; they are clear market signals. We are structurally changing the equation for businesses, making it more profitable to invest in technology, automation, and skills than to simply compete for scarce labour.

This is a deliberate policy aimed at increasing our economy's capital-to-labour ratio. It compels the shift from a labour-intensive to a capital-intensive model, which is the only way to increase the productive value of every single worker.

These two pillars are the core of our competitiveness strategy. They are bound together by social measures, such as the €10 weekly pension increase and expanded allowances.

Such expenditure provides the social stability and underpins the domestic demand that businesses need to invest with confidence. A society that feels secure is better equipped to navigate profound structural adjustments.

Finally, strategic capital investments in energy and digital infrastructure are key areas for our economy to develop. They are direct interventions aimed at lowering the cost of doing business, removing operational bottlenecks, and building a more resilient and efficient platform for our entire economy.

The choice in this budget is clear: to use our current stability to make these necessary structural adjustments, rather than postpone the inevitable. We are consolidating our finances, investing in our demographic future, and driving the shift toward a productive and competitive economy.

This is the only coherent path to secure a prosperous future for our children.



Clyde Caruana,
Minister of Finance

"An economy cannot function without a sustainable, long-term labour force. For the corporate world, this is not a social issue; it is a fundamental economic constraint."

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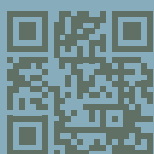
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MINISTRY FOR THE
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INVESTING IN A CLEANER, STRONGER MALTA

Miriam Dalli, Minister for the Environment, Energy and Public Cleanliness

"Our waste management system is making it possible to close landfills and other waste plants, like the one in Wied il-Ghajn - a €37 million investment to turn it into a new green park."

The Budget allocates €275 million to your Ministry for environment and energy projects. How will this funding be distributed across key areas such as renewable energy, green business support, and environmental protection?

The €275 million in capital investments allocated to the Ministry for the Environment, Energy, and Public Cleanliness demonstrate our commitment to a cleaner, stronger Malta, targeting four main areas: making the energy sector more resilient, making Malta greener, managing resources, and modernising infrastructure.

A significant amount will go towards our energy transition, including the second Interconnector, a €300 million project that will double Malta's energy security and facilitate further use of renewable energies.

We are also investing in our electricity distribution network, having already laid 178 kilometres of cables and built 196 new substations.

Another major share is being directed to projects that help the environment and deal with waste, especially through the Eco Hive complex. This includes new places for organic waste, skip waste, and hazardous waste, as well as plans for the Waste-to-Energy plant, which will meet about 4.5% of Malta's electricity needs and reduce the need for landfills.

Our waste management system is making it possible to close landfills and other waste plants, like the one in Wied il-Ghajn - a €37 million investment to turn it into a new green park.

We are investing heavily in green spaces and biodiversity. These projects are changing and opening up new open spaces, rehabilitating valleys, and planting a lot of trees.

We are advancing water security and efficiency through a long-term plan that goes until 2033. This plan includes adding 50% more reverse osmosis capacity, upgrading 60 km of water mains, and extending the New Water network to the South of Malta.

Malta's private sector has a pivotal role in achieving the country's long-term sustainability goals. What incentives or programmes within this Budget will help businesses transition to cleaner operations and invest in green innovation?

I highly value consultation, which leads me to hold several meetings with various stakeholders, including industry players and economic and social partners.

If I were to choose one key point among the many we agree upon, it would be the pivotal role that the private sector plays in achieving carbon neutrality. This Budget provides businesses with specific incentives to reduce their carbon footprint and modernise their operations.

Next year, we will allocate €17.68 million in incentives through the Regulator for Energy and Water Services (REWS) to assist households and businesses in adopting renewable energy systems, battery storage, and energy-saving measures.

These initiatives make it easier for businesses to switch to solar power, reduce their energy costs, and invest in technologies that benefit the environment.

The offshore renewable energy proposal also opens numerous opportunities for private investment. We have received significant interest in our Expression of Interest for a 300 MW floating wind project - next year, we will issue a call for environmental and oceanographic studies. This will be Malta's largest clean energy project ever, driven by private sector involvement.

Our waste strategy further supports sustainable business models, creating new avenues for recycling, waste valorisation, and the development of a circular economy.

The ongoing reform of environmental permits, based on clear 'polluter pays' principles, also guarantees that responsible operators can compete fairly and plan with confidence within a stable regulatory framework.

Most importantly, the stable environment we have provided to businesses - by maintaining energy prices amidst a turbulent international landscape - has enabled industries to invest further in green investments.

As Malta moves toward its 2050 carbon neutrality target, what major infrastructure or policy changes are being prioritised to accelerate this transition?

Malta is prioritising several important infrastructure and policy initiatives.

We have established the Climate Action Authority as a central organisation that leads environmental governance, provides policy direction, and oversees implementation. It is a stronger national monitoring system that ensures climate goals lead to tangible results.

The National Energy and Climate Plan (NECP) is a key part of this transition as it outlines Malta's long-term path towards sustainability. The budget presented confirms that the main NECP measures will continue, ensuring steady progress year after year.

Another major focus is investing in infrastructure. Malta is making headway on the second interconnector to enhance energy security and reduce reliance on carbon-intensive generation.

Significant developments include Enemalta's investments, the construction of the organic processing plant, progress on the Ecohive complex, and investing in wind energy. In addition, the opening of new parks such as Wied Inċita, White Rocks and Manoel Island - all contributing to lowering carbon emissions.

The government is also making substantial efforts to promote clean transport, while photovoltaic systems and energy efficiency upgrades are being implemented in public buildings to set an example for the wider community.



Engagement between stakeholders during 2-day programme held in Malta

TRANSPORT MALTA IS HITTING TWO IMPORTANT FIRSTS



Training by the EIB's Joint Assistance to Support Projects in European Regions (JASPERS) programme, and its first hackathon organised on the sides of the Startup Festival.

EIB's JASPERS training programme

JASPERS offers project advice and technical training free of charge to national, regional and local authorities, as well as other beneficiaries of EU funds, to ensure that projects are carried out to the highest social and environmental standards.

This enables beneficiaries to develop projects independently and thoroughly, taking into account a wide variety of factors and complexities, and increases their chances of receiving and deploying EU funding.

Within the European Union, JASPERS combines the policy expertise of the European Commission and the project experience of the EIB.

The programme is available to beneficiaries of the following EU grant funds; European Structural and Investment Funds (ESIF), including the Just Transition Fund (JTF), and the Connecting Europe Facility (CEF) funds.

Transport Malta proudly hosted this training, for the first time taking place in Malta, to various government officials, bringing together stakeholders eligible to apply for these funding mechanisms, operating within transport sector.

This two-day training programme sought to address the different knowledge baselines of the participants, who are engaged in different roles. Road safety and traffic engineers, traffic circulation planners and designers, transport policy makers were the focus of the cohort for this training.

However, the participants were not only transport-related but also coming from other sectors, such as representatives of the local councils' associations, entrepreneurs, funding schemes and investment specialists, and environment stakeholders.

Through this element, it was evident, that transport impacts our lives throughout, and therefore collaborations have to be multi-dimensional, cross sectoral and transversal as large as possible.

JASPERS assists towards different types of projects such as building sustainable transport, towards alternative energy reliance, enhancing the knowledge base and skills' pool in this sector.

Other related projects look into enhancing education, improving access to clean water and waste management, offer better healthcare, promote a circular economy, and support the green transition, in line with other EU's agenda and policy making.

The interest was high, and discussions remained engaged throughout. This signifies the interest from these stakeholders to work towards better transport systems, accessing EU funds whilst also taking the sector to a different dynamic.

This is also in line with Malta Vision 2050 as this seeks to elevate cross sectoral collaborations towards achievements and targets as emanated from the Vision.

Based on four pillars, the Vision aims to address sustainable economic growth, accessible centred services, resiliency and modern education system and the sustainable management of land and sea.

These four pillars clearly scream transport throughout, whether its locally based or servicing internationally, whether it's the land, air or sea, transport in Malta remains a growing and agile sector within the Maltese economy.

The training covered elements emanating from best practices when linking transport to other sectors, and how collaboration can be fostered.

In addition, the participants referred to gaps that must be addressed which would allow for a smoother application of the projects, as well as would enrich our resiliency both infrastructurally as a country, but also skills, exposure and EU funds adaption.

These two days shined a light towards better understanding and acceptance of different perspectives, as well the specific objectives, of the various parties involved.

It was evident that we need more exposure to such engagement as well to best practices from around the EU and beyond, and this knowledge baseline is to be taken into consideration for future courses.

The programme served as a good platform so that participants gain understanding of the mobility and connectivity ecosystem present in Malta, compare and analyse vis a vis the Member States' practised systems and beyond, and realise where we need to go.

The next steps, in achieving better transport, also in light of Malta Vision 2050, would have to delve deeper into the diverse pieces of the puzzle and enhance synchronisation among various elements of the ecosystem.

Disconnect to Connect; Transport Malta's first hackathon

Transport Malta, in collaboration with Malta Enterprise and Aġenzija Żgħażaġh, organised a hackathon focused on mobility as part of the Startup Festival Malta's Student Programme.

Startup Festival turned five this year, having started back in 2021, growing every year bringing entrepreneurs from all over the world.

It was therefore natural to join this initiative led by Malta Enterprise, to give transport another dimension: You can start a business within the transport sector!

Transport in Malta is mostly understood as owning ship vessels and aircraft carriers, requiring major investments. However, transport is taking a different spin going through the changes like every other economy.

The need for digital solutions, fast, reliable, accurate and customer friendly, is growing rapidly as the transport and logistics ecosystems rely on competitiveness.

Skills, and edtech are the present and the future. Interconnectivity brings cultures together, and this calls for more agile response.

We therefore wanted to pick the brains of the future generations. We called on students to participate and the turn out was fantastic. We hosted about 85 students from seven different public and private schools on our Island.

We asked for solutions. Solutions, which help us disconnect, so we can actually connect. Students were tasked with proposing futuristic, sustainable transport ideas for a future which would take us to Malta Vision 2050.

Disconnecting from our usual everyday transport reliance, so that we can connect with our environment and with each other. The students were asked to provide transport practices, within rules, such as no car usage is allowed Monday to Friday.

They pitched their solutions providing thoughtful insights on the application of various technologies to mobility and connectivity highlighting various benefits and taking the opportunity to explain what they would like to see happening in the future, by the time they are adults.



1. Second Runner-up is Knights College. 2. First Runner-up is San Gorg Preca College Secondary School 3. Startup Festival Hackathon Competition 2025 winners are St Ignatius College Handaq Secondary School

This first hackathon was organised by Transport Malta in collaboration with Malta Enterprise and Aġenzija Żgħażaġh. Students from St. Ignatius College Handaq Secondary School, won the hackathon by pitching sustainable transport ideas, and students from San Gorg Preca College Secondary School and Knights College were runners up.

Transport Malta is setting the stage towards the establishment of knowledge hubs. These hubs would assist the business transformation but also brings out the required reskilling opportunities to current and future employees.

The hackathon is not an event in silo, but will be back, and also taking different forms. Our role is

moving towards knowledge based societies, empowering the future generations.

Changing mindsets and habits are key. A sustainable economy is based on an inclusive platform of stakeholders, but also on an upcoming generation who is given space to develop ideas and being supported.

Our future rests on these ideas, a future which blends new technologies and new business solutions to enhance our current practices, towards resiliency and agility, connectivity and competitiveness.



WITH WIND IN OUR SAILS

Ian Borg,

*Deputy Prime Minister and Minister
for Foreign Affairs and Tourism*

The Budget has come but not quite gone. That's what a good budget does. When the furore subsides, it starts to kick in. Here are the key takeaways driving the two ministries I am entrusted with — tourism and foreign affairs.

Optimising our tourism targets

Our economic success in the tourism industry opens a rare opportunity — to focus more on sustainability, diversification, community engagement, and resilience. We now choose where to go to, not where we are constrained to be. The economic wind in our sails can take us to destinations we had only dreamt of.

One of the new ports of call will be the execution of our tourism policies in active and switched-on collaboration with local communities. For each community we are identifying the key challenges and potential solutions.

We are working to incentivise markets which have less undesired impacts on communities — history, gastronomy, conferences, sports and culture, among others. To back this shift with the required investment, we are increasing the daily eco-contribution per tourist from €0.50c to €1.50c.

With the Valletta and Swieqi local councils, we are kicking off pilot projects to strengthen engagement between tourism and local communities. From them we will learn what works and tailor it to other localities, especially those in tourism zones.

We are pivoting efforts which spread our tourism intake throughout the year. We're using various levers — shifting funds to the shoulder months, attracting higher spending tourists, launching direct flights from New York and other markets. More broadly, we are seeking to extend our market

*Promoting peace and dialogue – Malta's
priority in all multilateral engagements.*



Malta will be hosting the World Travel and Tourism Council Global Summit in 2026.

footprint to other far-flung destinations — the US, Canada, Latin America, Australia, China, Japan, South Korea, UAE and Qatar.

To entice more of these higher-yield visitors we are catching the wind to promote and curate authentic experiences across the board — our culture, history, traditions, environment and culinary offers.

Future-proofing accommodation

Another port of call will see us revisiting the current hotel mix and how to gear it up to meet the future. We are setting our sights on better hotels, not higher ones. Accordingly, we are proposing to remove the clause allowing them to build two floors more than the local plans allow.

In addition, new hotels cannot exceed 200 rooms, guest houses 20 rooms (or 40 beds) and hostels 40 beds. Our mission is to seed more quality, not quantity, more profitable and sustainable investments, as well as better integration of these hotels in the community.

Over the last few years Short Term Rentals (STRs), or Airbnbs, have mushroomed across the country. The effect on our communities has not always been positive. Yet, more wind in our sails means opportunities to fine tune this sector as well. We are proposing measures to professionalise STRs.

They are:

- No new STR will be allowed to accommodate more than six guests
- A three-month cooling off period will separate the conversion of a long residential lease into an STR, ensuring that the latter market does not threaten the former one

- An STR shall prominently display its license number and the contact details of a person available 24/7, giving tourists staying in an STR as well as neighbours, more peace of mind.

Going global

Allow me to broaden the palette to include, well, the whole world. Next October we shall be hosting the World Travel and Tourism Council Global Summit. With around 1,000 delegates, it is the largest gathering of operators in the world — tourism ministers from various countries, airlines, travel agents, hotel chains, DMOs and many more.

This will be a unique opportunity to showcase our country to the global tourism investors that really matter.

“The last three years have engaged us more firmly and strategically in global politics — the UN Security Council, the OSCE Chairpersonship, and this year’s Council of Europe Presidency, and many other bilateral and multilateral engagements.”

Promoting peace, trade and cooperation

Crossing over the line to my foreign affairs remit I will segue with a couple of themes which would interest Commercial Courier readers.

TradeMalta helps local entrepreneurs to export their goods and services through a multi-pronged

approach — commercial visits, participation in international fairs and financial aid for marketing their businesses abroad. Next year, we will distribute €1 million to around 100 enterprises, for which applications are already being processed.

Venturing deeper into foreign affairs territory, Malta-based consular services as well as our representations across the world, have been doing sterling work for our enterprises in need of assistance. From certification of documents to visas, from travel paperwork to passport matters, providing invaluable contacts in other countries, and more.

A final word on my core foreign affairs remit. The last three years have engaged us more firmly and strategically in global politics — the UN Security Council, the OSCE Chairpersonship, and this year’s Council of Europe Presidency, and many other bilateral and multilateral engagements.

Our strategy has been three-pronged:

- Nurturing the values, well-being and prosperity of Maltese citizens
- Promoting peace, security and dialogue — key prerequisites for prosperity
- Increasing opportunities for our country to be more influential in strategic regions and multilateral fora

The measures underpinning Budget 2026 will be rolled out in the coming weeks and everyone can enjoy their benefits. As deputy prime minister, I invite you all to maintain this positive collaboration, as we look forward to new and exciting destinations that the economic wind can continue to power us to.

REGISTER YOUR TRADEMARK BEFORE YOU MAKE IT PUBLIC



BE EXCLUSIVE
REGISTER YOUR TRADEMARK

YOUNG PEOPLE ARE DAUNTED BY THE COST OF HOUSING

I accepted the post of Shadow Minister of Finance even though my training and expertise is in the field of law not economics.

What I seek to bring to the role is not the input of a technocrat. For that, I will rely on constituted bodies like the The Malta Chamber and other expert advisors. My thrust will be directed towards the re-establishment of a level playing field.

What we have now instead, is a market that is impossibly challenging for the honest entrepreneur. He or she must content with a disproportionate number of direct orders awarded by government officials to its circle of friends.

Clinching the deal in Malta today is not the result of entrepreneurial good ideas, innovation or best practices and prices. It is now who you know well enough to put you on the inside track.

If instead of a direct order, there is a public tender the playing field is even more lop-sided. Bidding companies do not need to show they have built - in anti bribery protocols: now an accepted feature of public tendering elsewhere in the EU.

"We long for a country where the economy serves and supports the individual. Where our culture and way of life is allowed to continue being practised without an invasion of noise and people that make us feel imprisoned in our home."

Indeed, here it is an open secret that the opposite is frequently the case.

If a clean and honest bidder tries his or her luck, it will immediately become apparent that government's evaluation boards are riddled with conflicts of interest.

Tender documents are not issued to engender healthy competition in the interest of our coun-

try. They are paper aeroplanes thrown into the lap of a friendly bidder who happens to possess each and every requirement of the tender. Coincidences here are daily affairs.

Businesses struggle to find human resources because the Government and its agencies are bloated with an unrealistically high head count.

Young people are daunted by the cost of housing and delay starting a family. None of the last budget's tax incentives will make buying homes more affordable: those incentives are too little, too late.

Pensioners got thrown a bone but their annual pension would only give them three months in a private home for the elderly. So, we have thousands - not hundreds - of elderly people waiting to get into a government home of care. The list is so long that many of them will probably not outlive it.

Nothing in this much-vaunted budget addresses the source of malaise that the bulk of people in this country feel.

No millions have been set aside for new schools and homes for the elderly. No courageous steps to control the burgeoning fleet of cabs or our own use of private transport, let alone a contemplation of trams and other forms of efficient transport.

My party's vision is not similar to this government's. Despite its roots as a party of workers, the Labour government has built its goal around numerical targets not individuals as humans.

We live in a country where the worker is compelled to serve and support the economy. There is no consideration of work life balance, or of the environment as a source of happiness or the right to snare our country with a realistic and proportional amount of visitors from other countries.

We long for a country where the economy serves and supports the individual. Where our culture and way of life is allowed to continue being practised without an invasion of noise and people that make us feel imprisoned in our home.



Adrian Delia,
Shadow Minister of Finance

To reclaim the Mediterranean way of life that our parents enjoyed, we may have to wait an extra five minutes for a taxi, have a choice of 10 rather than 20 restaurants in every street and convert some hotels into community residences for young families and pensioners.

These social experiments have succeeded in other countries where just keeping up was too much for people.

Labour would scoff at this, press harder on the accelerator and try to go faster.

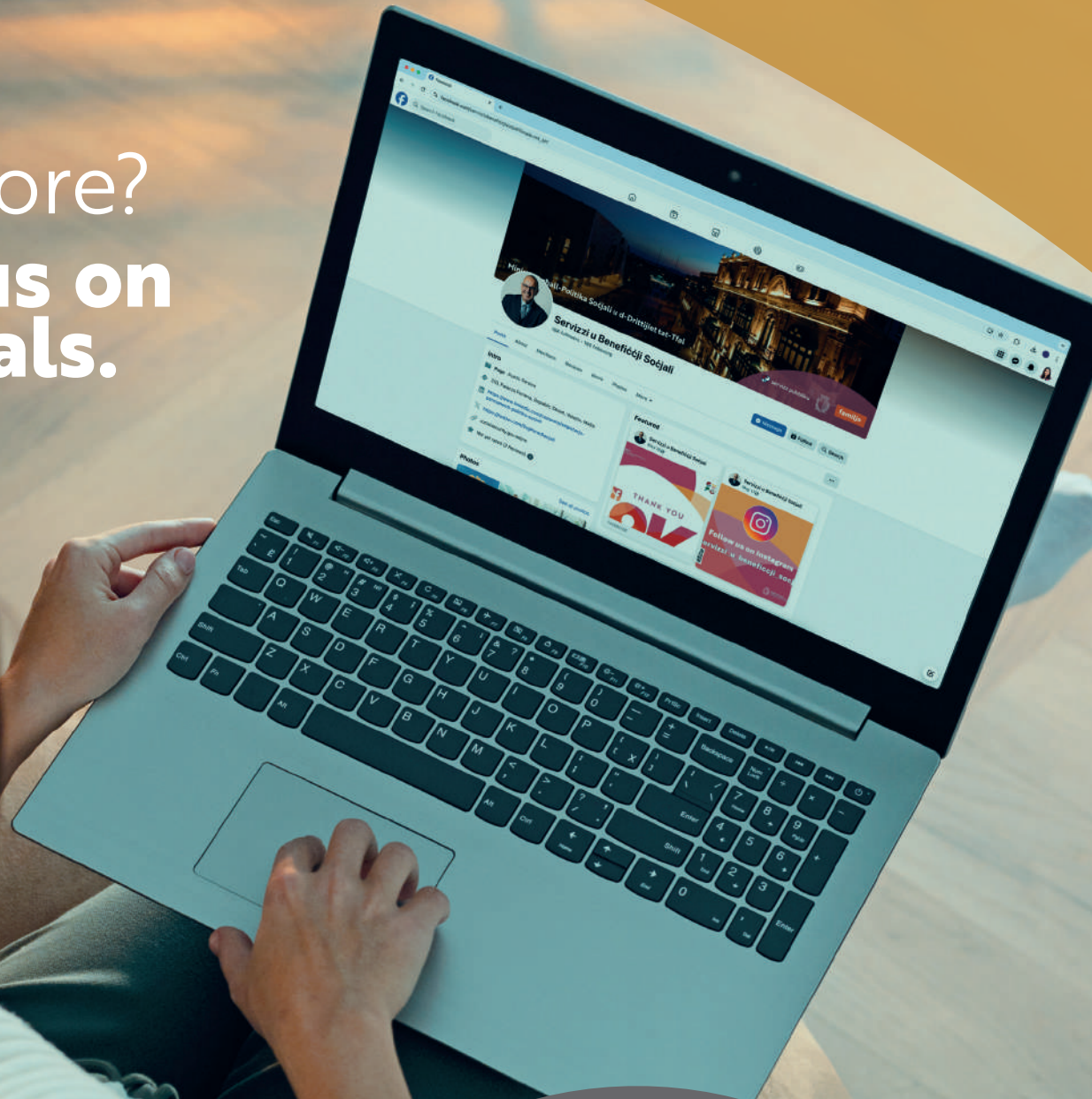
We think this is not the only way. We will break up the small cliques that gobble everything. We will open up opportunities for enterprise and wealth creation and we will re-start the economy based on high quality services rather than on mass low spend tourism.

There is no real economic success unless it is shared by all.



GOVERNMENT OF MALTA
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BUDGET 2026

A PRAGMATIC TEMPLATE WITH A SOCIAL FOCUS

Budget 2026 places strong emphasis on social wellbeing, introducing a comprehensive set of measures aimed at enhancing household disposable income and reinforcing income stability.

It is a budget that underscores the principle that no one will be left behind, reflecting a policy direction that prioritises the preservation of Malta's social cohesion - a cornerstone of the country's post-pandemic recovery.

At the heart of the Budget lies a landmark reform in tax relief for families. Building on this year's reductions for all taxpayers, the new package specifically targets parents of one or more children.

This unprecedented reform introduces progressive increases in the tax-free income thresholds for families, with particularly generous benefits for parents raising two or more children.

The revised tax structure acknowledges the growing challenges of child-rearing amid declining birth rates and evolving family dynamics. Over a three-year period, it will leave an estimated €160 million in the pockets of around 68,000 parents, helping them meet the financial demands of raising children and easing their overall financial commitments.

This reform complements the Five-Year Social Plan for the Family, launched in May by the Ministry for Social Policy and Children's Rights. The Plan recognises the country's low fertility rate and promotes the removal of socio-economic and structural barriers to childbearing and family expansion.

It also calls for coordinated efforts to promote family-friendly workplace policies that support a healthy work-life balance - particularly for working mothers who often continue to shoulder a disproportionate share of caregiving responsibilities.

In line with this, the Minister for Finance in Budget 2026 announced forthcoming discussions between Government and social partners to strengthen work-life balance measures.

These discussions will explore enhancements to maternity, paternity, and parental leave, the introduction of additional leave for prospective parents, and the wider adoption of remote working arrangements wherever feasible.

The Budget further encourages family growth through an increase in the childbirth bonus - now set at €1,000 for a first child, €1,500 for a second child, and €2,000 for a third child or beyond.

Additionally, parents earning below €30,000 will receive higher rates of Children's Allowance, rising by €250 per child and up to €417 for those earning less than €23,000 with the maximum rate set to reach €1,669 per child.

Working parents and couples will also benefit from increased In-Work Benefit rates for each dependent child up to 23 years of age.

Pensioners will likewise share in the Budget's social dividend. A weekly increase of €10 will be coupled with expanded income tax exemptions on pensions. Many retirement, widowhood, and service pensioners will also benefit from the ongoing processes of pension adjustments.

A new measure will further allow married pensioners, mostly women, who are currently eligible to a single rate pension, as their spouses are in receipt of a pension, to benefit from a higher income as their pension will be upgraded to a married rate.

To help households cope with inflationary pressures, low- to middle-income families will once again receive an Additional Cost of Living Benefit of up to €1,500.

Those with annual incomes below €14,000 (for single individuals) or €20,000 (for married couples) will also benefit from higher rates of the Supplementary Allowance, besides an increased annual supplement

Overall, Budget 2026 is both ambitious and pragmatic - a carefully crafted package of measures that touches every household.

It places social cohesion at the centre of economic policy and sends a clear, reassuring message to families, pensioners, workers, and vulnerable persons alike: the State stands firmly behind them.



Mark Musù,
Permanent Secretary, Ministry for Social Policy
and Children's Rights

"At the heart of the Budget lies a landmark reform in tax relief for families. Building on this year's reductions for all taxpayers, the new package specifically targets parents of one or more children."

SECURE YOUR FAMILY BUSINESS LEGACY THIS CHRISTMAS



As Christmas draws near, Maltese homes are filled with festive cheer, family gatherings, and reflection. For many family business owners, it's also the perfect time to think about the future of their business and the legacy they'll leave behind.

Family businesses are the heartbeat of our economy, built on trust, values, and generations of hard work. Yet, without planning, even the strongest businesses can face uncertainty. This Christmas, the best gift you can give your family isn't under the tree, it's a plan that secures your business for the years ahead.

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THE MALTA CHAMBER PRESIDENT CALLS FOR BOLD ACTION TO SECURE MALTA'S FUTURE AT THE EY FUTURE REALISED CONFERENCE 2025



The President of The Malta Chamber of Commerce, Enterprise and Industry, William Spiteri Bailey, delivered a forceful call for clarity, resilience, and ambition as Malta navigates a rapidly evolving global economic landscape.

Speaking at the EY Malta Future Realised Conference 2025, The Malta Chamber President emphasised that the decisions taken in the coming years will define the country's trajectory for decades to come.

"We must transition from a model rooted in labour expansion and over-construction to one focused on quality, value, and sustainability."

Addressing a distinguished audience, Mr Spiteri Bailey highlighted three major forces reshaping the global economy - trade fragmentation, Europe's industrial reset, and the transformative power of artificial intelligence.

"The world's economic foundations are shifting before our eyes," he said. "Trade is fragmenting into competing blocs, Europe is redefining its industrial and investment agenda, and artificial intel-

ligence is changing not just how business operates, but what constitutes competitiveness and value."

Mr Spiteri Bailey reaffirmed The Malta Chamber's commitment to driving a future-focused economic strategy. Among the Chamber's key priorities is the development of an International Logistics Hub, which was described as "not just a project - but a crucial investment in Malta's long-term survival and growth."

Turning to Europe's industrial policy, he stressed that Malta must not be a "passive taker of policy" but an active contributor shaping the continent's future. In this context, he called for alignment with the EU's new frameworks for energy, technology, and critical supply chains to safeguard the competitiveness of Malta's industries.

On digital transformation, he underscored that AI and digitalisation are no longer optional, stating that they must define how both businesses and government operate - through smarter regulation, efficient public administration, and transparent procurement systems.

Mr Spiteri Bailey also cautioned that Malta's economic success cannot rest on population-driven growth.

"We must transition from a model rooted in labour expansion and over-construction to one focused on quality, value, and sustainability," he said, calling for reforms to boost productivity, governance, and fiscal discipline.

Echoing The Malta Chamber's Pre-Budget 2026 proposals, Mr Spiteri Bailey urged greater investment in education, re-skilling, and talent retention, including the introduction of incentives to attract skilled Maltese professionals back to the country.

He also pointed to everyday challenges facing businesses; from traffic congestion to weak governance and overstretched infrastructure. Warning that these must be tackled head-on for Malta to remain competitive.

Mr Spiteri Bailey linked these priorities to the Envision 2050, a strategy that centres on sustainable growth, citizen-focused services, educational advancement, and smarter use of land and sea resources.

"The world is not waiting for Malta to catch up," he concluded. "Our competitiveness, our credibility, and our quality of life depend on the actions we take now. Together, we can turn uncertainty into opportunity and ensure that Malta's future is not only realised - but secured."

COMPETITIVENESS WITH CREDIBILITY

MALTA'S PATH FORWARD

As Malta prepares to identify the course it wants to take in the years and decades ahead, it is worth stepping back from the political noise and assessing where the country truly stands.

The past years have brought achievements that merit recognition: robust headline growth, resilient core sectors and a workforce that has demonstrated adaptability despite economic uncertainty.

Yet among larger businesses, smaller firms and families, a growing concern is emerging. Malta's economic model is showing signs of strain. Acknowledging the positive while being honest about the challenges is essential if we are to chart a sustainable and competitive path forward.

The economy has continued to expand at a pace that outperforms the EU average. Tourism, financial services, digital gaming and advanced manufacturing remain resilient pillars.

These sectors did not grow by coincidence; they stem from long-term strategies pursued across legislatures, built on a shared belief that Malta must compete globally through specialised, high value niches.

The Nationalist Party is proud to have contributed to shaping these sectors, and we also acknowledge the government's efforts to sustain them.

"Our ambition should be to build an economy that attracts talent not only because of tax incentives but because it offers a high quality of life, a green and modern infrastructure, and a labour market built on skills, fairness and productivity."

But no business leader defines success solely through GDP. Persistent inflation is eroding consumer confidence and compressing business margins. The government's own Economic Survey confirms inflation remains above the EU average, with food prices a major driver.

Labour market dynamics point to notable challenges. Unemployment remains low at around 3%, yet approximately 10,000 individuals are registered as jobseekers.

At the same time, employers face acute skills shortages, prompting growing reliance on non-EU labour. Skills mismatches weigh heavily on Maltese businesses.

This is no longer a sectoral issue. It is a systemic one, affecting productivity, service quality and Malta's long-term competitiveness.

Competitiveness indicators reflect this reality. EY's Attractiveness Survey offers a mixed bag: it highlights strong taxation and digital infrastructure, yet investors repeatedly flag weaknesses in skills availability, infrastructure capacity, governance and strategic planning.

These are not abstract concerns. They shape investment decisions, operational costs and relocation strategies. Businesses demand clarity, predictability and efficiency, qualities that Malta has not consistently delivered in recent years.

The labour market, for instance, needs urgent intervention: targeted education reforms, sector specific upskilling and a strategic approach to talent attraction. Infrastructure development, from transport to digital government, must match our aspirations. Reputational concerns remain an economic vulnerability, directly affecting foreign investment, market access and sectoral growth.

As an Opposition, our role is to be constructive. Where the government takes steps in the right direction, we support it. Where policies fail to address long-term challenges, we speak plainly.

My party believes that Malta's economic model can and should evolve toward one that emphasises value over volume, skills over sheer numbers, and investing more in research, development and innovation.

The PN has already put forward practical proposals to ease pressures on households and businesses: making the COLA non-taxable, supporting employers through tax credits so that wage adjustments do not translate into price hikes and establishing a national fund to cushion import- and export-dependent industries from global shocks that feed inflation.

But beyond immediate measures, Malta must think long term and act accordingly. Economic visions



Jerome Caruana Cilia,
PN MP and Shadow Minister
for the Economy and Enterprise

and strategies mean little unless backed by implementation, transparency and measurable targets.

Our ambition should be to build an economy that attracts talent not only because of tax incentives but because it offers a high quality of life, a green and modern infrastructure, and a labour market built on skills, fairness and productivity.

However, a vision on its own, just like the budget, changes nothing. Implementation determines credibility. Malta cannot afford another strategy that gathers dust while immediate economic pressures intensify.

Cost of living pressures, overstretched infrastructure, bureaucratic bottlenecks, never-ending traffic jams and institutional weakness cannot be deferred to 2030 or 2040. They require decisive action now. Moreover, alignment is fundamental, we do not afford spending years where stakeholders are not in sync.

Maltese families and businesses do not expect miracles. They expect seriousness, competence and clarity. They expect a vision that retains what works but has the courage to change what does not.

The PN stands ready to play its part: to safeguard our strongest sectors, to modernise the foundations of competitiveness and to ensure that economic growth is not only sustained but shared.

This should not be a partisan ambition. It is a national one and it is the standard our country deserves.



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FUTURE REALISED

MALTA'S PATH TO ECONOMIC RESILIENCE

The 21st edition of EY Malta's flagship event, **Future Realised**, gathered key stakeholders, including the Prime Minister, members of Parliament, and business leaders, to discuss Malta's economic direction.

This year's highlight was the EY Malta Attractiveness Survey 2025, revealing a significant rebound in investor confidence, with 78% of respondents viewing Malta as an attractive destination for foreign direct investment - up from 54% last year.

Malta's appeal lies in its adaptability, favourable corporate tax regime, and readiness to embrace the digital age. However, challenges remain, particularly in skills shortages, infrastructure, and cost competitiveness. The survey emphasises the need for strategic focus on education and workforce development to mitigate these risks.

As Malta competes for foreign direct investment, it is crucial to cultivate our economy like a garden, ensuring each sector receives the necessary nutrients - investment in education, infrastructure, and innovation.

Collaboration between public and private sectors will be vital in enhancing Malta's attractiveness as a small yet agile investment destination.

Looking ahead to 2025 and beyond, the insights from this survey will guide policymakers and business leaders in building a resilient economy that meets today's needs while anticipating tomorrow's demands.



RETHINKING MALTA'S TOURISM VISION

“Not everything that can be counted counts, and not everything that counts can be counted.”
Wise words from Albert Einstein, capturing the Opposition’s reaction to the 2026 budget.

The Government appears content to prioritise GDP growth while remaining unaware of the issues that are undermining our quality of life.

Why is this relevant to tourism? Simply put, because the same issues affecting the daily lives of Maltese residents can also impact the quality of visitors’ experiences.

Our goal shouldn't merely be to increase profitability; instead, we should aim to become a better version of ourselves. We can achieve this not by trying to imitate others, but by emphasising our unique qualities, our identity, and our particularities.

These are the aspects on which we can build a compelling marketing message that resonates with both residents and tourists.

The tourism sector has experienced growth, which on its own would be positive. However, it must be viewed alongside the realities of this decade.

Malta’s infrastructure is struggling to support the increasing population, which includes residents as well as both temporary and long-term visitors.

“The tourism sector has experienced growth, which on its own would be positive. However, it must be viewed alongside the realities of this decade.”

Despite the Opposition’s pleas for a holistic carrying capacity exercise, the Government continues to press ahead with its policy to expand the working population and increase visitor numbers which in itself will increase the foreign working population further as we lack the local human resource to service the tourism industry.

In this situation, all business associations must express their concerns to the Government.

What is the point of drafting a 2050 Vision when the annual strategy and tactics undermine that vision?

If we are serious about improving the quality of our tourism product and tourist profile, then we need budget measures that genuinely support this vision.

An overly watered-down accommodation legislation will not achieve the quality improvements that the Government is promoting. I, for one, support the regulation of short-term rental accommodation, especially since today nearly half the total number of tourist nights are spent in non-collective accommodations as opposed to hotels.

If this trend continues, it could significantly impact the sustainability of our hotel sector, a vital component of our tourism industry.

Given the importance of both collective and non-collective accommodation as part of our tourism product, I would strongly endorse a cross-party initiative to thoroughly examine the accommodation sector in Malta and propose measures to ensure the long-term sustainability of all participants in our tourism accommodation mix.

To start with, should developers applying to the Planning Authority to build units intended for short term rentals apply within a separate dedicated planning class? Currently, they are classified under the standard residential category for planning purposes.

As a result, Government has zero visibility as to how many of the residential units being applied for, permitted and developed are actually intended for residential use and how many are intended for short term rentals.

Without such data, in such an important segment of the accommodation offering, Government cannot properly address how many tourists we need to aim for to sustainably fill the collective and non-collective accommodation, not only



Dr Mario de Marco,
Shadow Minister for Tourism, PN

existent, but more importantly being planned to be developed over the coming years.

The Malta Tourism Authority HFP licence comes too late in day for such planning visibility.

Likewise, I have reservations about a one-size-fits-all hotel policy, limiting hotels to a maximum of 200 rooms, with a blanket exclusion of all-inclusive hotels and tourist villages irrespective of location or type of hotel.

We all have to do our part to deliver a better Malta. We can do this by looking beyond the here and now or the bottom line.

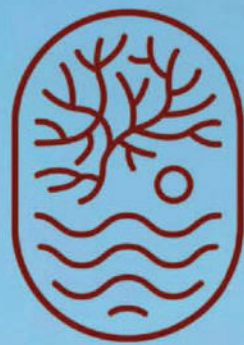
Woody Allen famously said that “If my films don't show a profit, I know I'm doing something right.” Now, of course, I am certainly not suggesting that our businesses should incur losses. But neither should we as a country and more importantly as a Nation lose our souls in the pursuit of money.

Let's find the right balance.

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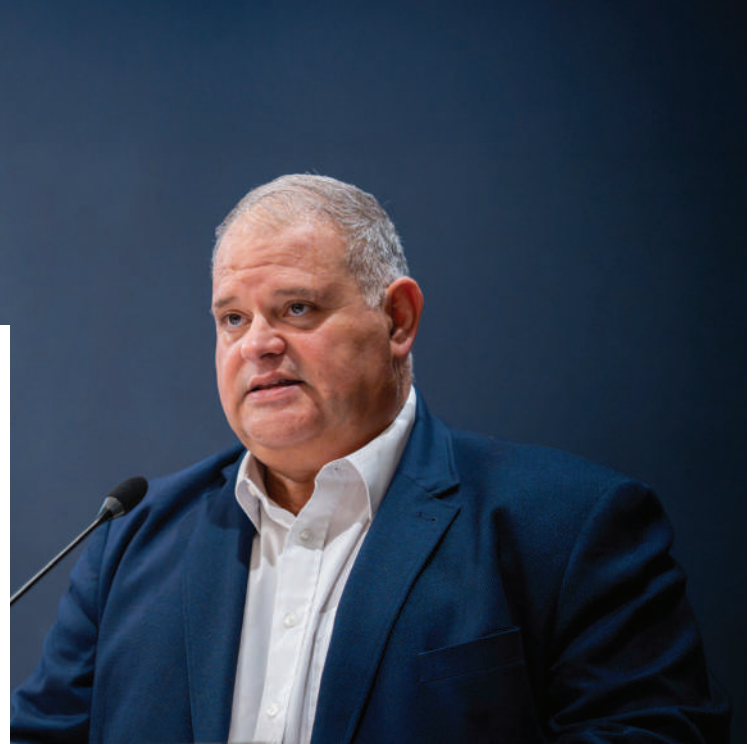
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THE MALTA CHAMBER & MBR HIGHLIGHT THE POWER OF DIGITALISATION DURING SME WEEK 2025



As part of SME Week 2025, The Malta Chamber of Commerce, Enterprise and Industry, in collaboration with the Malta Business Registry (MBR), hosted an informative session entitled ‘Simplification through Digitalisation’.

The event focused on how digital transformation is reshaping business operations and the relationship between companies and regulators.

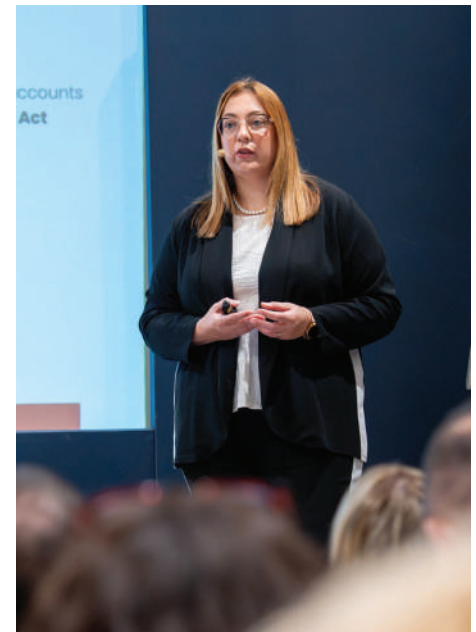
Discussions centred on the Centralised Data Repository, an initiative built around the once-only principle designed to reduce paperwork, enhance data efficiency, and ease compliance burdens for businesses.

In his opening address, William Spiteri Bailey, President of The Malta Chamber, underscored the importance of collective digital progress: “As we advocate for digitalisation and simplification from our institutions, we also encourage businesses to look inward — to modernise their own operations, adopt digital tools, and strengthen governance. It is only by moving forward together — public and private sectors, side by side — that we can build a business environment that is truly efficient, competitive, and future-ready.”

Dr Geraldine Spiteri Lucas, MBR CEO & Registrar, outlined Malta’s ongoing efforts to enhance its competitive edge through legislative and digital innovation.

She provided updates on advancements through the BAROS system, which facilitates work for practitioners and Corporate Service Providers (CSPs), as well as progress on the Malta Business Wallet — a new digital tool designed to empower businesses and investors while improving efficiency for authorities.

During a fireside chat, Dr Marthese Portelli, CEO of The Malta Chamber, emphasised the growing



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the past,
creating
the future*

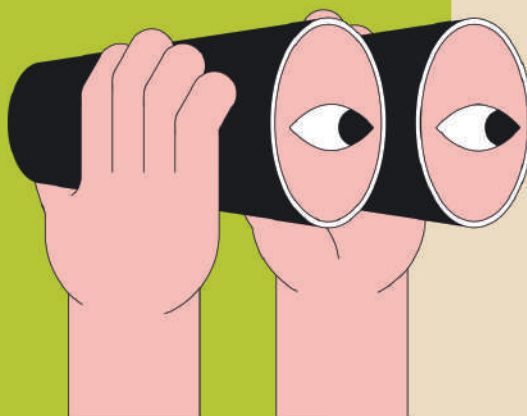
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importance of AI education, AI readiness, and strategic planning in Malta's digital transformation journey.

She called for businesses to understand where AI adds real value, build governance frameworks, and align technology adoption with data-driven goals.

Annalise Zammit, MBR COO and Deputy Registrar, highlighted the MBR's strong focus on transparency, data quality, and technological innovation.

"Transparency and public access remain central to our mission of maintaining an up-to-date and reliable registry. The launch of BAROS marked a significant step forward, offering a globally accessible, digital platform enhanced with user-friendly features such as eIDAS integration. We are now exploring the integration of artificial intelligence to streamline processes — particularly in the registration and timely assessment of financial statements. This AI-driven approach reflects our digital mindset and reinforces our goal of delivering greater efficiency, accuracy, and value to the business community."

She also noted that MBR is developing API packages to enable real-time information sharing and is investing in employee and stakeholder training to ensure alignment with its digital vision.

In a panel discussion, Nick Xuereb, CFO of Toly Products, shared insights from an industry standpoint, noting that digitalisation is essential for maintaining global competitiveness.

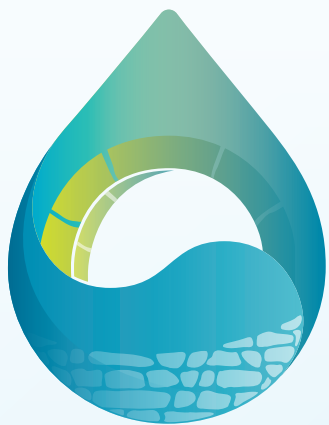
He highlighted how automation and robotics are transforming operations by reducing repetitive tasks, and how AI in finance will enhance efficiency and real-time reporting.

Mr Xuereb welcomed the Business Wallet concept for simplifying KYC processes and reducing paperwork, while stressing the importance of cybersecurity vigilance and structured employee training to support digital transitions.

The 'Simplification through Digitalisation' session reinforced the shared commitment of Malta's public and private sectors to creating a smarter, more transparent, and competitive business environment.

Through innovation, collaboration, and digital empowerment, Malta continues to strengthen its position as a forward-looking economy ready to meet future challenges.





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BEYOND THE NEXT CRISIS

FORGING A RESILIENT AND SUSTAINABLE ENERGY FUTURE

It is once again a pleasure to contribute to the *Commercial Courier*, as Shadow Minister for Energy and Water Conservation. The Malta Chamber remains one of the most respected, professionally run bodies on our island, and its well-researched proposals are a vital contribution to our national development.

When I last wrote for this publication in June 2022, I stated that energy is the "oxygen of our economy and modern life". The two-and-a-half years that have passed have proven this in the most painful way possible.

The nationwide blackouts of July 2023 were not just an inconvenience; they were a catastrophic failure of national infrastructure that cost businesses millions, endangered the vulnerable, and exposed the fragility of our system.

As I stated during that crisis, the repeated failures were not an anomaly, but the inevitable result of a system pushed beyond its limits.

The government's economic model, as our party Leader Alex Borg has rightly described it, is "built on sand" - obsessed with boosting demand without the corresponding, essential investment in infrastructure. This is not a failure of engineering, but a failure of planning.

Management-by-crisis is simply not the way to plan a resilient infrastructure.

"Our vision remains anchored in three core aims: security of supply at the best and cheapest price, lower emissions through a green transition, and assuring a resilient distribution network."

A Proactive Plan for a Modern Grid

The Nationalist Party, however, does not believe in just criticising. We believe in proposing. In response to the 2023 crisis, I had presented a comprehensive nine-point plan for a secure and modern electricity distribution system.

This is not a vague wish list; it is a costed and practical roadmap. It includes immediate, rapid investment to upgrade the distribution network, but it goes much further.

We have proposed the strengthening of the role of the Regulator, being able to impose automatic, no-quibble compensation for households and businesses left without power.

We have proposed enforceable electricity availability targets. All this is critical to prepare the foundations for the eventual liberalisation of the energy distribution market once the current EU derogation ends.

We have also called for a radical revision of Enemalta's procurement process, forcing a shift from a 'cheapest-is-best' model to one that prioritises quality and long-term reliability.

Vindicating a Long-Term Vision

Our 2023 plan addresses the immediate crisis, but it is part of a much wider, long-term vision the Nationalist Party has held for over a decade.

For years, we have insisted that a second interconnector is essential for security of supply. It is gratifying to see the government, after much delay, finally proceeding with this project - a clear vindication of our foresight.

Similarly, in my 2022 article, I heavily criticised the government's 2030 National Energy and Climate Plan, which the European Commission called "unambitious" and which dismissed floating offshore wind as "not... viable".

Today, the government has executed a complete U-turn. It has finally adopted the Nationalist Party's long-standing policy and is now actively seeking to implement a 300MW floating offshore wind farm.

As our Leader Alex Borg stated earlier this year, Malta remains critically behind, with the lowest share of renewable energy in Europe. This "urgent investment" is a national imperative, not just to meet our climate targets but to create a new, sustainable economic sector.



Hon. Ing. Mark Anthony Sammut,
MP, Shadow Minister for Energy
and Water Conservation

Investment in renewable energy is also important to reduce our dependence on subsidies to keep electricity prices stable. While we support subsidising energy, we also want our country to increase its investment in clean renewable energy to reduce the impact of the volatility of international fuel prices on our economy, and therefore our reliance on subsidies.

The Path Forward

Our vision remains anchored in three core aims: security of supply at the best and cheapest price, lower emissions through a green transition, and assuring a resilient distribution network.

The government's reactive, piecemeal approach has failed. The adoption of our policies on the second interconnector and offshore wind is a start, but it is not enough.

As an Opposition, we will continue to hold the government accountable. But more importantly, under the leadership of Alex Borg, we will continue to be a government-in-waiting, fine-tuning our holistic energy plan and providing the viable alternative that our economy and our country so desperately need.



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CLOSED DOORS

Mahatma Gandhi once said that “the true measure of any society can be found in how it treats its most vulnerable members”.

I would not be correct were I to say that this year’s Budget has not been generous; yet the situation of the 800 homeless persons, those who pay rent for their accommodation and those who always hoped to become homeowners has remained the same.

Undoubtedly, these challenges I have mentioned entail other challenges, particularly those of mental and physical health. Were one to make comparisons between the situations I have mentioned, and the Budget funds allocated, the Budget was irrelevant.

People in this situation faced closed doors. We have ignored social realities. And for those whose mission is to defend the rights of the underprivileged, this could not have been the best budget ever, as others would have it.

“Thousands of young people are finding it increasingly difficult to acquire decent accommodation because of the exorbitantly high prices of property. Many so-called ‘affordable’ properties are still out of reach for many young people, even if they are not on the poverty threshold.”

A full stomach never understood what an empty stomach meant. So, I was not surprised when a few days ago on a local radio station I heard a developer say that rents were rising and performing well. He could not understand why we say that we wanted to keep rents under control.

How could he realise that some people pay more than half their income in rent, to rent a room and not a three-room flat? This landlord either does not want to realise what the situation is or he would like to gobble up more, when he knows that many tenants are at their wits’ end because their rent goes up every month.

And this developer went on to say that if the tenant wanted to install cable TV, he would have to pay rent on the modem.

I would like to inform him that 10 years ago you would also have had to pay rent to install cable TV, but the situation was not as alarming as it is today. I would also tell him that although you cannot watch TV without a cable service, you cannot do with a roof over your head.

Their only hope is that rental income continues to rise, even if they are the same people who complain about the growing rate of construction or the increasing number of foreign workers.

Today, rents and properties represent a challenge for some. The government slogan ‘Health to the Maltese’ is detached from these persons’ reality. A better slogan would have been ‘Let us amuse ourselves with the mental health of the Maltese’. Those who live in villas and ivory towers cannot possibly understand what I’m saying.

How can someone earning a minimum wage of €850 a month afford these prices? If this person has no children, he or she would not qualify for social housing, and cannot rent, except perhaps a room in an apartment.

The Budget did not address their needs; on the contrary, despite the high expectations, it has left them without hope, because now more than ever before, they realised that for them there is no solution except to stand in line at foodbanks to collect their needs.

Their quality of life has deteriorated. The day after the Budget everything remained the same, including the number of homeless people in our streets. This section of the population feels it just exists, not lives. Despite existing schemes, not everyone can be helped, even though they are on the poverty threshold.

Thousands of young people are finding it increasingly difficult to acquire decent accommodation because of the exorbitantly high prices of property. Many so-called ‘affordable’ properties are still out of reach for many young people, even if they are not on the poverty threshold.

Property prices in the last few years have not just risen - they have exploded. And this explosion is not reflected in higher wages. One would need to spend a lifetime paying for the housing loan, which



Ivan Bartolo,
Member of Parliament

obviously reduces one’s spending power to buy food and other necessities.

By the end of 2024 property prices in Malta had gone up by 5.2 percent - a higher rate than the European Union average.

The sums allotted for housing were substantially higher for the schemes run by the Housing Authority. But this means that the government’s strategy will be to let rents increase at a higher rate than wages. Instead of solving the problem, however, this shows that the government’s strategy is to circumvent it by raising subsidies.

These measures on their own are not sustainable, because while they are temporarily helping the disadvantaged in a short time they will no longer enjoy this income, and rents will continue to rise.

We know from statistics and graphs presented in previous budgets that rents are still unaffordable despite the subsidies given, prices rose uncontrollably.

Because, in the final analysis, where is the money going? Real help is when money is given to those with the greatest needs, such as the consumer, the tenant and the underprivileged.



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Ursula von der Leyen, President of the European Commission

EUROPE'S MOMENT OF TRUTH

A MALTESE BUSINESS PERSPECTIVE

Nick Spiteri Paris,
Council Member of The Malta Chamber



European Parliament

President Ursula von der Leyen's State of the Union address painted a stark picture of a continent "in struggle." The speech carried urgency, and rightly so. From a Maltese business perspective, this urgency is not just rhetoric, it is lived reality.

Europe is finally waking up to the fact that it can no longer depend on the United States or others to carry its weight. A new global order is taking shape, and Europe must stand on its own feet.

Yet the gulf between ambition and execution remains vast. Von der Leyen pledged to slash €8 billion in bureaucracy and launch a Single Market Roadmap by 2028. But promises mean little without action, a mere 11% of Draghi's recommendations have been delivered in the past year.

For Malta, these gaps are magnified. Double insularity, high transport costs, and limited freight connectivity create a structural disadvantage. Costs rise, efficiency falls, and competitiveness weakens, at a time when agility is everything.

Global trade tensions make matters worse. With tariffs and protectionism reshaping markets,

Europe risks becoming a dumping ground for cheap imports.

For Maltese SMEs, that means thinner margins, rising costs, and unfair competition. Regulatory streamlining would help, but only if Brussels moves beyond consultation papers and into implementation.

The deeper problem lies in Europe's sluggish machinery. The EU's institutional framework has become path dependent, slow to respond to mounting complexity. On average, it takes 19 months for a Commission proposal to become law an eternity in a world where innovation cycles last weeks.

This inertia is costing Europe its talent. The Commission's proposed Scaleup Europe Fund is a step forward, but nowhere near enough. Out of 11,000 start-ups, 6% of those financed in Europe left for the US last year alone. These firms

accounted for 17% of the total value created by European start-ups.

The message is stark: Europe's best ideas are being born here, but scaled elsewhere. Unless financing is accelerated and regulation eased, Europe will continue exporting its brightest talent, and the value they create.

Von der Leyen's call for an "Independence Moment" cannot remain strength on paper. It must deliver growth and opportunity across all member states, including small island economies.

Reports and speeches will not cut it. What Europe needs is simplicity, speed, and bold investment in the technologies and industries of the future.

"The message is stark: Europe's best ideas are being born here, but scaled elsewhere. Unless financing is accelerated and regulation eased, Europe will continue exporting its brightest talent, and the value they create."

From Malta, the message to Brussels must be simple: give us the tools and the agility to compete. Europe needs a real Single Market, coordinated trade and competition policy, unprecedented digital investment, and the courage to put innovation above bureaucracy.

Mario Draghi's warning of Europe's "slow agony" was not hyperbole. Without decisive action, Europe risks sliding into irrelevance. The time for courage is now.



Nick Spiteri Paris, Council Member of The Malta Chamber



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understand
and *prepare*
for emerging skills

*Scan to
follow!*

