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Media Release

MEA's Reaction to the 2013 Budget

The Malta Employers' Association described the budget as highlighting the achievements of this legislature, but with insufficient insight about future projections. The budget includes a series of instruments which are a continuation or enhancement of measures implemented during the past five years, with a sprinkling of targeted expenditure and benefits over various sectors of the economy. It now stands to be seen that all measures announced in the budget are implemented to realise the expected results.

The impact and sustainability of the revision in income tax bands – which the MEA had proposed – is dependent on the ability of government to stick to its fiscal targets, on whether the economy manages to remain on a positive growth path and also on the efficiency of public expenditure in the coming years. Compared to the average EU and Eurozone economies, the Maltese economy has scored positively on fundamental indicators such as unemployment and fiscal consolidation, but still faces serious threats emanating from the uncertain international situation, where the global economy is expected to shrink during 2013. MEA has consistently maintained that the sustainability of public finances is a key objective, as the future will definitely catch up with us if the public debt reaches critical levels.

The MEA added that the investment in education and the link to high value added sectors - such as the Bio Malta Campus - needs to be sustained. More youths need to be encouraged to further their education and the introduction of entrepreneurial education in schools is an idea which has long been discussed and needs to be implemented. While the increase in health expenditure is specified at €38m, the corresponding figure for education is not.

The schemes which have been implemented for SMEs have been successful but require more intensive promotion, as many small entrepreneurs may not be able to distinguish between the benefits and incentives offered by the different schemes.

The MEA looks forward to the setting up of the Malta Enterprise office in Misurata, another MEA proposal, as Libya offers significant business potential. However, the window of opportunity may be brief and Malta has to establish a presence to be able to compete with other countries.

MEA also looks forward to establishing the Services Charter as declared by the Minister during the pre-budget MCESD meeting. This Charter ensures that companies bidding for public tenders operate on a level playing field.

The MEA voices its concern about the negative repercussions on the country should we end up without an approved budget for 2013.