



## **MALTA EMPLOYERS' ASSOCIATION**

# Proposals for National Budget 2013

### **Introduction**

The MEA is presenting these proposals for a national budget which will be discussed in parliament on the eve of an election. The Association stresses that the budget, as well as the ensuing the debate, should be based on sustainability of public finances and not political opportunism. The budget should send a message of a commitment towards financial stability, one which does not raise people's aspirations unrealistically and which does not impose any costs to businesses in these times of global economic uncertainty.

### **1. Fiscal Consolidation**

The budget's major focus should be on fiscal consolidation. Government has to find ways to reduce expenditure to approach a balanced budget. The Malta Employers' Association is also proposing this strategy as a fundamental objective in its memorandum to political parties before the upcoming general elections.

### **2. Active labour market policies**

One of the ways for the economy to grow is through increasing the labour supply through active labour market policies. Thus far the economy is managing to generate jobs in the private sector and active labour market policies incentivise more people to become part of the labour market and encourage mobility. An increased labour supply also means increased tax revenue to government.

### **3. Targeted Income tax income reductions**

Depending on the impact on tax revenue, income tax incentives similar to the ones introduced last year for married couples should be introduced to increase disposable income of families with children earning a medium income.

#### **4. Maternity Leave**

The MEA proposes that payment for all maternity leave should be a state responsibility. Malta is one of the few countries where employers pay for maternity leave, and this is also creating a disadvantage for women seeking employment. The full burden of maternity leave should be shifted to government over a number of years.

#### **5. Schemes for Micro Businesses**

There should be wider dissemination of information about schemes for micro-enterprises. Many small businesses are not aware of the incentives available.

#### **6. Extension of school opening hours**

School hours should be extended to cater for working parents with children in primary and secondary schools. The test cases which are already in operation should be extended across Malta.

#### **7. Extended incentives for child care services**

Child care should be made affordable to encourage stronger female participation. Government should increase the current incentives to families wanting to avail themselves of child care facilities.

#### **8. Business with Libya**

There should be a concerted effort between government and the social partners to establish contacts in Libya. The recent announcement of a campus by MCAST in Misurata is a step in the right direction which needs to be followed up by other initiatives which could be coordinated by Malta Enterprise and the Embassy in Libya. Although the political situation is still unstable, Malta still stands to gain from laying the groundwork for economic cooperation between the two countries. Government should allocate the necessary resources to enable such contacts to be established.

#### **9. Added green incentives for installation of photovoltaic technology by households and businesses**

Malta should invest heavily in alternative energy to reduce its current dependency on fossil fuel energy. The incentives for the installation of solar and photovoltaic energy systems have been popular

with households and businesses, with a strong take-up for the schemes offered. These should be extended for a further diffusion of alternative energy. Similar schemes could be introduced for water conservation.

## **10.Services Charter**

MEA is calling on government to endorse and action the Service Charter for Security, Cleaning and Care Working Sectors which has been submitted to the authorities to ensure a level playing field and ethical practices by operators in the security, cleaning and care working sectors.