

3<sup>rd</sup> April 2017

## Media Release

### **'Budget surplus a positive development, if sustained' - MEA**

The Malta Employers' Association welcomed the news that the government has managed to achieve a surplus in its budget. The Association stated that in its memorandum to the political parties before the last election, it had placed fiscal consolidation as a major target to government, and the fact that the debt/GDP ratio, as well as the fiscal deficit has been reduced due to economic growth is positive news. The Association stressed that this trend needs to be sustained, and the fact that this result emerges from a reduction in capital expenditure is of concern. Present and future Governments need to take measures to stabilize recurrent expenditure which is still on the rise to the tune of 7% per annum, and this is one of the main reasons that the Association is critical of the increase in employment in some areas of the public sector in a situation which is close to full employment. The sustainability of a balanced or surplus budget depends on the governance of public funds and to economic growth generated by the private sector which can sustain the increased demands of services such as health and education which are provided by the public sector.