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Media Release

MEA Budget proposals – Curtailing a Culture of Entitlement

The Malta Employers' Association has issued its proposals for the National Budget 2015. Its proposals, entitled 'Curtailing a Culture of Entitlement' mirror government's stated objective in its pre-budget document of creating opportunities instead of dependencies.

The MEA document states that, in some respects, the Maltese economy is performing better than the eurozone average. Real GDP growth for 2014 is forecasted at 2.3%, almost twice the Euro average. The employment rate has sustained a healthy upward trend which prevailed over the past five years, with an increase from 58% to 62%. This is the result of job generation and an increase in labour participation due to numerous fiscal and social incentives which is seeing a steady increase in females and retired persons in the labour force. Malta's unemployment rate has maintained its position as being among the lowest in EU states. This is accompanied by a continued influx of foreign workers in Malta, generally taking up jobs at different skills levels which are not being filled by Maltese nationals. Government is striving to keep the deficit within the 3% threshold, which is expected to be 2.1% by the end of 2014, to be reduced further to 1.5% in 2015.

Economic transformation continues to generate fresh challenges. The proliferation of e-commerce and online shopping is adversely affecting the wholesale and retail sectors but creating opportunities for others. The crisis in Libya is a serious threat to numerous businesses and jobs, but can create new openings for Malta. There are some worrying aspects concerning our economic performance and infrastructure. The state of public transport is a festering sore and a drain on public finances. The energy supply is still unstable. Many employers complain about a deteriorating work ethic. Real labour productivity in Malta fell by 3.3% between 2008 and 2012, compared to gains of 14.4%, 10%, 9.7% and 7.9% in Poland, Spain, Ireland and Bulgaria respectively. We have been ranked in 47th place on the competitiveness index, compared to 41st place in the previous period. Malta is also ranked as the 103rd place with respect to ease of doing business.

The Association warns about a spreading culture of entitlement. It adds that: *'The prevailing welfare-shopping mentality among a good cross-section of our society has to be stamped out. A job in the public sector is not necessarily the apex of a person's career, and the increase of 2000 posts in the public sector is sending wrong messages. These attitudes weaken the resilience which has supported our economy through difficult times'*.

The proposals touch on many issues including pension reform, a revision of the children's allowance system, revision of VAT thresholds and education.

The full document is available on the following link:

<http://www.maltaemployers.com/Portals/22/Proposals%20for%20National%20Budget%202015.pdf>