

PRESS RELEASE

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Chamber makes pro-competitiveness proposals for 2018 Budget

In its proposals to the Finance Minister as part of the pre-Budget consultation process, the Malta Chamber highlighted the fact that energy prices for medium sized companies in Malta are 42% higher than the EU average. This made the price for energy which is being paid by Maltese businesses the highest across Europe.

The Chamber's claim, which was corroborated by the Eurostat latest report on the subject, also highlighted how Malta remained the only EU country in which industrial energy tariffs were higher than domestic tariffs.

Considering that electricity rates typically represent 12% of overhead costs for businesses, the Malta Chamber proposed a number of measures that would help businesses overcome the uncompetitive tariffs incurred, including an improved Night Tariff framework, purchasing flexibility as well as the introduction of privately managed energy distribution substations.

The Chamber also focused on a number of labour market issues which were posing challenges to businesses in Malta and in turn to the sustainability of jobs. While the Chamber expressed itself in favour of Active Labour Market Policies, it warned that continuous extensions to leave allowances, the potential introduction of parental sick leave and the compensation for public holidays falling on a weekend were considered a 'grave concern' which would only serve to further erode Malta's competitiveness.

At the same time, the Chamber argued that Malta's state of "full-employment" had created significant challenges for the private sector to fill its vacancies, both in terms of quantity and quality. Proposing a solution to this situation, the Malta Chamber called on added efficiency to the complex and burdensome work-permit application process for the employment of non-Maltese employees. The Chamber also proposed the setting up of additional fast-track processing schemes.

The Chamber also argued that given the advanced pace at which the economy is currently running, it was not acceptable that certain government departments were hindering economic operation, by either closing shop altogether, or providing their services at a premium cost, in the afternoons of the summer months. The private and public sector were the two sides of the same coin called the economy, and they needed each other to function well. Therefore, the Chamber called on government to find a solution, at no cost to the private sector, to maintain uninterrupted services to business during summer afternoons.

The Chamber also urged Government to urgently establish the proposed Malta Development Bank, before several opportunities of investment, were lost. It was imperative for the Chamber, that the Development Bank would be operational within a reasonable time frame.

Focusing on the subject of Excise Duties, the Chamber said it remained fundamentally opposed to the notion of replacing Eco-Contribution with Excise Duties, as effectively, this was not a replacement but an additional tax. The Chamber reiterated that this measure penalised

responsible companies as they were no longer rewarded for taking measures to cover and recycle packaging waste.

In its proposals for the Budget, the Chamber also urged government to conclude the well-overdue merger of public revenue collecting entities. A centralised and efficient entity would allow for the introduction of policy that allowed the offsetting of monies owed to government against other amounts owed by government. This would alleviate significant cash flow issues in specific economic sectors that are largely reliant on government contracts as their main source of revenue as well as ensuring a level playing field.

The Chamber also made a number of other recommendations relating to Infrastructure, the National Airline, RTDI and Access to Finance. All the recommendations dovetailed into the Malta Chamber's overarching objectives to exploit the current positive standing of public finances to rectify structural issues that threaten long-term fiscal sustainability, and to further enhance the factors that contribute to Malta's competitiveness.

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