

# PRESS RELEASE

22<sup>nd</sup> October 2018

## A Preliminary reaction to the Budget speech by the Malta Chamber of Commerce, Enterprise and Industry

The Malta Chamber followed the announcement of the National Budget for 2019 and these are its initial reactions.

The Chamber noted that the Budget for 2019 was set against a backdrop of an economy that is performing well. From the data published with the budget, it has been confirmed that the country has continued to register positive economic expansion, relative price stability and almost full employment all of which have generated a positive effect on the state of public finances.

It was for this reason that the Chamber called for a Budget that seeks to capitalise on present economic resilience to invest in the necessary infrastructure and safeguard future sustainability. At the same time, the Chamber called for further competitiveness enhancing measures with a view to ensure further growth and jobs in the country.

All in all, the Chamber is pleased to note that several of its recommendations have, in fact, been included in the Budget Speech.

### **Specific Measures**

#### **Measures which promote fair enforcement**

In the interest of safeguarding a fair level playing field for all operators across all economic sector, the Chamber welcomes measures announced in the strengthening of national structures and administrative units responsible for border controls and market surveillance. The Chamber has been advocating such enhancements for several years. Equally important are all those measures which tend to strengthen the regulatory bodies including those whose task is to ensure fiscal responsibility.

#### **New Taxes and Schemes**

The Chamber noted that its calls for Government not to introduce any surprise measures and new taxes were largely heeded. This is to the advantage of business momentum. The main new measure announced this year in this regard, relates to the introduction of a deposit and refund system on beverage containers. The Chamber looks forward to further consultations with the authorities in this regard to ensure that the objectives of this environmentally-friendly measure will be achieved through fair and equitable implementation on all direct operators.

#### **Promoting New Sectors and Business**

New measures called for by the Chamber aimed at enhancing the national action plan for entrepreneurship are welcomed particularly those announced in the area of support for start ups. Similarly, it looks forward to the announced new schemes which will be launched under

the Malta Development Bank including the new financial instrument for Family Businesses first introduced at the Malta Chamber.

At the same time, the Chamber is pleased to note the setting up of new entities that will serve to promote Malta's efforts in lucrative and innovative sectors such as fintech, blockchain, artificial intelligence and internet of things. To this end, the announcement regarding Tech MT, which is being established following a Chamber recommendation, is welcomed.

### **Labour Market and Education**

The Chamber observes another budget measure resulting from one of its proposals with respect to active labour market measures to enhance the availability of skills in the economy. In this respect, it notes the matching of fiscal incentives for persons employed in the public sector as had been made available for private sector employees to postpone their retirement. The Chamber also observed measures aimed to stimulate the take up of STEM subjects and improve the country's performance in terms of early school leaving through innovative links between tertiary educational institutions.

### **Public Holidays falling on a weekend**

The Malta Chamber noted the announcement and decision to add a further day of vacation leave in lieu of public holidays falling on a weekend. The Chamber reiterates its position that discussions with the Employer bodies remain ongoing with a view to ensure that the final effect of this measure is cost-neutral to employers.

### **Pensions**

The Chamber noted the improved incentives linked to voluntary occupational pension schemes. This is in line with the Chamber's recommendations ahead of this and previous budgets as it increases the sustainability of pensions for the State and adequacy for the beneficiary. The Chamber shall be assessing the newly announced conditions after consulting with users and providers.

### **Transport and Infrastructure**

In line with the investment of €700m in the country's road network over the coming seven-year span announced last year, the implementation of this is in full swing, the Chamber notes the extension of incentives on alternative and cleaner modes of transport, such as electric vehicles and incentives for young people to make use of public transport. Whilst it also observes the measures announced to alleviate the parking problem, the Chamber looks forward to contributing its recommendations on transport in an effort to solve the congestion problem that is costing the environment as well as businesses and citizens dearly.

### **Conclusion**

In the coming days the Malta Chamber shall be assessing the implications for economic activity in general and the various respective sectors of the measures announced in this Budget. Some of these measures are hinted at but not clearly defined at this stage. Therefore, the Chamber shall be seeking further information on these measures for further discussions with all stakeholders.

---

**END**