

PRESS RELEASE

9th October 2017

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 2018 and following are its initial reactions.

From initial review of the financial position and projections it appears that the Government's room for manoeuvre is understandably restricted. Indeed the overall position of the consolidated fund will remain negative in 2017 and 2018 with marginal gains in 2019 and 2020. However, the overall deficit in the consolidated fund is expected to remain in the region of €100m over the period. This may be interpreted that Government is reinjecting the additional resources raised from taxation back into the economy in the process boosting personal and company incomes.

It is evident that the economy is performing well and the recent positive economic performances have generated a positive effect on the state of public finances. 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.

Specific Measures

New Taxes and Schemes

The Malta 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 plastic and glass beverage bottles. The Chamber looks forward to the opening of formal consultations with the authorities to ensure that the objectives of this environmentally-friendly measure will be achieved through fair and equitable implementation on all direct operators whilst ascertaining the sustainability of existing waste management schemes.

Better Regulation

With regards to better regulation, the Chamber welcomes the long overdue announcement made this evening on the offsetting of payments between private operators and Government. The Malta Chamber had been calling for this initiative to be implemented for over a decade.

Energy

For the third consecutive year, the Malta Chamber called on Government to acknowledge the fact that companies based in Malta are still paying among the highest energy rates across the EU. Although the local business rates were decreased in 2015, the competitive nature of the international markets led to higher reductions elsewhere. In advance of the Budget, the Malta

Chamber proposed a number of measures that would help businesses overcome the expensive tariffs incurred, including an improved Night Tariff framework, purchasing flexibility as well as the introduction of privately managed energy distribution substations. The Malta Chamber is disappointed that, once again, none of these measures were considered in the Budget.

Public Holidays falling on a weekend

The Malta Chamber noted the announcement and decision to re-introduce public holidays falling on a weekend as vacation leave although it must be made clear that discussions with the Employer bodies are ongoing with a view to ensure that the final effect of this measure is cost-neutral to employers.

Infrastructure

The Malta Chamber welcomes the drive to start re-investing heavily in the country's ageing infrastructure especially the country's road network. The Malta Chamber welcomes the announced setting up of a new Authority responsible for the country's road infrastructure through the investment of €700m over the coming seven-year span. The Chamber looks forward to contributing its recommendations on the matter in an effort to solve the congestion problem that is costing the environment as well as business 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.

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