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Media Release

A Budget aimed at Relieving the Lower Classes - MEA

The Malta Employers' Association stated that the main thrust of the national budget 2017 is to alleviate the hardships faced by low income segments, namely single parent families, pensioners and minimum wage earners without adding substantial burdens on employers. Measures such as the increase in supplementary income, carer's allowances, rent subsidies and revised thresholds for the tapering of benefits are focused on vulnerable groups. In this respect it is a positive budget. The MEA is critical of the manner in which the COLA mechanism was tampered with, as government has resorted to a repeat a precedent created by the previous administration by awarding a COLA increase which is higher than the €1.25 which should have been the COLA increase for 2017. Another major shortcoming of the budget is that the commercial energy rates were not revised downwards to make these rates in Malta on a par with those prevailing in many industrialised countries. Given the state of international oil prices, the cheap energy generated by the interconnector and the potential benefits of the new power station, this was a doable measure. The current commercial energy rates could create a serious competitive disadvantage to many companies, particularly in the manufacturing sector. The budget does not adequately address the situation at Air Malta, nor does it offer tangible solutions to the traffic situation, with the exception of the incentives for company transport. The taxes on a number of products, including construction material, detergents and toiletries will have an adverse effect on some businesses and consumers in general. Although the budget is lacking in a longer term vision for the economy, it does include some measures with future implications, amongst them the incentives for voluntary second pillar pensions, incentives for a wider diffusion of solar energy through solar bonds, and the study for the gas pipeline. Fundamentally, the budget is a statement about the state of current and projected government finances, and the fact that the deficit is projected to decrease to 0.5% in 2017, with a corresponding fall in the GDP/national debt ratio to 63% is positive in itself and a direction that should be maintained in the future.

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