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Media Release

National Budget 2025 – Domestic Consumption and Social Measures Overshadow Economic Transformation, Competitiveness and Sustainability - MEA

In its initial reactions to the national budget speech, the Malta Employers' Association commented on the fact that once again the national budget seems to place an emphasis on social measures which are not matched by commensurate competitive enhancing measures to ensure balance in future economic growth in the years to come.

The MEA takes note of the Government's flagship budget measure in relation to reduction in income tax contributions to the tune of €140m through adjustment in tax bands across all categories of taxpayers. The MEA also noted the renewed efficiency in tax collection and the Finance Minister's assurances during the Budget consultation period that this measure will not compromise the country's aspirations in making the necessary strategic investments or its position with the European Commission in terms of the Excessive Deficit Procedure.

The MEA further notes that the tax cuts are balanced by the introduction of opt-out second-pillar occupational pension schemes that aim to channel a portion of workers' increased disposable income into savings thereby also reducing the risk of the measure being inflationary. In this regard, the MEA also notes Government's commitment to match the second pillar contribution of its employees. Whilst the MEA does not object to raising the conditions of work of public sector employees, it believes that these improvements need to be matched by productivity gains and better accountability, possibly also through a reduction in manpower in areas where it is appropriate and where workers can be more productively employed.

The MEA takes note of the consistent increase in public expenditure in Education. This is also very positive in itself but the socio-economic interest of the country requires more tangible and commensurate results from such expenditure.

The Association commends Government on taking its heed in introducing measures that encourage a voluntary extended participation of older individuals in the labour force. The measures announced in the budget are positive. However, the MEA recommends that such measures are further reinforced on the lines of its recent recommendations to ensure long-term success.

The MEA also noted the reference in the Budget Speech regarding potential revisions in Wage Regulation Orders and recommends detailed and responsible discussions on the matter between the social partners within the Employment Relations Board.

Whilst the MEA welcomes the confirmation of Government's commitment towards articulating the Malta Vision 2050 as it had itself long been advocating, it notes that there is nothing concrete in the Budget Speech on how the economy will be transformed to render it more sustainable, resilient and future proof with the adoption of quality, new technologies and continuous education and reskilling.