

# BUDGET PROPOSALS 2026

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## Introduction

These proposals are being submitted for consideration as part of Budget 2026. They aim to outline strategic measures through which the Maltese Government can actively support businesses and cultivate a more attractive business ecosystem that encourages investment and innovation. The Proposals are in line with the governments' 2050 vision, that of creating 'A safe and Resilient Nation, inspired by heritage and driven by progress, fostering a healthy quality of life for all'.

These proposals have been proposed and brought forward and based on quarterly feedback collected as part of the SME Barometer, which on average has a response rate of around 400 unique replies. Feedback was also collected based on members individual feedback, dedicated focus groups and designed to ensure long term sustainability and return on investment.

Special attention is also being given to SMEs in light that *Self-employed and small business predominance and economic significance in modern economies is undisputed and supported by research and statistics. The national statistics office (NSO)<sup>1</sup> has released data that indicates that more than 99.81% of all business units are SMEs and contribute to approximately 77% of private sector employment. 99% of all business units in Malta employ less than 50 employees, and are thus considered to be micro or small enterprises. More than 43,700 individuals operate as either self-employed or partnership. Undoubtedly, the self-employed, small and medium-sized enterprises (SMEs) are extremely important for economic growth and development and must be given their due attention and support. In this document, the proposals put forward are mainly centred around five pillars as explained below.*

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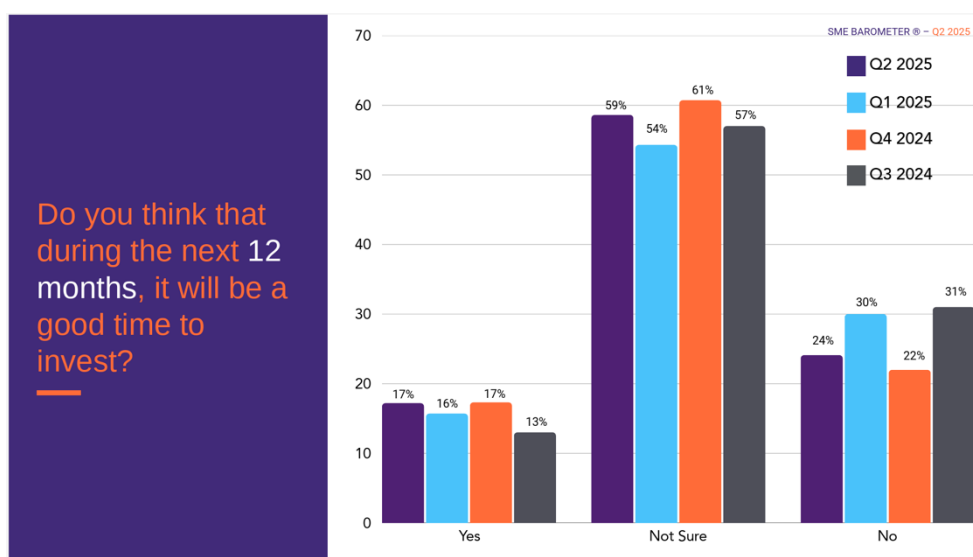
<sup>1</sup>**National Statistics Office.** Registered Business Units:2024. <https://nso.gov.mt/statistical-business-register/registered-business-units-2024/>

## Pillar 1: Taxation & Finance

This pillar focuses on reforming and optimizing the tax system to make it more competitive and supportive of businesses. The proposals aim to reduce the tax burden on companies, while on the other hand ensures that the government collects its dues in the most effective and efficient manner.

Furthermore, these proposals align with the most recent SME Barometer for Q2 2025, which reveals significant discomfort and persistent concerns among local businesses.

Specifically, 59% are experiencing uncertainty regarding investment decisions for the upcoming year. This feeling of uncertainty has been a steady pattern for at least the last 24 months. To improve the business climate and support long-term economic growth, it's vital to address these issues and encourage investment.



SME Barometer 2025 Quarter 2 results<sup>2</sup>

## Pillar 2: Governance

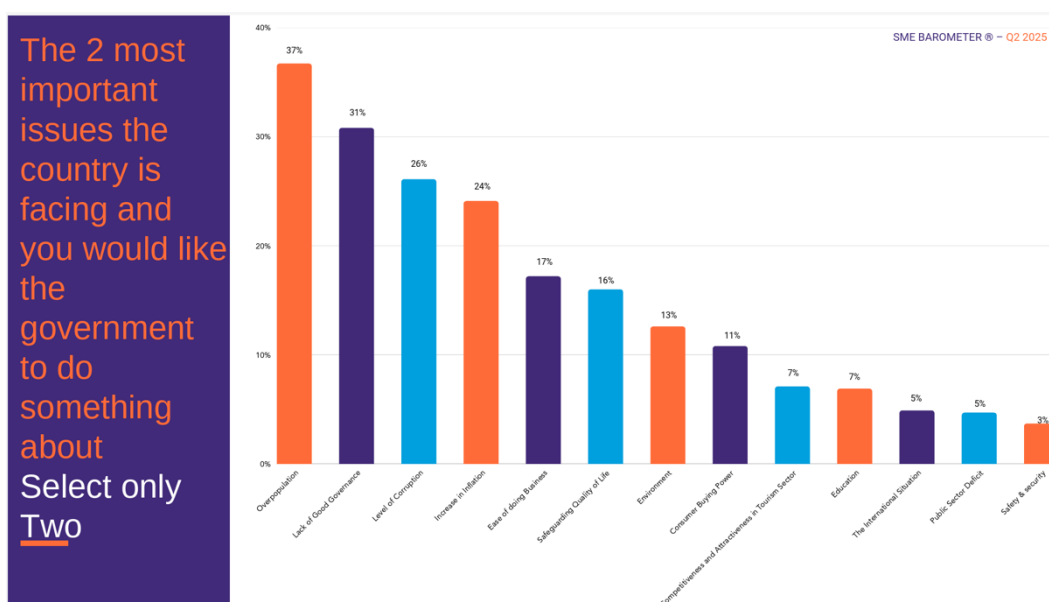
Most local businesses are dedicated to creating jobs, generating wealth, driving innovation, and contributing to our communities' well-being, making them a crucial part of

<sup>2</sup> <https://www.smechamber.mt/wp-content/uploads/2025/07/SME-Barometer-Q2-2025.pdf>

our society. In this context, the government should focus on creating an eco-system that fosters opportunities, encourages investment and supports good business. By providing targeted incentives, the government can support these responsible enterprises, enabling them to expand, hire more employees, and stimulate economic growth.

This approach not only fosters a more resilient economy but also ensures that our workforce thrives and our nation remains competitive in the global market. Additionally, the Government should avoid competing with the private sector for employment, allowing businesses to take the lead in job creation and economic development.

The aspect of good governance (31%) and level of corruption (26%) remain a top priority for businesses as evidently highlighted in the SME Barometer



The SME Chamber is therefore highlighting the governance aspect when it comes to public procurement, government competing services and also unfair competition.

### Pillar 3: Twin Transition

The twin transition and its impact on the world of work is a reality that researchers have been highlighting for years. The digital transformation's influence on the economy is

expected to grow, demanding that policymakers and stakeholders better grasp its complexities. This shift is “likely to cause major disruptions to the workplace of the future” (De Villiers, 2021), representing a profound and far-reaching revolution (Kommunuri, 2022) and “major uncertainty for the future of work” (Singh et al., 2022). Similarly, the green transition is reshaping industries, pushing businesses toward sustainability and environmental responsibility.

When it comes to re-skilling particularly on emerging skills such as AI, As of 2024, LinkedIn’s data continues to show a strong and growing demand for AI skills across industries. According to LinkedIn’s *2024 Workplace Learning Report*, AI-related skills remain among the top 5 most in-demand skills globally. This reflects the accelerating adoption of AI technologies across various sectors, including healthcare, finance, manufacturing, and technology. A survey conducted by the SME Chamber as part of the SME Barometer found that 50.8% of respondents make use of any AI tools within your business day to day operations, on the other hand 65.9% said they did not receive any training on the use of the same AI rules.

For businesses and countries, the twin transition is not just a challenge but an opportunity. Embracing both digital and green transformations is essential to stay competitive, driving innovation, and ensuring sustainable growth. Companies must adapt to new technologies and sustainable practices, while countries need to create policies that support this dual transition.

In Malta, while the digital and green transitions are recognised in various policies, which is encouraging, there is however still a lack of coordinated action and proactive planning among stakeholders. It is crucial to bring together relevant parties to holistically address the future of work and sustainability.

This big shift is a huge opportunity for Malta, in line with its 2050 vision to reshape its economy, fix its weaknesses, and become a leader in sustainable development. The twin transition is more than just a policy, rather it is a complete rethinking of how we manage resources, use technology, and meet society’s needs in a way that fits the urgent challenges of today.

## Pillar 4: Energy

The aim behind these proposals is to improve current and future renewable energy uptake in Malta. The proposals seek to address specific issues and barriers identified by members

of the SME Chamber within the renewable energy sector, focusing on areas like grid connection costs and areas the SME Chamber believes need improvement in order to increase uptake. Finally, the proposals aim to make it economically viable for businesses and individuals investing in renewable energy.

Ultimately, the document serves as a set of recommendations to government and related entities to refine existing policies and create new initiatives that will support the growth and sustainability of the renewable energy sector in Malta. This includes encouraging investment in energy storage and promoting the adoption of innovative technologies like building-integrated photovoltaics.

*The proposals put forward in this document are organised under these four pillars, and specific initiatives. The proposals are designed to incentivise investment and support good business by increasing business cashflow, reducing bureaucracy, simplifying procedures, supporting innovation and rewarding compliance. This aligns with Government objectives to enhance government revenue, improve compliance rates but also create an environment that encourages business investment.*

*We also emphasise the importance of the self-employed and small business as the backbone of our economy. It is high time that we walk our talk and support the self-employed and small business by addressing their struggles and supporting their development.*

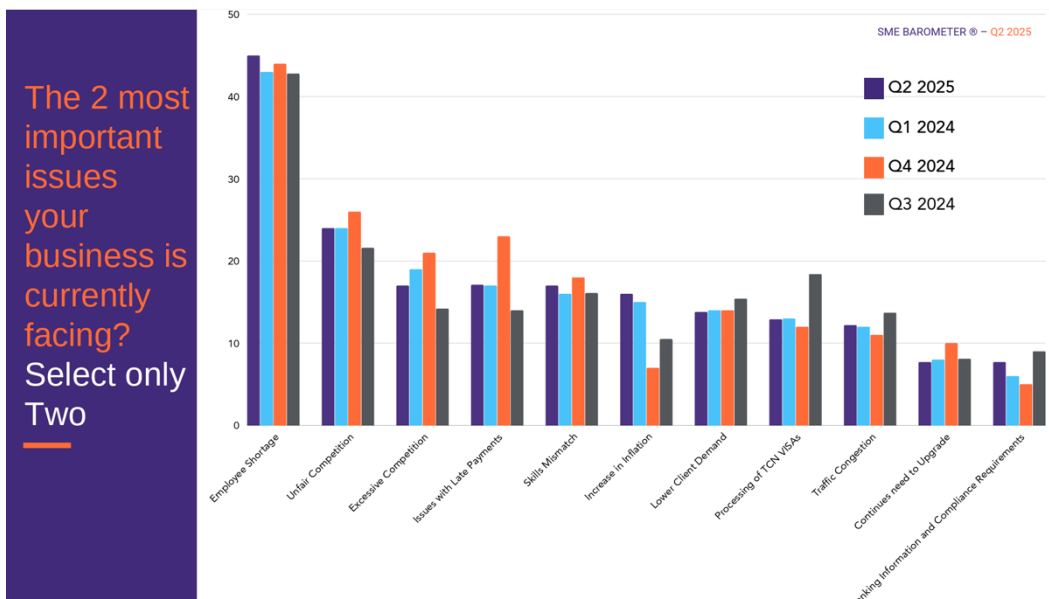
*Last but not least, these proposals seek to address the interests of employees and their families, who's well-being and livelihood depend on the sustainability and success of their employers and the economy at large.*

## **Pillar 5: Transport**

Transport is an increasingly critical concern for businesses, directly impacting their daily operations and overall efficiency. Delays, rising costs, and logistical challenges related to transport can significantly hinder productivity and profitability.

According to the Malta Chamber of SMEs' Barometer survey The Malta Chamber of SMEs proposes a range of strategies to address the members feedback remain and feature as a top issue from one quarter to another.





They advocate for government-led initiatives such as collective transportation for government employees, increased teleworking, and incentivizing alternative commuting methods like carpooling and cycling through grants or mobility wallets. The SME Chamber also emphasises the importance of improving public transport by increasing the frequency of smaller buses, providing better real-time information, and establishing underground parking hubs linked to the public transport network.

The proposals also addresses the need to make traditional car ownership less by offering cheaper alternatives. Additionally, the SME Chamber also proposes optimising delivery services by incentivizing off-peak deliveries and creating delivery hubs. The ultimate goal is to foster a sustainable, efficient, and environmentally friendly transport landscape that meets the demands of a modern economy while enhancing the quality of life for all citizens.

# Pillars 1: Taxation & Finance

## Initiative: Tax Deductions

### Context:

The Government's 2022 election manifesto promised to lower the income tax rate for businesses from 35% to 25%. This reduction in corporate tax was also supported by the Opposition. Even though this idea was agreed upon by both parties and included in the manifesto, it has not been put into action yet. This change in tax rates is very important for several reasons. It would help increase tax collections, create a fairer environment for local businesses, encourage compliance, and boost economic growth by attracting more investment and creating jobs.

### Proposal 1: Decreasing Income Tax Rates for Businesses

Implementing a reduction in effective income tax rates for businesses from 35% to 25% on the first €250,000 profit.

### Outcomes:

- **Level Playing Field for Local Companies:** The current tax structure puts local companies at a disadvantage compared to foreign-owned Malta-based companies that benefit from lower effective tax rates. By reducing income tax rates, we aim to create a more equitable business environment that fosters fair competition and supports the growth of local enterprises.
- **Cash Flow for Investment and Job Creation:** Lowering income tax rates will provide businesses with increased cash flow, which can be reinvested in expansion initiatives, research and development, and job creation. By incentivising further investment, the proposed tax deduction will fuel economic growth and contribute to employment opportunities within the local community.

## Initiative: Business Turnaround Schemes

### Context:

Businesses facing financial difficulties often encounter significant challenges in accessing necessary funding to recover, turn around, and sustain their operations. Traditional retail banks, constrained by risk considerations and regulatory frameworks, are generally reluctant to extend assistance to these struggling enterprises. As a result, businesses find themselves trapped in a cycle of financial distress, jeopardising not only their own viability but also the employment opportunities they provide. Businesses today have varied avenues of assistance. Yet when they need it most they are starved of this assistance and blacklisted immediately. Recognising this pressing need, we propose a series of interventions aimed at providing targeted financial support to businesses in distress, thereby facilitating their turnaround and safeguarding both business continuity and employment prospects. The main proposals being put forward here are the Business Turnaround Finance and the Business Turnaround Grant.

### Proposal 2: Business Turnaround Finance

**The development of a specialised fund tailored specifically for businesses facing financial distress in order to turnaround their business**

### Mechanism:

- With the involvement of professionals who are to present and sign off a viable Business Recovery / Restructuring Plan and who should remain involved, accountable and committed to its implementation and who will be bound to report to the body issuing the assistance. The professional would also be able to declare if the business has a chance of recovering.
- This financing mechanism would enable eligible businesses to access the capital necessary for recovery efforts, including restructuring and diversification initiatives.
- Typically, businesses in distress exhibit weakened financial metrics such as losses, increased creditors, and liquidity constraints, rendering them unattractive to traditional lenders.
- Additionally, based on the outcome of the business recovery plan, by offering specific turnaround finance, the lending authority can fill this financing gap and provide a lifeline to businesses striving to overcome economic challenges.

- The financing terms and conditions would be designed to accommodate the unique circumstances of distressed businesses, including flexible repayment structures and reasonable interest rates.
- The fund could possibly be administered by the Malta Development Bank (MDB), Malta Enterprise, or any other suitable authority.

#### Outcomes:

- **Revitalisation of Distressed Businesses:** By providing necessary capital, the fund will enable businesses to implement recovery strategies, such as restructuring operations, optimising costs, and exploring new revenue streams, thus aiding in their return to profitability and long-term sustainability.
- **Job Preservation:** By supporting businesses in distress, the fund will help preserve existing jobs that might otherwise be lost, maintaining employment levels and contributing to economic stability.
- **Enhanced Economic Activity:** The revitalisation of distressed businesses will lead to increased economic activity, contributing to GDP growth and stimulating broader economic benefits for the community.
- **Strengthened Financial Metrics:** With access to turnaround finance, businesses will be able to improve their financial health by addressing liquidity constraints, reducing creditor pressure, and stabilising their balance sheets.
- **Restored Creditworthiness:** As businesses recover and strengthen their financial positions, their creditworthiness will improve, making them more attractive to traditional lenders in the future.
- **Catalyst for Further Investment:** The successful turnaround of distressed businesses can act as a catalyst for further investment from both domestic and international investors, enhancing confidence in the Maltese business ecosystem.
- **Promotion of Entrepreneurial Resilience:** The availability of turnaround finance will encourage a culture of resilience and perseverance among entrepreneurs, reinforcing the notion that temporary financial difficulties can be overcome with the right support and resources.
- **Local Early Warning Mechanism:** A good number of [EU Countries have successfully](#) set up an Early Warning Mechanism structure that provides SMEs with unparalleled support and effectively a second chance. SMEs in such countries have the advantage of having this extra layer of safety net, which system had also done a lot to improve the stigma associated with business failures.

## Initiative: Taxation Arrears Financing

### Context:

Businesses experiencing financial distress often face challenges in meeting their tax obligations, leading to mounting arrears, interest and penalties. On the other hand, retail banks typically refrain from extending financing to address tax liabilities, exacerbating the financial plight of these businesses. It is important to clarify that this initiative is in no way intended to suggest that tax dues should go unpaid, but rather delegate the financing mechanism aspect of tax arrears to entities having more knowledge and expertise to take risk based decisions.

### Proposal 3: Fair Allocation for VAT Payments to Arrears

### Context:

Businesses falling behind on their VAT payments, often face a combination of outstanding VAT, interest, and penalties (governed by an agreement with MTCA). Currently, when payments are made to settle these arrears, Interest and penalties are paid first. This leads to situations where businesses pay off interest and penalties first, while the actual VAT debt remains unpaid or only partially settled. This approach is unfair and creates a financial strain for businesses and delay the resolution of the core VAT debt.

### Mechanism:

- To address this issue the SME Chamber proposes a fair and transparent system where payments made for VAT arrears are either allocated in full or partly (similar to home loans) to the principal VAT element, and only after the VAT debt is fully settled, should the remaining amount be applied to interest and penalties.
- This approach ensures that the primary tax obligation is met first, reducing the overall VAT debt burden and helping businesses recover more quickly.

## Outcome:

**Focus on Principle VAT amount:** By putting payments toward the VAT amount first, businesses can clear their main tax debt quicker, reducing the chance of more penalties and interest building up.

**Less Financial constraints:** Focusing on the VAT part first helps businesses lower their total debt, avoiding the problem of interest and penalties growing quickly.

**Clear and Fair System:** A simple allocation system lets businesses know exactly how their payments are used, building trust with tax authorities and making the process easier to understand.

**Helps SMEs Recover:** Many small businesses struggle with cash flow. Paying off the VAT debt first helps them manage their money better, so they can focus on growing instead of dealing with interest and penalties.

## Proposal 4: Tax Deductibility of National Insurance Contributions

### Context:

Under the current system, the maximum rates of national insurance (NI) contributions are triggered at an income level of €28,303.08. Consequently, a self-employed individual earning €28,303.08 pays the same NI contribution as someone earning €100,000. Maximum tax and NI rates are triggered at an earnings level that is too low, especially when one considers the significant increase in the cost of living. Furthermore, self-employed individuals cannot deduct their annual NI contributions as an expense in their profit and loss accounts.

To alleviate the financial burden on self-employed individuals, we propose making national insurance contributions tax deductible, thereby reducing their overall tax liabilities and further incentivising entrepreneurship and job creation.

### Mechanism:

- Self-employed individuals are allowed to enter their annual NI contributions paid as a tax-deductible cost in their profit and loss account.

## Initiative: Alleviating Financial Burdens on Businesses

### Proposal 5: Extending Tax In Danger Limits

**Extending the “Tax in Danger” limits to encompass various investment activities beyond traditional brick and mortar works and lowering the threshold from €70,000 to €50,000**

#### **Context:**

One effective way to incentivise investment in the current economic landscape is through tax policies that alleviate cash flow burdens and bureaucracies on businesses. One such policy is the Tax in Danger provision, which provides exemptions on VAT charges for certain investment-related expenses, typically in the construction of immovable property.

Currently, there isn't a law stipulating the threshold and conditions for one to apply and be eligible for the Tax in Danger provision, and the granting of such provision is completely at the discretion of the MTCA.

This provision empowers the Commissioner with the authority to issue a written notice to both parties involved in a supply contract under specific conditions. These conditions include the contract's value being more than €70,000 and the customer having the right to deduct input VAT. When the commissioner issues this notice, it essentially means that the person receiving the supply is treated as if they supplied it to themselves. This means that instead of the supplier charging VAT on the supplies mentioned in the contract, the customer receiving the supplies needs to add VAT, essentially self-charging VAT. At the same time, they can deduct this VAT they've added as input VAT. In simpler terms, this provision essentially allows for an exemption of VAT on such transactions, whereby the supplier does not charge VAT. This does not represent any loss of tax revenue for the tax authorities, since the VAT that would have been charged would have been claimed back by the customer just the same.

This provision helps the customer in better cash flow management, thereby incentivising investments. However, there is a significant limitation to the current application of Tax in Danger limits. As an example, this exemption does not apply to the purchasing of furniture. This highlights the need to broaden the scope of this policy and standardise its requirements and eligibility criteria. The proposal aims to extend the Tax in Danger limits

to encompass a wider range of investment activities and possibly lower the threshold to make it more accessible to businesses.

#### **Mechanism:**

This expansion would allow businesses to benefit from VAT exemptions on any investments made, lowering the threshold to ensure that more businesses can avail themselves of this incentive.

Businesses seeking to benefit from VAT exemptions would be required to maintain clean compliance records, thus incentivizing adherence to tax regulations and improving overall compliance rates.

#### **Outcomes:**

- **Stimulated Investment:** By incentivising investment in various sectors, businesses will be encouraged to expand their operations and contribute to economic growth.
- **Improved Cash Flow:** VAT exemptions on investment-related expenses will alleviate financial burdens on businesses, improving cash flow and enabling them to pursue growth opportunities.
- **Enhanced Compliance:** Linking eligibility for the Tax in Danger provision with compliance certification will incentivise businesses to adhere to tax regulations, leading to improved compliance rates and a more transparent business environment.
- **Precedent for Future Policies:** The proposed expansion of Tax in Danger limits sets a precedent for future policies aimed at promoting domestic investment and economic development. It lays the groundwork for broader concepts such as VAT domestic recharge, paving the way for further economic stimulus measures.

## [Proposal 6: VAT Domestic Reverse Charge](#)

### Initiative: Introducing a VAT Domestic Reverse Charge



### Context:

The current VAT system requires businesses to pay VAT on purchases and then reclaim it later, creating cash flow challenges and administrative burdens. This conventional approach can hinder business operations, particularly for small and medium-sized enterprises (SMEs), and often results in delays and complexities for both businesses and tax authorities. Additionally, maintaining compliance and embracing digitalisation remain significant challenges within the VAT system.

This presents an opportunity to introduce a VAT reverse charge mechanism which would alleviate cashflow pressures, reduce administrative complexities, and streamline the VAT process for businesses, facilitating greater compliance and encouraging digitalisation within the VAT system, without impacting the government's revenues.

### Mechanism:

Similar to existing practice in transactions with suppliers from other EU countries, a domestic reverse charge mechanism could be introduced for B2B transactions among local VAT registered entities, resulting in no VAT being charged and subsequently no VAT being claimed.

Taxpayers could also be required to adopt an e-invoicing system to make use of this mechanism. This not only aligns with modern business practices but also lays the groundwork for the eventual transition to mandatory e-invoicing, as issued in the European Commission's 2022/0407 (CNS) Directive, that lays out a series of measures to modernise the EU's VAT system by January 2028.

This mechanism can significantly help businesses manage their cashflow more effectively without impacting government revenues.

### Outcomes:

- **Enhanced Cash Flow:** This mechanism offers a cash flow advantage and reduces cash handling burdens for businesses, while maintaining cash neutrality for tax authorities.
- **Streamlined Processes and Simplification:** Simplified administrative procedures for both businesses and tax authorities, leading to increased operational efficiencies and significant cost savings for all stakeholders.

- **Promotes Compliance:** Eligibility to making use of this system could be contingent upon maintaining a clean compliance record. This incentivises adherence to tax regulations and automatically enhances tax collection by the Tax Authorities.
- **Modernisation of Businesses:** It encourages businesses to embrace digital technologies, leading to a broader digital transformation across the economy and increased productivity.
- **Cost Savings for Tax Authorities:** With reduced administrative burdens and improved compliance, tax authorities can allocate resources more efficiently, leading to cost savings in tax enforcement and compliance activities.
- **Stimulated Investment and Economic Growth:** With a simplified and more transparent tax system, businesses are more likely to invest in expansion, innovation and job creation, contributing to overall economic growth and prosperity.

## Initiative: Strengthening Successful Incentives

### Proposal 7: Revamping of Micro Invest

#### Context:

The Micro Invest scheme provides valuable financial support to micro-enterprises for investments in equipment, technology, and other essential assets. To better cater to the needs of micro-businesses, we recommend a number of adjustments. Additionally, the capped micro invest amount has been fixed for years with no reflection on inflation year on year.

Increasing the Micro Invest aid intensity from 45% to 65% for micro-enterprises, whilst for small enterprises the threshold for the maximum credit to be claimed would be increased from €50,000 to €70,000.

#### Mechanism:

- Increasing the Micro Invest aid intensity from 45% to 65% for micro-enterprises, whilst for small enterprises the threshold for the maximum credit to be claimed would be increased from €50,000 to €70,000.

- The scheme will remain subject to presenting a clean compliance certificate.
- Employer & Employee Training would be considered as an eligible expense under the Micro Invest (Beyond minimum requirements).
- Leased Vehicles can be claimed under micro Invest as long as the lease agreement is longer than five years.
- To increase capping of Micro Invest for companies opting to introduce digital invoicing (in preparation for 2030), with an additional capping of Euro 20,000.
- Passenger vehicles up to Euro 25,000 can be claimed given that a substantial amount of businesses purchase passenger vehicles for their business needs. The capping of Euro 25,000 would ensure the system is not abused and used to purchase private use vehicles.

#### Outcome:

- **Increased Support for Micro-Enterprises:** Raising the aid intensity from 45% to 65% for micro-enterprises will offer them greater financial assistance, enabling increased investment in their growth and development. This will help micro-enterprises, which often operate with limited resources, to become more competitive and sustainable.
- **Enhanced Benefits for Small Enterprises:** Increasing the maximum credit threshold from €50,000 to €70,000 for small enterprises will allow them to claim higher amounts for eligible expenses. This will encourage small businesses to invest more, enhancing their productivity and competitiveness.
- **Improved Compliance and Accountability:** By maintaining the requirement for a clean compliance certificate, the scheme ensures that only compliant businesses benefit from the aid. This promotes good governance and accountability among businesses, reinforcing the integrity of the scheme.
- **Investment in Workforce Development:** Including employer and employee training as an eligible expense will incentivize businesses to invest in upskilling their workforce. This will result in a more skilled and productive workforce, which is essential for long-term business growth and economic development.

## Proposal 8: Export Guarantee Scheme

### **Context:**

The SME Chamber believes that an Export Guarantee Scheme can play a crucial role in incentivizing exports, which are vital for international trade and economic stability. In today's global economy, promoting exports is essential due to their significant impact on domestic production, economic growth, and income distribution. Amidst the ongoing global economic crisis, export promotion has become a critical tool for fostering worldwide economic progress. Export support mechanisms, such as export credit guarantees, have gained importance in recent years. These guarantees help mitigate the risks of entering foreign markets, particularly for SMEs, by ensuring reimbursement for unpaid invoices. This allows firms to manage their credit more effectively and encourages them to explore new markets.

### **Mechanism:**

- The proposed Export Guarantee Scheme would minimize the risks associated with exporting by providing financial guarantees to Maltese exporters.
- The scheme would establish a framework for entities such as insurance companies, banks, and investment funds to participate in financing export credit.
- These entities would earn revenue by providing guarantees for Maltese exports, thereby creating a sustainable and collaborative ecosystem for export financing.

### **Outcome:**

- **Risk Mitigation for Exporters:** The scheme would reduce the financial risks associated with exporting, particularly for SMEs, by guaranteeing reimbursement for unpaid invoices. This would encourage more businesses to explore international markets.
- **Increased Export Activity:** By minimizing risks, the scheme would empower Maltese businesses to expand their export of goods and services, contributing to economic growth and diversification.
- **Support for SMEs:** SMEs, which often face challenges in accessing foreign markets due to financial constraints, would benefit significantly from the scheme. This would level the playing field and allow them to compete globally.

## Pillar 2: Governance

### Initiative: Creating a fairer and transparent Procurement system

Public procurement represents an opportunity like no other for the government to lead by example. It is testament to where the government wants to lead the country in terms of quality. Unfortunately, the results speak for themselves as public procurement is many times a testament to shoddy preparation and execution and lack of good governance. There is lack of trust in the public procurement system and the conviction that tenders are set up for specific and repeated service providers which are prechosen, pre-advised and have tenders tailored to their specifications

### Proposal 9: Public Procurement Watchdog

#### Context:

Public procurement is a critical component of government operations, involving the acquisition of goods, services, and works from external suppliers. However, the current system faces several challenges, including a lack of transparency, inefficiencies in the adjudication process, and barriers for smaller businesses and green initiatives. Redress is most of the time, costly, lengthy and a barrier in itself, especially for small Businesses.

#### Mechanism:

Role of the Ombudsman would be to:

- **Reviewing Direct Orders:** The Watch dog would have the authority to review all direct orders to ensure they are justified and comply with procurement rules. This would help curb the increasing trend of using market research as a way to bypass proper procurement procedures. The Ombudsman would ensure that direct orders are only used in exceptional circumstances and that the reasons for their use are well-documented and justified.

- **Address Inadequate Clarifications:** The Watch dog would be empowered to address inadequate clarifications in procurement processes. If a tender or direct order lacks sufficient clarity or contains ambiguous terms, the Ombudsman can intervene to ensure that all parties have a clear understanding of the requirements and expectations. This would reduce disputes and ensure a smoother procurement process.
- **Ensuring Fair Contract Terms:** The Watch dog would ensure that contract terms are fair and balanced, meaning both parties are equally tied to the commitment.
- **Independent:** Public Procurement Watch dog that would be independent and be able to scrutinize tenders that are presented to it through formal presentation.
- **Monitoring Compliance:** The Watch dog would monitor compliance with procurement rules throughout the entire process, from the initial tender or direct order to the final contract execution.
- **Promoting Transparency and Accountability:** By overseeing direct orders and ensuring fair contract terms, the Watch dog would promote transparency and accountability in public procurement. This would build trust in the system and ensure that public funds are used efficiently and responsibly.

#### Outcome:

- **Improved Compliance:** The Watch dog monitoring of compliance would ensure that procurement rules are followed throughout the process, reducing the risk of irregularities and ensuring that public funds are used appropriately.
- **Greater Trust in Procurement:** The Watch dog oversight would enhance transparency and accountability, building greater trust in the public procurement system among businesses, government entities, and the public.
- **Reduced Misuse of Direct Orders:** The Watch dog oversight would reduce the misuse of direct orders and ensure they are only used when absolutely necessary, in line with procurement regulations.
- **Clearer Procurement Processes:** By addressing inadequate clarifications, the Watch dog would ensure that all parties have a clear understanding of the procurement requirements, reducing disputes and delays.

## Proposal 10: Public Procurement Fairness & Accessibility

### **Context:**

Although tenders may appear fair at face value, they are often not accessible to many businesses, particularly Small and Medium Enterprises (SMEs) and smaller investors. This is due to several barriers, such as high financial requirements, complex application processes, and the tendency to favour larger, well-established companies. As a result, smaller businesses are frequently excluded from participating, limiting competition and innovation. Additionally, the focus on the lowest price rather than the best value can lead to suboptimal outcomes for public projects. To address these issues, reforms are needed to make tenders more inclusive, transparent, and focused on quality, ensuring that all businesses, regardless of size, have a fair opportunity to compete.

### **Mechanism:**

- **BPQR System for Adjudication:** A certain percentage of tenders for all governmental entities would be required to be adjudicated using the Best Price Quality Ratio system. This system focuses on quality and value rather than just the lowest price, ensuring better outcomes for public projects.
- **Smaller Lots for Tenders:** Tenders would be divided into smaller lots to make them more accessible to smaller investors and SMEs. This would encourage greater participation from smaller businesses, fostering competition and innovation. Moreover, the SME Chamber believes that tenders issued by the government for training, should be based on the think-small-first principle and made as accessible as possible for SMEs wishing to participate.
- **Revision of Financial Requirements for Tenders:** Financial requirements, such as upfront fees or substantial financial guarantees, should be removed from the tender application process. These would only be required after winning the tender and in reasonable proportions. Additionally, the fees for raising claims in the adjudication process should be reduced or removed, making it more accessible for businesses to challenge decisions.

#### Outcome:

- **Increased SME Participation:** Removing financial barriers and simplifying processes will allow more SMEs and smaller businesses to compete, fostering greater competition and innovation.
- **Better Quality Outcomes:** Focusing on the **best value** rather than just the lowest price will ensure higher-quality goods and services for public projects.
- **Reduced Financial Burden:** Eliminating upfront fees and financial guarantees will make it easier for smaller businesses to participate without significant upfront costs.
- **Economic Growth and Innovation:** Leveling the playing field will boost economic activity, encourage job creation, and promote sustainable and innovative solutions.

### Initiative: Reducing Unfair Competition

#### Context:

Unfair competition in government services and the influx of undeclared goods into Malta create significant challenges for SMEs, often rendering them uncompetitive. When government entities compete with the private sector, they often benefit from subsidies and lower costs, undercutting private businesses. Additionally, undeclared goods bypass customs duties and regulations, allowing them to be sold at lower prices than legally imported products, putting compliant SMEs at a disadvantage. These practices distort the market, reduce opportunities for SMEs, and undermine fair competition, ultimately harming the economy. Addressing these issues is crucial to creating a level playing field where SMEs can thrive.

### [Proposal 11: Strengthening Enforcement mechanisms](#)



Local businesses often face unfair competition from foreign businesses selling undeclared goods at lower prices, creating an uneven playing field. This harms local SMEs and results in lost tax revenue. Currently, customs control measures vary across entry points, allowing undeclared goods to enter the market. Investing in stronger and consistent customs checks is crucial to ensure all goods are properly declared and taxed. This would level the playing field, protect local businesses, and boost tax revenues, fostering a fairer and more competitive market.

#### Mechanism:

- **Incentives for Reporting Undeclared Goods:** Introduce whistleblower programs or incentives for individuals and businesses to report cases of undeclared goods, encouraging community involvement in combating illegal practices. More often, persons reporting, feel perplexed to do so, since they will be publicly exposed.
- **Uniform Customs Enforcement:** Implement consistent customs control measures across all entry points to ensure that no goods enter Malta undeclared or untaxed.

#### Outcome:

- **Reduced Undeclared Goods:** Stronger customs controls and whistle blower programs will significantly reduce the flow of undeclared goods, ensuring a fairer market for local businesses.
- **Increased Tax Revenue:** Improved detection and enforcement will boost tax compliance, generating more revenue for public services and SME support.

### Proposal 12: A level Playing Field for All

#### Context:

In certain industries, private businesses often face unfair competition from public institutions or state-owned entities. This is particularly evident in sectors where public institutions, which receive significant government funding and resources, compete directly

with private businesses, evidently this can for example be seen in the Educational Sector, where entities like UoM, MCAST, IFE and ITS have now set-up their own LTD companies specifically to compete with the private sector. This creates an uneven playing field and distorts the market, as private businesses must operate without the same level of financial support or subsidies, putting them at a significant disadvantage.

#### Mechanism:

- **Restrict Public Institutions from Competing in Public Calls & Tenders:** Publically funded entities or directly involved ones, should not be allowed to participate in public calls or tenders, as they already receive government funding. This would prevent double funding and ensure that private businesses have a fair chance to compete.
- **Public Funding:** Given the uneven playing field created by these competing entities, the SME Chamber proposes several funding mechanisms for such impacted sectors. These funds would be specifically aimed at helping private entities to acquire software, resources, and other tools that can enhance the quality of their service offerings.
- **Public Private Partnerships:** The Malta Chamber of SMEs also Encourages a level of support to impacted sectors through Public-Private Partnerships aimed at benefitting the sector at large. These collaborations can be aimed to generate more business development opportunities for the private sector, which will also promote Malta as a product. This is similar to the way Finance Malta, plays a vital role in the promotion of Financial Services in Malta. The SME Chamber suggests starting with the Educational Sector and moving on to other impacted sectors.

#### Outcomes:

- **Fair Competition for Private Businesses:** Restricting public institutions from competing in public calls and tenders, private businesses will have a fairer chance to secure contracts, reducing the uneven playing field and promoting healthy competition.
- **Enhanced Service Quality in the Private Sector:** The proposals aim to incentivise businesses to improve with the funding mechanism.

- **Increased Business Development Opportunities:** Public-Private Partnerships (PPPs) will create more business development opportunities for the private sector, fostering innovation and growth while promoting Malta as a competitive product on the globally which is normally competing with other countries.
- **Improved Sector Collaboration:** PPPs will encourage collaboration between both public and private sectors and also between private sectors themselves, leading to more efficient resource allocation, shared expertise, and mutual benefits for all stakeholders.

## Pillar 3: Energy

### Initiative: Championing the RES in Malta

#### Context:

As Malta continues to transition towards a sustainable energy future, several key challenges must be addressed to ensure the successful integration of renewable energy into the national grid and to make it more accessible to both commercial and residential users. These challenges include grid capacity limitations, complex administrative processes, and the need for greater public and private sector collaboration. To overcome these barriers, the following proposals are essential.

#### Proposal 13: Strengthening the Grid Connection

**Context:** The imminent challenges posed by climate change, population growth, and the electrification of transport have underscored the real and pressing issues facing our energy grid. Although the government in past years has invested heavily in the grid supply, focus was to eliminate power outages. Focus on connecting large renewable energy projects to the grid, is normally up to the investor with little to no visibility on the costs involved to connect.

#### Mechanism:

- **Pro-Rata Cost Structure for grid connections:** It is imperative to implement a pro-rata cost structure based on KW allocation, such as setting a fixed fee of Euro 10,000 for every 100KW as an example, to ensure fairness in grid connection costs and reduce the financial burden on project developers. This should establish uniform guidelines for grid connection costs and eliminate discrepancies and unpredictability in project expenses, which over the years have deterred many investments in renewable energy.
- **Uniformity and Predictability:** Establish uniform guidelines for grid connection costs to eliminate discrepancies and unpredictability in project expenses, which can deter investment in renewable energy.

## Outcome:

- **Streamlined Project Planning:** Uniform guidelines for grid connection costs will simplify the planning and budgeting process for renewable energy projects. This will allow developers to allocate resources more efficiently and focus on project execution rather than navigating inconsistent cost structures.
- **Boost to Renewable Energy Development:** The introduction of a predictable and fair cost structure will accelerate the development of renewable energy projects, contributing to Malta's energy transition goals and targets.
- **Fair and Transparent Cost Allocation:** Implementing a pro-rata cost structure based on KW allocation (e.g., €10,000 for every 100KW) will ensure that grid connection costs are fair and transparent, reducing the financial burden on project developers and making renewable energy projects more financially viable.
- **Elimination of Land Speculation:** With a clear and predictable cost structure for grid connections, land speculation will be reduced. Developers will no longer face inflated land prices driven by uncertainty over grid connection costs.

## Proposal 14: Commercial Renewable Energy Schemes

### Initiative: Incentivising investment in large scale energy storage

**Context:** The Current domestic battery scheme is a resounding success. At a more strategic level, the Maltese Government should prioritise commercial and industrial scale energy storage systems for grid stability and energy security. These can be complementary installations to the clean energy generation, and would encompass energy storage units and electric vehicle charging stations in designated regions.

### Mechanism:

- A scheme similar to the domestic one is being recommended to incentivise industrial investments in energy storage as a means to strengthen the grid connection.

- The additional grid infrastructure funding required for these projects should be mainly undertaken by Enemalta, thereby facilitating private sector investments in project generation.

#### Outcome:

- **Facilitated Private Sector Investment:** This funding structure will encourage more businesses to adopt energy storage solutions, driving innovation and growth in the sector.
- **Improved Energy Efficiency:** Energy storage systems will allow industries to store excess energy during off-peak hours and use it during peak demand, improving energy efficiency and reducing overall energy costs for businesses.
- **Reduce Dependence on the Grid:** Such schemes will reduce heavily the dependence on the overall grid connection.

### Proposal 15: Renewal of Residential RES

#### Context:

The original €10 million fund allocated for Residential RES Scheme together with the additional €5 million injection have been quickly exhausted due to high demand, and an However, with the continued interest in the scheme, the need for additional funding is imminently needed. To ensure that all genuine applications are supported and to maintain the momentum of the scheme's success, we are requesting an extension of funding.

#### Mechanism:

- An additional injection of a further €15 million is being requested to ensure the smooth continuity of this successful scheme and also the ensure business continuity.

#### Outcome:

- **Economic Benefits:** The scheme has already delivered significant economic and social benefits, including creation of green jobs, reduced carbon emissions and business growth.

Extending the funding will allow more projects to be realized, further amplifying these positive outcomes.

- **Sustained Momentum:** The scheme has generated strong momentum and an extension of funding will ensure that this progress is not disrupted. This will also encourage more businesses and individuals to participate, driving further innovation and growth.

## Proposal 16: Streamlining Large Renewable Energy Investments

### **Context:**

Investing in larger RES projects involves navigating multiple entities, including the Planning Authority, ERA, REWS, Enemalta, ARMS, Infrastructure Malta, and Transport Malta. This fragmented approach creates bureaucratic inefficiencies, delays, and frustration for investors, deterring potential investments in renewable energy. To address these challenges, the SME Chamber recommends the establishment of a One-Stop-Shop for large RES projects. This centralized entity would handle all aspects of the application and approval process, making it more efficient, transparent, and user-friendly for investors.

### **Mechanism:**

- **Business 1st:** The success of Business 1st to act as a one stop shop for businesses has proven to be a successful business model. The SME Chamber proposes the the services offered by business 1st are extended to coordinate with all relevant authorities (Planning Authority, ERA, REWS, Enemalta, TM, amongst others) on behalf of the applicant, streamlining the entire process.
- **Integrated Process:** The One-Stop-Shop would handle all stages of the RES project lifecycle, including: Planning and Permitting (Planning Authority, ERA), Grid Connection Studies (Enemalta), Bid Submission and Authorization (REWS), Infrastructure and Road Works (Infrastructure Malta, Transport Malta) and connection (ARMS)

### **Outcome:**

- **Increased Efficiency:** By centralising the application process, the One-Stop-Shop will reduce delays and bureaucratic hurdles, allowing Large RES projects to move forward more quickly.

- **Reduced Administrative Burden:** The One-Stop-Shop will simplify the process for applicants, reducing the time and effort required to navigate multiple entities and ensuring a smoother experience.
- **Improved Coordination:** By bringing all relevant entities under one roof, the One-Stop-Shop will improve coordination and communication, reducing the risk of errors or miscommunication.



## Pillar 4: Twin Transition

### Initiative: Digitalisation and its impact on the Future of Work

#### Context:

As digitalisation continues to transform various sectors, it presents both significant opportunities and challenges for the future of work. To navigate this evolving landscape and ensure that Malta remains competitive, it is crucial to adapt our systems and processes to embrace technological advancements. This includes investing in digital infrastructure, fostering a culture of continuous learning, and updating educational curricula to focus on digital skills and competencies. Embracing digital transformation can drive productivity, create new job opportunities, and enable businesses to innovate. However, it also necessitates proactive measures to address potential job displacement and ensure that the workforce is equipped with the skills needed for the jobs of the future. By prioritising digital literacy and supporting workers through reskilling and upskilling initiatives, Malta can build a resilient and adaptable economy that thrives in the digital age.

Additionally, financial incentives such as grants, tax credits, and low-interest loans should be introduced to encourage businesses to invest in digital tools and technologies.

### [Proposal 17: Taskforce Dedicated to Devising a Vision for the Future of Work](#)

#### Context:

The impact of green economy and digitalisation on the world of work is both immediate and evolving, presenting challenges and opportunities that will persist into the foreseeable future. While the significance of these changes is recognised in various policies, there seems to be a lack of alignment and involvement of the various stakeholder representatives. To address this gap, it is crucial to establish a taskforce comprising all relevant stakeholders, including social partners.

Moreover, skills shortages and mismatches, along with low education outcomes, are major obstacles to both the digital and green transitions. This ongoing issue limits the ability of businesses and sectors to invest in the digital or green solutions needed to effectively transform their operations and processes. It also discourages the necessary investment in these areas.

#### **Mechanism:**

- This taskforce would be tasked with developing a bipartisan vision for the future of work, ensuring that all perspectives are considered, and that comprehensive, forward-looking solutions are crafted to navigate the complexities of digital transformation effectively, additionally the aspect of financial literacy and how this can be integrated in the education system together with work based learning, should also be looked into in order to prepare current and future generations with necessary tools to handle their finances.

#### **Outcomes:**

- **Comprehensive Strategy Development:** The taskforce will produce a well-rounded and actionable strategy that outlines how to effectively manage and adapt to the changes brought about by digitalization. This strategy will include recommendations for policies and practices to support businesses and workers during the transition.
- **Improved Support Systems:** The taskforce will identify and propose new support systems, such as training programs and digital literacy initiatives, aimed at equipping workers and businesses with the skills and tools necessary to thrive in a digitally-driven economy.
- **Strengthened Collaboration:** Through its inclusive approach, the taskforce will foster stronger collaboration between government bodies, industry leaders, and social partners. This collaborative effort will facilitate the sharing of best practices and resources, leading to more effective and cohesive implementation of digitalisation strategies.
- **Informed Decision-Making:** The taskforce's findings and recommendations will provide valuable insights for policymakers, enabling informed decision-making that balances the needs of businesses, workers, and the broader economy. This will help to create a more resilient and adaptable workforce, capable of navigating the ongoing disruptions caused by digitalisation.

- **Anticipating Change:** By being proactive and anticipating change, we can make this an opportunity for our nation to lead the way. This could also serve as an opportunity to transition away from the current economic model that is proving to be unsustainable.

## Initiative: Streamlining the Regulatory and Funding Process

### Proposal 18: Fair and Equitable Regulation

#### **Context:**

In light of the increasing complexity of regulatory frameworks, particularly with the introduction of the Omnibus Directive, it has become evident that while the intention behind these regulations is to ensure long-term sustainability and compliance, the current over-regulation is creating unintended challenges. Members are experiencing significant administrative burdens. Often members feel that regulation is given more importance than the end goal, leading to reluctance in compliance and stifling operational efficiency. This proposal seeks to address these issues by streamlining the regulatory process, ensuring that sustainability goals are met without overwhelming our members.

#### **Mechanism:**

- Conduct a comprehensive review of existing regulations to identify overlaps and redundancies. Streamline processes by consolidating similar requirements under a unified framework.
- Develop user-friendly guidelines and digital tools to simplify the compliance process. Introduce a single-window system where members can submit all necessary documentation in one place.
- Implement a risk-based approach to regulation, where the level of oversight is proportionate to the risk posed by the activity. Low-risk activities should be subject to lighter regulatory requirements.

- Ensure that any streamlined regulatory processes are aligned with the Omnibus Directive, particularly in areas related to sustainability and market efficiency.

## Outcome

- **Reduced Administrative Burden:** By conducting a comprehensive review of existing regulations and consolidating overlapping requirements, members will experience a significant reduction in administrative workload. This will free up resources that can be redirected towards core business activities, improving overall operational efficiency.
- **Proportional Regulation:** The implementation of a risk-based approach will ensure that regulatory oversight is proportionate to the level of risk posed by different activities. Low-risk activities will benefit from lighter regulatory requirements, allowing members to focus their efforts on high-risk areas where compliance is critical. This will create a more balanced and fairer regulatory environment.
- **Alignment with the Omnibus Directive:** This alignment will not only enhance compliance but also position members favourably in the broader European market, fostering competitiveness and innovation.
- **Long-Term Sustainability:** By reducing the regulatory burden and aligning processes with sustainability goals, members will be more likely to invest in long-term sustainable practices. The simplified and risk-based approach will encourage innovation and proactive compliance, contributing to the overall sustainability objectives of the organization and the EU.

## [Proposal 19: Re-Introduction of the ESG Grant](#)

### Context:

The ESG framework has become a cornerstone for businesses to measure and report their impact on the environment, society, and governance practices. While larger corporations are slowly adopting ESG reporting, SMEs often lag behind due to resource constraints, lack of expertise, and perceived complexity. The ESG Review Grant was previously

introduced to assist SMEs in conducting their first ESG review, but the uptake was disappointingly low. However, given the growing importance of ESG in business sustainability, investor expectations, and regulatory requirements, it is crucial to re-introduce this grant with improvements to encourage more SMEs to engage in voluntary ESG reporting.

#### **Mechanism:**

- Re-launch the ESG Grant, together with an awareness campaign to encourage uptake.
- Increase the grant amount to cover a larger portion of the costs associated with engaging approved ESG advisors and conducting the review.

#### **Outcomes:**

- **Increased Uptake of ESG Voluntary Reporting:** With improved incentives, awareness, and support, more SMEs will engage in voluntary ESG reporting, contributing to broader sustainability goals.
- **Contribution to National Sustainability Goals:** Increased ESG adoption among SMEs will contribute to national SDGs targets. SMEs play a critical role in achieving these goals, and their participation in ESG reporting will amplify their impact.
- **Long-Term Business Resilience:** By integrating ESG practices, SMEs will build long-term resilience against environmental, social, and governance risks. This will help them navigate regulatory changes, mitigate risks, and ensure sustainable growth.

## **Proposal 20: Streamlining Access to Finance**

#### **Context:**

Access to financing remains a critical barrier to achieving Malta's twin transition. The shift towards green and digital economies. Despite the availability of EU funding and sustainability-linked financial instruments, many businesses, particularly SMEs, struggle to navigate complex application processes and secure the resources needed to adopt green and digital technologies.

Malta's economy is heavily reliant on SMEs, which often lack the financial expertise and resources to access available funding. This creates a significant gap in the country's ability to meet the goals of the EU Green Deal and Digital Decade, which aim to achieve climate neutrality and digital transformation by 2030. Without addressing these barriers, Malta risks falling behind in the twin transition, limiting its economic competitiveness and sustainability.

To overcome these challenges, Malta must establish a streamlined, accessible financing framework that supports both public and private initiatives in green and digital transitions. Rather than creating new financial mechanisms, the focus should be on simplifying access to existing funding opportunities, such as EU programs, green bonds, and sustainability-linked loans.

#### **Mechanism:**

- Establish a centralised advisory platform that provides businesses with guidance on accessing green and digital financing opportunities.
- Conduct capacity-building workshops to improve the financial literacy of SMEs and other stakeholders regarding funding mechanisms.
- Align national funding strategies with the EU Green Deal and Digital Decade priorities to maximise resource mobilisation.

#### **Outcome:**

- **Increased Access to Financing:** SMEs and other businesses will have easier access to green and digital financing opportunities, reducing the barriers to adopting sustainable and digital technologies.
- **Improved Financial Literacy:** Capacity-building workshops will enhance the financial literacy of SMEs, enabling them to better understand and utilise available funding mechanisms.
- **Alignment with EU Goals:** By aligning national funding strategies with the EU Green Deal and Digital Decade priorities, Malta will maximise its ability to mobilise resources and achieve its sustainability and digital transformation goals.

# Pillars 5: Transport

## Initiative: Maximising our Resources

### Context:

As Malta moves towards a more sustainable future, in line with the 2050 vision encouraging greener ways to travel are now more prioritised. However, for SMEs, setting up alternative commuting options like carpooling, cycling, or walking is often not practical or is resource intensive. SMEs have limited resources, little time, and find it hard to organise such schemes. While SMEs may not be able to run these programmes themselves, they are ready to support and encourage their staff to choose cleaner and more sustainable ways to travel. The current supply chain and delivery systems in Malta face significant challenges, particularly during peak hours, which lead to congestion, inefficiencies, and increased operational costs. While moving delivery times across the board might seem like a straightforward solution, it is highly impractical due to the complexity of adjusting operational models across industries, the significant costs involved, and the already strained human resources. Shifting delivery times to odd hours would further exacerbate these challenges, making it even more difficult and costly to manage.

## Proposal 21: Incentives for Employers and Employees

### Context:

Incentives for employees Organising alternative means of transport for SMEs is very difficult. The numbers do not really add up for car-pooling to be feasible. SMEs neither have the time nor the resources to organise such initiatives but they will cooperate in encouraging employees and giving exposure to options. SME Chamber suggests the allocation of grants/mobility wallets or vouchers for employees opting to commute in an alternative/ cleaner way (on foot, using shared vehicle (carpooling), cycling. Grants should be made available for employers that manage to support this through their coordinated initiatives.

Moreover Sea transport has the potential to complement Malta's public transport network and contribute to easing traffic challenges. The Gozo fast ferry has already shown that

commuters are open to maritime options when these are reliable and accessible. With discussions underway on widening sea transport routes, there may be opportunities to improve frequency, strengthen connections and align more closely with other modes of travel. This will play a role in making sea transport a more sustainable part of Malta's mobility landscape.

#### Outcomes:

- **Increased Use of Eco-Friendly Commuting:** More employees will adopt walking, cycling, or carpooling due to financial incentives like mobility wallets or vouchers. Incentives will also encourage lasting shifts toward sustainable commuting, improving air quality and reducing parking demand.
- **Alignment with National Sustainability Goals:** Fewer single-occupancy vehicles will lower emissions and ease traffic. This initiative will align with Malta's broader environmental and sustainability targets, supporting the country's transition to a greener economy.
- **Financial Support for SMEs:** Grants for employers will help SMEs offset the costs of organizing and promoting sustainable commuting initiatives, making it easier for them to participate.

## Proposal 22: Optimising Supply Chain Efficiency

By taking the below steps, we can create a more efficient and sustainable supply chain system. This would reduce traffic, lower costs, and improve the flow of goods and services. The proposal aims to tackle the main causes of supply chain problems while offering practical solutions that help businesses, workers, and the public.

#### Mechanism:

**Encouraging Off-Peak Deliveries:** Businesses should be encouraged to use quieter hours for deliveries, especially those that operate 24/7. This would spread out delivery activities throughout the day and reduce traffic during busy times. A tax incentive should be introduced to cover for additional costs as a result of off-peak deliveries, such as; Overtime rates, additional allowances and purchase of equipment (e.g. to purchase silent type equipment)



**Extending Freeport Operations:** Freeport operations should stay open during off-peak hours to make it easier for businesses to deliver goods at less busy times. Additionally, the opening of the second gate exit at the Malta Freeport will lead to less congestion and more efficient exit of hauliers. This will cater for the increased volumes of local at the MFT.

**More Departure Points to Gozo:** The SME Chamber welcomes the government's announcement that this proposal is being considered, this said, the SME Chamber encourages the government to implement this measure as soon as possible in order to reduce the need for repeated trips to the north of Malta, cutting down on unnecessary travel and traffic.

**Creating Delivery & Trailer Hubs:** Setting up delivery hubs where multiple businesses can share services would reduce the number of delivery vehicles on the road and make logistics smoother. Moreover, the SME Chamber also insists on the need of a trailer park, to cater for the parking of trailer while not in use. This will reduce unnecessary complaints and logistical issues.

**Cameras in Loading/Unloading Areas:** Installing cameras in loading and unloading spaces would stop people from parking where they shouldn't. This would prevent large vehicles from blocking roads and causing traffic jams.

## Outcomes:

**Reduced Traffic Congestion:** Encouraging off-peak deliveries, extending Freeport operations, and adding more departure points to Gozo will help spread out delivery activities, reducing additional commuting and double handling and easing congestion.

**Lower Operational Costs:** Tax incentives for off-peak deliveries and the creation of delivery and trailer hubs will help businesses save on overtime, allowances, and equipment costs, while also streamlining logistics. Ultimately this will lead to a more efficient use of land available.

**Improved Efficiency in Logistics:** Extending Freeport operations, opening a second gate exit, and setting up delivery hubs will make the movement of goods more efficient, reducing delays and improving the flow of goods and services.

**Better Resource Management:** The creation of trailer parks and the installation of cameras in loading/unloading areas will prevent misuse of parking spaces, reduce logistical issues, and ensure smoother operations for businesses. Additionally, this will also reduce the burden on enforcement.



## Conclusion

In conclusion, the Malta Chamber of SMEs' Finance Budget Proposals 2026 chart a course toward a more vibrant and sustainable future for Maltese SMEs. These recommendations, spanning transport, taxation, governance, energy, and the digital/green transition, share common goals. They aim to spur investment and growth through targeted incentives, cut red tape to boost efficiency, level the playing field for fair competition, and champion sustainability and digitalisation.

Successfully enacting these proposals would empower Maltese SMEs, the backbone of the economy, leading to lasting economic expansion, job creation, and a better quality of life. The Malta Chamber of SMEs recognizes that SMEs are facing extraordinary costs, bureaucratic measures and unfair competition.

The Budget 2026 should focus on easing the pressure on the business community and make the Maltese business environment an attractive one that allows for economic growth and innovation. A collaborative effort between government, businesses, and stakeholders is key to unlocking the full potential of these forward-thinking initiatives.

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