MALTA CHAMBER OF SMEs AND CCPA STRONGLY CONDEMN BUDGET DECISION TO REMOVE FREE CHILDCARE FOR THIRD-COUNTRY NATIONALS

Joint Press Release – 27 October 2026

The Malta Chamber of SMEs and the Childcare Centres Providers Association (CCPA) express their strong disappointment and serious concern over the Government's decision, announced in Budget 2027, to withdraw free childcare services for TCNs who do not hold long-term resident status.

This decision, taken without prior consultation with the sector, risks creating significant repercussions for childcare operators, working parents and employers across the Maltese economy.

According to the latest data, approximately 25% of children attending childcare centres are children of third-country nationals, the majority of whom do not hold long-term resident status. These are families who, despite not having resided in Malta long enough to qualify for such status, contribute directly to Malta's economy, labour market and social security system.

Both Malta Chamber of SMEs and CCPA are particularly concerned about the timing and complete lack of consultation surrounding this announcement. Childcare operators have already undertaken commitments and operational planning for upcoming intakes, including February 2027, based on the existing framework and ongoing agreements.

Furthermore, the recently concluded agreement governing childcare services was negotiated and built on a financial and operational model that incorporates these

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numbers. At no stage during these discussions was any indication given that such a fundamental change in eligibility was being considered.

Removing a significant segment of beneficiaries from the scheme without prior consultation or proper assessment risks undermining the financial sustainability of childcare centres and potentially affecting employment within the sector itself and other support services. This includes childcare workers, some of whom are also working parents supporting their own families.

Employers across the board depend on TCNs to address persistent labour shortages. Faced with the loss of free childcare, many working parents may be unable to afford alternative arrangements, leaving employers with the difficult choice of absorbing additional childcare costs to retain their employees or losing an essential and valuable part of their workforce.

It is unacceptable that a measure with such far-reaching consequences for families, businesses and an entire sector should be introduced without meaningful consultation or a proper impact assessment.

The Malta Chamber of SMEs and CCPA therefore call on Government to urgently reconsider this decision and immediately engage with the sector to assess its implications and identify a fair and sustainable way forward.

Childcare is not simply a benefit. It is an essential service that enables labour market participation, encourages female participation and supports Malta's economic productivity. Undermining its accessibility will ultimately come at a cost to the entire economy.

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