

27<sup>th</sup> October 2022  
124/2022

## **BUDGET 2023: A CRUCIAL MOMENT OF CHOICE**

### A REACTION BY THE JUSTICE AND PEACE COMMISSION TO THE 2023 BUDGET

The Justice and Peace Commission recognizes that the 2023 Budget presented by Finance Minister Clyde Caruana is a budget heavily conditioned by the multiple crises which on a worldwide level are upending peoples' lives and severely disrupting our economic and social models. The Commission therefore welcomes the numerous social measures announced in the Budget. The Government will, most notably, protect families and businesses from increasing fuel and energy prices, thus ensuring economic stability and price competitiveness. The Commission, however, wishes to go beyond a simplistic commentary of individual budgetary measures.

If a moment of crisis is, by definition, a crucial moment of choice, through the 2023 Budget the Government was presented with an opportunity and the responsibility to choose the direction of travel for the next few years. The way limited resources are allocated is, in fact, always very indicative of our priorities and values. This crucial moment of choice, however, does not belong solely to the Government. It is also ours to make. To this end, the present document highlights four principles which the Commission believes should serve as a guiding light both in our reading of the 2023 Budget and in our choice of a socio-economic model which results in a more just, sustainable and reconciled society.

#### **Preferential option for the poor**

Facing exceptional inflationary pressures in a world devastated by a pandemic, climate change and violent war, the Commission commends the Government for focusing its limited resources on those worst hit by the cost-of-living crisis. By shouldering the massive increase in fuel and energy prices, and through the promised implementation of other measures targeting pensioners and persons on low-income, the budget provides immediate relief to those families and businesses who would otherwise be facing untold financial hardship.

With nearly 10% of our recurrent expenditure going towards keeping energy prices stable, the financial leeway available to the Government did not allow it to please all sectors of society. Thankfully, through its budgetary measures, the present

administration seems to have recognised that some segments of the population will always require more help than others. However, this should not mean that we should resign ourselves to the existence poverty. That a significant number of people in Malta are poor should never become a reality which is statistically and politically acceptable. The discussions, for example, on an increase in the minimum wage which guarantees a decent standard of living should not be prolonged indefinitely.

Poverty, in our affluent societies, should always shock us into action and should never be met with complacency. Unfortunately, notwithstanding the fact that recent studies have once again reminded us that asylum seekers face poverty and social exclusion from the very start of their life in Malta<sup>1</sup>, the social focus of the Budget, unfortunately, did not extend to these people. Moreover, the absence of any reference to reception centres in the Budget speech seems to indicate that the Government is making no serious provision to welcome in a dignified way the expected increase in asylum-seekers arriving in Malta. The Commission firmly believes that if our aim is to build a society where everyone truly belongs, no one – irrespective of nationality and/or legal status - should be pushed to the periphery of our society and condemned to economic and social vulnerability.

## **Care for the environment**

Another area which is in urgent need of our attention is environmental protection. Unfortunately, the 2023 Budget fails to effectively tackle several chronic environmental challenges which are having a crippling impact on our health and quality of life. Whilst the project investment in green open spaces is a positive measure in itself, the Commission questions the need for yet another agency to manage these projects, with the associated overheads and expense in personnel this brings with it. Most importantly, experts in the environmental field need to be involved at all stages to make sure that this process leads to spaces which are truly eco-friendly, and does not result in over-commercialised and cementified structures.

With respect to proposals to ease traffic congestion, for instance, the Budget is short of carrot and stick measures which would encourage people to abandon their private cars in favour of alternative modes of transport. The introduction of a free bus service has still not been accompanied by a necessary change in routes and frequency. Unless the service becomes more efficient and reliable, this important and praise-worthy initiative will have limited success in terms of reducing traffic congestion.

In the case of our energy and water consumption, the support in the form of subsidies being provided by the Government should not lull us into a false sense of complacency accompanied by a “business-as-usual” attitude. Over and above the energy crisis

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<sup>1</sup> <https://jrsmalta.org/poverty-and-social-exclusion-unavoidable-reality-for-asylum-seekers-jrs-report/> (accessed 25/10/2022)

linked to the war in Ukraine, the shift to renewable energy and increased efficiency of our water resources has to happen without further delay. In this area, the Commission welcomes the ongoing studies linked to offshore renewable energy generation and hopes that such studies and consultations will be concluded in a relatively short timeframe.

In the meantime, the Government could consider this window of opportunity offered by the energy crisis to curb wasteful consumption of water and energy. In the long run, we should ask ourselves if an indefinite blanket energy and fuel subsidy which is projected to cost billions of euros over the next few years is sustainable, from both a financial and an environmental point of view. Would not some of these resources which are currently being used to subsidise lifestyles, which go over and above what is necessary to have a decent life, be better redirected towards schemes which improve, for example, energy efficiency in our buildings and reduce water-use in this country which is the most water-stressed country in the European Union?

### **Participative approach**

Over a year ago, Finance Minister Clyde Caruana indicated the need to start transitioning away from a construction-centric economic model. Recently, he again acknowledged that the current economic model, built on the availability of thousands of foreign workers who are willing to accept working conditions deemed unacceptable by locals, is “unsustainable”. Unfortunately, the 2023 Budget contained no real fresh ideas and little to no hints of the kind of economic model which would replace the current one. In fact, the vision presented by the Finance Minister was rather a continuation of the present model, with all its strengths and weaknesses. The need for a new, long-term development strategy has now been felt for a long time by all stakeholders. However, major questions regarding this as-yet undefined strategy remain unanswered. Beyond the facile slogans linked to sustainability, what would it look like in reality? How will the transition happen? What effect will this economic transition have on the lives of the weaker members of our society?

Given the widespread impact such a strategy will have on present and future generations, the direction of travel chosen should not be introduced by stealth. In the recent past, major decisions with long-lasting effect on our society, economy and environment, such as, the citizenship by investment scheme and the partial privatisation of our hospitals, have unfortunately been introduced with little to no serious public discussion.

The Commission firmly believes that a consensus-based and participative approach should, therefore, be applied in the process which will shape a long-term economic

vision which prioritises the quality of life of the population, does not treat foreign workers as disposable assets, while respecting our environmental limits.<sup>2</sup>

## **Good governance**

In this context of greater financial constraints, the Commission welcomes the Finance Minister's recent emphasis on the need to fight tax evasion, apply fiscal discipline and get value for money for every cent spent. To this end, the Government should lead by example and promote a responsible and disciplined use of public funds by seriously curtailing the exorbitant number of direct orders and persons of trust. Such practices not only go against the values of good governance, but also help cement the deeply ingrained perception of a system which is not "fair" and which works for some and not for others. Such a perception, which often reflects reality, is deeply damaging to our society as trust is lost, collective participation takes a hit and cynicism sets in.<sup>3</sup>

The Commission therefore urges the Government to strengthen – and never undermine – those institutions such as the Ombudsman, the Auditor General and the Commissioner for Standards in Public Life, whose role is to promote the values of transparency, accountability and good governance. In this regard, the Commission is concerned about the 2023 Budget allocation for the office of the Commissioner for Standards in Public Life. When factoring in the projected inflation, the budgetary allocation for this important office has been slashed by nearly 50% when compared to the revised estimate for 2022. Such a decision, coupled with the unacceptable delay in putting forward suitable candidates for this role, does not augur well for the principle of good governance, without which the common good of society will always play second fiddle to the interests of the privileged few.

Whilst once again commending it for the social focus of the 2023 Budget, the Commission invites the Government to take on board these four guiding principles in its style of government and in its decision-making process. In these troubled and uncertain times, there is no room for partisan pique and short-sightedness. It is only by adhering to the principles of good governance which includes the meaningful participation of all people of good will, will we be able to overcome the numerous challenges we face as a country and build a society which is more caring towards each other and our common home.

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<sup>2</sup> <https://jp.church.mt/beyond-gdp/> (accessed 25/10/2022)

<sup>3</sup> <https://yahad.mt/the-faceless-victim/> (accessed 25/10/2022)