

18<sup>th</sup> October 2021  
111/2021

## **BEYOND NUMBERS**

### **A REACTION BY THE JUSTICE AND PEACE COMMISSION ON THE 2022 BUDGET**

The Justice and Peace Commission of the Archdiocese of Malta welcomes the 2022 Budget, recognising the challenging times our country and the world have faced and will continue to face in the near future. Regardless of the fact that the current legislature is coming to an end, and whether or not the budget presented on Monday, 11<sup>th</sup> October 2021, should be judged from the viewpoint of the upcoming general election, the budget proposals contain a number of measures which can be viewed positively, such as those related to housing and the strengthening of the social security net. The Commission is here offering its view in the light of the “Beyond GDP” initiative which it launched in 2020, which promotes the need for our country to reorient our economic model towards a more holistic and sustainable vision that is not solely reliant on Gross Domestic Product growth.

### **Work-life balance**

Several of the initiatives presented in the budget, such as the extension of childcare, the lowering of tax rates for part-time work and overtime, as well as an increase in the number of hours students can work without losing their stipend, reward those who want to work more. These initiatives are in line with the Government’s vision of ‘making work pay’ as well as addressing the lack of workers in particular sectors of the economy, such as the hospitality industry.

However, whilst leaving more money in people’s pockets and encouraging economic growth, the Commission is deeply concerned about the effect this will have on individuals and families. In fact, the “Beyond GDP” report had shown how the Maltese labour force is working longer hours. An unhealthy work-life balance is detrimental to everyone involved and numerous studies have clearly shown that mental health issues are common occurrences amongst individuals of all age groups engaged in long working hours<sup>1</sup>.

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<sup>1</sup> Beyond GDP, 13

## Tax justice

To finance the various ambitious initiatives announced in the budget, the Government is projecting that revenue will increase as a result of an announced clampdown on tax evasion. The Commission welcomes this much-needed emphasis on the need to safeguard and promote our country's fiscal morality, and squarely supports the government in achieving this aim. Justice and fairness demand that *everyone* pays his tax dues. This includes not only the general public but also the political parties and big businesses. Under no circumstance must special treatment be afforded to particular individuals/organizations/sectors, as this will erode trust in the process.

Secondly, we must also note that fiscal compliance must be accompanied by an increased and sustained effort which ensures that each euro people pay in taxes is given a fair return. To this end, besides cutting down on any waste and inefficiency in the public sector, there is an urgent need to increase transparency and accountability in the use of public funds if the government wants to be seen to be managing its finances towards the common good and for the benefit of all, especially the most vulnerable.

## Free public transport

The Commission welcomes the introduction of free public transport from October 2022. This is certainly a positive step which will hopefully encourage more people to shift from private vehicles to public transport. This would result in a decrease in traffic congestion and pollution. Moreover, for people on low income who regularly use the bus service, this initiative will result in annual savings of over €300, which although an insignificant amount for many, will surely be felt by the most disadvantaged.

The Commission notes that this initiative will be severely impaired if not accompanied by other measures. In fact, many people prefer to use their own car to commute from point A to B, not because buses are expensive but because public transport is not efficient enough. For this measure to succeed, it has to be ensured that buses are more punctual and reliable. This can be done by giving priority to public transport over private cars in the design of our roads and by adding more uninterrupted bus lanes<sup>2</sup>. Furthermore, without a considerable increase in the fleet of buses and the creation of new routes, those who rely on public transport as their sole means of transport will end up bearing the brunt of the added pressure which will result from increased bus usage.

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<sup>2</sup> The setting up of a Bus Rapid Transit system that uses lanes dedicated to buses and gives priority to buses at intersections where they interact with traffic, can help in this regard.

## Social Justice

Despite experiencing, before the onset of COVID-19, incredibly high GDP growth rates, Malta is still faced with significant challenges when it comes to social equality and income distribution. The Commission notes with satisfaction that the budget seeks to address these challenges through a number of initiatives which target the disposable income of vulnerable groups, especially pensioners. Finance Minister Clyde Caruana also announced a new mechanism that will come into force, independently of the Cost of Living Adjustment, to help those with a low income who are being disproportionately affected by the rising cost of basic essentials such as food. Once details about this scheme are published, the Commission looks forward to giving its feedback on this new mechanism. It is hoped that this measure will adequately address the long-standing problem of a decent minimum income,<sup>3</sup> given that organizations which are active in the social field such as Caritas and the Commission itself, have long been calling for the revision of the COLA mechanism that reflects the true cost of living and that would enable all people residing in Malta to live decently.

Regarding the Corradino Correctional Facility, the Commission welcomes the announcement that a rehabilitation centre hosting up to 140 inmates will be set up within its boundary walls. However, the Commission strongly argues that the setting up of such a rehabilitation centre is certainly not enough if not accompanied by a change in the whole system which seems to prefer punishment to rehabilitation. Numerous testimonies have now emerged detailing unacceptable practices which indicate a failure to recognize prisoners as human beings possessing an inalienable dignity which no crime, however horrendous, can ever erase. Once again we, therefore, urge the authorities to initiate radical reforms in prison that prioritise the dignity of prisoners, their families and the victims whilst ensuring that rehabilitation and social re-entry are at the heart of service delivery.

When it comes to immigration, the Commission expresses its disappointment that in the budget, once again, asylum seekers are primarily considered as a 'burden'. Finance Minister Clyde Caruana claimed in his budget speech that Malta has managed to reduce the number of new arrivals by striking deals with Libya. Given the horrific documented abuses committed against asylum seekers in Libya, such deals should immediately be suspended and put under review. Moreover, whilst announcing that the Government is working on drastically reducing the number of people living in the Marsa Open Centre with the aim of completely shutting down the centre, no details were given about where the residents currently living there will be accommodated and about the setting up of adequate alternative facilities to welcome the asylum seekers

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<sup>3</sup> Piscopo, S., Bonello, A., Gatt A., (2020). *A minimum budget for a decent living 2020: A research study focusing on three low-income household categories*, Caritas Malta.

which, given the current geopolitical scenario, will inevitably reach our shores in the months and years to come. Lastly, whilst the Government announced in the budget the introduction of start-up visas for those who would like to come and invest in Malta, unfortunately, no provisions were made to guarantee the rights of migrants who are already living and working here. Recent revisions to the Specific Residence Authority policy and the 'safe countries' policy introduced in May of this year have created a huge pool of exploitable labour and generated enormous anxiety among the migrant community. And yet, notwithstanding recent requests from migrants themselves and civil society organizations to urgently revise these policies, they did not deserve a mention in the budget document.

## **Natural environment**

The budget contains a number of positive initiatives when it comes to environmental sustainability. These include:

- A renewed emphasis on green transport and electrification of vehicles
- Afforestation projects and proposals for green spaces in urban zones, gardens and parks
- Incentives to invest in clean energy
- Incentives for the rehabilitation of properties in Urban Conservation Areas and properties that have been vacant for over seven years

However, given that the budget is much more than an accounting exercise, in that it should first and foremost provide direction and vision, we would have expected more information about how we can become, in the words of the Finance Minister himself, less dependent on the construction industry. Moreover, the transition to a truly sustainable future involves tough decisions, such as the need to wean ourselves off our dependency on private cars. Unfortunately, the Commission notes that the budget seems to imply that when it comes to taking the difficult decisions which an ecological transition requires and which climate change will impose on us, the Government prefers to simply kick the can down the road. For example: whilst promising investment in charging infrastructure for electric cars, no cut-off date to ban the importation of polluting petrol and diesel cars was announced. And the promised woodland in Inwadar, Marsascalea, can never make up for the loss and destruction which the proposed yacht marina project in the same locality would bring about.

## **Conclusion**

In the days immediately following the budget, people avidly read news articles in a bid to find out what's in it for them, and this is the measure by which a budget is generally considered as a 'good budget'. In the Commission's opinion, a budget is 'good' if it manages to deliver a decent standard of living for everyone, whilst living within our environmental limits. It shouldn't be primarily about the number of handouts distributed, which although important, do not necessarily lead to an improvement of the overall quality of life we lead. As outlined above, whilst the 2022 Budget certainly presents a number of positive initiatives in this direction, the Commission eagerly awaits the effective implementation of the announced measures, in the hope that what lies at the heart of our society's economic strategy is the common good of all which prevails over short term personal gains.