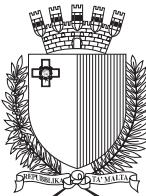


## BUDGET SPEECH 2015

Edward Scicluna  
Minister for Finance





Ministry for Finance

# Budget Speech

# 2015

The Hon. Edward Scicluna  
Minister for Finance  
Malta  
17th November, 2014

Published by the  
Ministry for Finance  
South Street,  
Valletta

Tel.: (+356) 21 24 96 40  
Website: <http://www.mfin.gov.mt>

### **Cataloguing-in-Publication Data**

**Malta.** *Ministry for Finance*  
Budget Speech 2015 / Edward Scicluna.  
Valletta : Ministry for Finance, 2014

16, 201p. ; 24cm.

ISBN: 978-99932-94-94-8

1. Budget – Malta  
I. Title                  II. Edward Scicluna.

352.494585013

Our Publications are available from:

Department of Information  
3, Castille Place  
Valletta

Tel.: (+356) 21 25 05 50

Printed at the Government Press  
Price: €2.00

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## **1. INTRODUCTION - THE VISION OF THE MALTESE GOVERNMENT**

Mr Speaker, the positive results achieved during this year were not a coincidence. They were the result of sensible decisions taken by this Government.

Since taking office, this Government strived and succeeded in creating a sense of direction, stability and certainty. We were, and will remain determined to carry out the necessary reforms.

The previous budget laid solid foundations upon which we can continue to build our success. What we have achieved to date is giving good results. Jobs were created at a faster rate than we were used to, while the unemployment rate continued to drop to historically low levels.

The theme of this budget is "Malta: Nippremjaw il-Bżulija", hence we will continue to incentivise and reward work by enhancing its value. We want to assure that it pays to work. We have to continue to deliver the message that social benefits are there to aid those in need, and not to create dependence on them. In this way, we will continue to foster a climate where more work and opportunities are created for everybody.

This Government's aims are clear. We are determined to implement the economic vision for Malta by:

1. Achieving one of the highest rates of economic growth in Europe;
2. Increasing productive employment and keeping the rate of unemployment down;
3. Further reducing water and electricity tariffs;
4. Reducing burdens on industry and families, particularly the cost of utilities;
5. Incentivising the creation of employment opportunities and making work more attractive;
6. Creating an environment that is business friendly, which fosters creativity and research;
7. Creating new opportunities for partnership between the Government and private enterprise.

We intend to re-invest the gains and benefits of economic growth in our country and in our people, so as to further raise the standard of living of our families. We will achieve this by increasing the opportunities and the quality of education, strengthening and improving health services, investing in infrastructure and, most importantly, by fostering social justice. Our aim was and remains clear: building a nation that is stronger and fairer, where the families of the workers and the middle class can enjoy the highest standard of living in Europe.

This budget will achieve these aims through a reform agenda that will:

1. Strengthen diligence; boost enterprise and job-creation; fight poverty and social exclusion; continue to establish a fairer society; and provide a more efficient public transport.
2. Boosting further wealth-creation in Gozo.
3. Launch a programme of re-generation for the South of Malta.
4. Prioritise certain capital programmes and the creation of new green spaces.

### **Report on the Implementation of the Budget for 2014**

This Government keeps its promises. We are including with this budget a report on the implementation of last year's budget. This is a first for Malta.

This shows a change in the way we do things. We do not just talk, we achieve. This report indicates that 80% of the budget for this year was achieved, while the remaining 20% is in the process of being achieved. The document is public and will also be uploaded on the website dedicated to this budget, which can be accessed from the Ministry of Finance website.

## Economic and Financial Situation

During this year, the Maltese economy continued to grow at a strong rate of 3.2% in real terms, making Malta one of the fastest growing economies in Europe.

The increase in wealth resulting from economic growth was passed on to our families with wages increasing by 5.6%. At the same time, company profits increased by 1.7%.

With regards to employment, this Government also succeeded in achieving very good results. Over the course of the year, more than 6,000 new jobs were created, which means more than 17 new jobs per day. It was the private sector that drove the creation of these jobs, through the employment of more than 4,000 full-time employees. Sectors like manufacturing, retail and construction also saw an increase in employment. The rate of unemployment fell to 5.8%, which is the lowest rate ever recorded in Malta, as well as one of the lowest rates in the European Union.

This Government also succeeded in controlling the persistent increase in prices which was such a burden on Maltese and Gozitan families under the previous administration. The rise in prices de-accelerated, in particular after the reduction in water and electricity tariffs. In September of this year, the rate of inflation was 0.6%.

In the last budget, it was stated that the financial situation looked encouraging, and the indication were that the fiscal target of 2.7% deficit for the year 2013 would be reached.

Mr Speaker, today it is an honour to announce that this ambitious target was duly reached. We are confident that that the deficit for this year will decline further to reach the 2.1% mark. Mr Speaker, this is where this Government differs from the previous one: we set ambitious but realistic targets and then work tirelessly and in a disciplined way to achieve them as, in fact, we did.

More details about the economic and financial situation may be found in the Economic Survey.

Table 1

FISCAL POSITION 2013 - 2014						
	2013		2014			
			Approved		Revised	
	Actual	€ '000	Approved	€ '000	Revised	€ '000
<b>Consolidated Fund</b>						
Tax Revenue	2,602,507		2,806,477		2,962,733	
Non-Tax Revenue	389,597		466,441		397,206	
Total Revenue		2,992,104		3,272,918		3,359,939
Recurrent Expenditure		2,632,649		2,721,675		2,821,833
Capital Expenditure		354,685		452,800		382,356
Primary Balance	4,770		98,443		155,750	
Interest Payments		227,905		234,743		231,224
Recurrent Surplus / (Deficit)	131,550		316,500		306,882	
<b>Consolidated Fund (Deficit)</b>		(223,135)		(136,300)		(75,474)
 <i>Financing</i>						
<i>    Direct Loan Repayments</i>	(370,283)		(511,661)		(361,661)	
<i>    Contributions to Sinking Funds - Local</i>	(4,059)		(3,261)		(3,261)	
<i>    Contributions to Sinking Funds - Foreign</i>	(6,465)		(6,465)		(6,465)	
<i>    Contribution to Special MGS Sinking Fund</i>	-		(50,000)		(50,000)	
<i>    Equity Acquisition</i>	(66,534)		(28,855)		(28,855)	
<i>    Loan Facility to the Hellenic Republic</i>	-		-		-	
<i>    Loan Facility to Air Malta plc</i>	-		-		-	
<i>    EFSF / ESM Credit Line Facility</i>	0		(4,500)		(4,500)	
<i>    Repayment of Loans to Government</i>	30		2		2	
<i>    Sinking Funds of Converted Loans</i>	28,380		-		-	
<i>    Sale of Non-Financial Assets</i>	[1,500]		2,000		2,000	
<i>    Sale of Assets</i>	-		-		-	
		(418,931)		(602,740)		(452,740)
 <i>Public Sector Borrowing Requirement</i>						
<i>    Foreign Loans</i>		(642,066)		(739,040)		(528,214)
<i>    Consolidated Fund balance as on 1 January</i>	(80,123)	-	(50,947)	-	(95,105)	-
<i>    Local Loans</i>	627,084		650,000		648,841	
		546,961		599,053		553,736
<i>    Consolidated Fund balance as on 31 December</i>		(95,105)		(139,987)		25,522
 <b>Consolidated Fund (Deficit)</b>		(223,135)		(136,300)		(75,474)
<b>General Government Adjustments</b>		21,180		(15,400)		(91,526)
<b>General Government (Deficit)</b>		(201,955)		(151,700)		(167,000)
<b>Gross Domestic Product</b>	7,510,067		7,351,320		7,894,929	
<b>    General Government (Deficit)</b>						
<b>        as a % of Gross Domestic Product</b>		-2.7%		-2.1%		-2.1%

Table 2

## FISCAL POSITION 2013 - 2017

	2013 Actual € '000	2014 Revised € '000	2015 Estimates € '000	2016 Estimates € '000	2017 Estimates € '000
<b>Consolidated Fund</b>					
Tax Revenue	2,602,507	2,962,733	3,063,650	3,179,950	3,317,723
Non-Tax Revenue	389,597	397,206	491,399	410,240	395,271
Total Revenue	2,992,104	3,359,939	3,555,049	3,590,190	3,712,994
Recurrent Expenditure	2,632,649	2,821,833	2,949,674	3,073,005	3,155,058
Capital Expenditure	354,685	382,356	513,755	411,010	397,761
Primary Balance	4,770	155,750	91,610	106,175	160,175
Interest Payments	227,905	231,224	240,220	246,000	252,000
Recurrent Surplus / (Deficit)	131,550	306,882	365,155	271,185	305,936
<b>Consolidated Fund (Deficit)</b>	(223,135)	(75,474)	(148,610)	(139,825)	(91,825)
 <i>Financing</i>					
<i>Direct Loan Repayments</i>					
Contributions to Staking Funds - Local	(370,283)	(361,661)	(349,377)	(474,489)	(372,226)
Contributions to Staking Funds - Foreign	(4,059)	(3,261)	(3,261)	(3,261)	(3,261)
Contributions to Special MGS Staking Fund	(6,465)	(6,465)	(6,465)	(6,465)	(4,665)
<i>Equity Acquisition</i>					
Equity Facility to the Hellenic Republic	(66,534)	(28,555)	(44,159)	(50,000)	(50,000)
Loan Facility to Air Malta plc	-	-	-	(12,100)	(100)
ESF - ESM Credit Line Facility	-	-	-	-	-
Repayment of Loans to Government	0	(4,500)	(4,500)	(4,500)	(4,500)
Sinking Funds of Converted Loans	30	2	40,002	12,002	2
<i>Sale of Non-Financial Assets</i>					
Sale of Assets	28,380	2,000	-	-	-
<i>Public Sector Borrowing Requirement</i>					
Foreign Loans	[1,500]	(418,931)	(452,740)	(417,760)	(435,450)
Consolidated Fund balance as on 1 January	-	(642,066)	(528,214)	(566,370)	(527,275)
Local Loans	(80,123)	(95,105)	-	-	-
Consolidated Fund balance as on 31 December	627,084	648,841	553,736	(40,848)	(169,486)
	546,961	25,522	500,000	550,000	600,000
	(95,105)				
			525,522	509,152	436,514
			(40,848)	(169,486)	(96,761)
 <i>Consolidated Fund (Deficit)</i>					
General Government Adjustments	(223,135)	(75,474)	(148,610)	(139,825)	(91,825)
General Government (Deficit)	21,180	(91,526)	18,610	52,825	52,825
Gross Domestic Product	(201,955)	(167,000)	(130,000)	(87,000)	(39,000)
General Government (Deficit)	7,510,067	7,894,929	8,275,899	8,669,205	9,079,172
as a % of Gross Domestic Product	-2.7%	-2.1%	-1.6%	-1.0%	-0.4%

Table 3

## STATEMENT OF PUBLIC DEBT

					€ '000
	2013	2014	2015	2016	2017
Malta Government Stocks	4,565,563	4,845,603	4,956,519	4,992,473	4,953,066
Treasury Bills	248,117	250,000	316,370	445,008	372,283
Domestic Loans with Commercial Banks	56,379	56,379	56,379	-	-
Foreign Loans	50,964	40,347	29,751	19,341	11,476
EBU's / Local Councils	94,319	99,198	99,198	99,198	99,198
Currency	55,279	62,571	70,514	79,512	91,738
EFSF (Debt Re-Routing)	172,476	181,791	181,791	181,791	181,791
<b>General Government Public Debt</b>	<b>5,243,097</b>	<b>5,535,889</b>	<b>5,710,522</b>	<b>5,817,323</b>	<b>5,709,552</b>
<i>Gross Domestic Product</i>	<i>7,510,067</i>	<i>7,894,929</i>	<i>8,275,899</i>	<i>8,669,205</i>	<i>9,079,172</i>
<b>Debt as a % of Gross Domestic Product</b>	<b>69.81%</b>	<b>70.12%</b>	<b>69.00%</b>	<b>67.10%</b>	<b>62.89%</b>

## Economic and Public Finances Forecasts

For the coming year, the Government is forecasting an economic growth of 3.5% while nominal growth is expected to reach 4.8%. The rate of inflation is projected at 1.5%. Employment is expected to continue to grow at a steady rate of 1.9% while the rate of unemployment is expected to remain low, at the 5.9% level.

For next year, government revenue is forecasted to exceed the €3.55 billion level while the total expenditure is expected to be around €3.7 billion. This should result in a Consolidated Fund deficit of €148.6 million. Next year, the deficit is expected to decrease to €130 million, which translates into 1.6% deficit as a ratio of the Gross Domestic Product. In short, the economy will grow and the deficit will decline. Details may be found in Table 1 and Statements A, B and C which are annexed to this speech.

Over the next year, government is aiming to borrow the amount of €500 million. However, this is not the figure of the increase in our country's debt. In fact, debt as a percentage of the Gross Domestic Product is expected to fall to 69% by 2015. More details about government debt, as projected for the coming years, may be found in Table 3.

I would like to underline that with a deficit of 1.6%, the Government will be reaching one of its most ambitious targets. At 1.6% of the Gross Domestic Product, the level of deficit will

be the lowest since the deficit started being estimated on the basis of accruals. In this way, we are not increasing the debt burden on our children, something the previous administration certainly could not boast of. We are proud of these results.

## **2. FISCAL ADJUSTMENT TO INCENTIVISE WORK**

### **Revenue Measures**

New excise tax rates and other indirect taxes are shown in the Tables annexed to this speech. These adjustments also have the aim of discouraging consumption of goods that are known to damage both human health and the environment. The eco-contribution on tyres, cartridges, and certain types of oil is being eliminated and replaced by an excise tax.

An excise tax is being introduced on feed used in fish farms reflecting the polluter pays principle. This Government believes that this sector should contribute more towards public funds.

The excise duty on wine will be €0.20 per litre. This is the only alcohol which is not taxed, thus such duty will restore neutrality in the market.

The Government believes in the quality of Maltese wines and hence, that they should be promoted to encourage consumption by Maltese people and foreign visitors. To this end, the Government will conduct a promotional campaign favouring the consumption of Maltese wines.

Duty on cigarettes, pipe tobacco and the tax on other tobacco products will be adjusted as indicated in the Annex.

Duty on mobile telephony will increase by 1% while the duty on cement will be increased by €8 per tonne.

Except for the taxes on cigarettes and tobacco products, which will come into effect from tomorrow, the other taxes will come into effect as from the 1st of January. This also applies to the following measures.

### **Insurance Policies**

The stamp duty on insurance policies is being reviewed by €0.01 on every €1, with a minimum of €13. Life insurance policies will not be affected.

### **Annual Car Licences**

From the 1st of January 2015, car licenses will increase by a marginal amount as indicated in the Annex attached to this speech. Licences for cars which were registered by the beginning of 2009 or later and with carbon dioxide emissions of not more than 100g/km will remain unchanged. This will further incentivise the purchase of less polluting cars.

### **Reduction in Registration Tax of Quad-bikes**

Registration tax on ATVs will be reduced by nearly 50%, in order to further incentivise the use of smaller, less polluting vehicles. The registration tax will be calculated on the basis of engine capacity, as indicated in Annex.

Motorcycles with an engine capacity of less than 250cc, and classified as 'vintage', will be exempt from registration tax. This measure will come into effect as from the 1st of January 2015.

### **Crane Permits**

The traffic congestion is also linked to vehicles and equipment used in construction sites. In order to provide a greater incentive for these types of vehicles to be removed as quickly as possible from our roads, the Government is reviewing, among other measures, the rates paid by cranes and other equipment used in construction. Tower cranes of up to 10m<sup>2</sup> will pay a rate of €10 per day, while tower cranes of over 10m<sup>2</sup> will pay €15 per day. Implementation will be undertaken in collaboration with local councils.

### **Swimming Pool Licences**

Swimming pool licences will increase by 15%.

### **Fees of Office**

There will be a marginal increase in fees of office across various Government Departments.

### **Stabilising the Price of Gas**

This Government is working to ensure stability in prices so that families and businesses will be in a position to better plan their

expenditure and avoid the monthly concerns about changes in their expenses.

The price of gas will remain stable at €18 until next April. This means that the price will have remained stable for seven full months, and will be substantially cheaper than it was during the final year of the previous Government.

May I remind the House that, at present, families and businesses are benefiting not just from a stable price but also from a reduction in price, as the current price of €18 is substantially lower than the highest price in December under the previous Government, when it rose to almost €21.

Duty on leaded petrol, used solely at the airport, will be increased by €0.02 a litre, while that on unleaded petrol will increase by €0.01 a litre. Duty on gas oil, diesel, biodiesel, heavy fuel oil and kerosene will increase by €0.02 a litre. These increases will come into effect as from the 1st of January 2015.

### **Reduction in Price of Petrol and Diesel**

Despite the increase in duty, the price of petrol and diesel will still be reduced. This is due to the fact that this Government, through its new company Enemed, has negotiated better prices. That is an example of good management whereby revenue increases while keeping costs low.

Therefore, as from 1st January, the price of unleaded petrol will again decrease by €0.02 to €1.42 per litre, while that of diesel will decrease again by €0.01 to €1.35 per litre.

Thus, under this Government, families and businesses will continue to benefit from lower fuel prices and stability, leading to peace of mind.

This price will remain stable till next March. The facts show that, over the past twelve months, the average price of fuel negotiated for Maltese families and businesses not only offered stability, but was also consistently lower than the European average.

In October, the average European price for petrol was €1.55 while in our country it was €1.44. At the same time, in the United Kingdom the average price was €1.62 while in Italy it was €1.72 per litre.

In October, the average European price for diesel was €1.40, while in our country it was €1.36. In the United Kingdom the average price at the same time was €1.67, while in Italy the average price was €1.61 per litre.

## COLA

Over this year, the cost of living increased at a substantially lower rate than we are used to. This is a positive development.

However, it also means that the cost of living adjustment given by employers will be €0.58 per week. This adjustment is calculated through a mechanism agreed by the social partners.

## **REDUCTION IN TAXES**

### **Further Reduction in Income Tax**

Mr Speaker, if there is one thing that distinguishes this Government from the previous one, it is the fact that it keeps its promises.

As promised, we will continue with our efforts to reduce the tax on work effort. This with the aim to continue encouraging those who really want to work.

The 29% tax rate applicable to those who earn less than €60,001 will be reduced again to 25%. This applies to all computations: single, married and parents. This measure, by itself, will leave an extra €19 million in the pockets of Maltese families.

As was announced in last year's budget, for now, income from dividends received by individuals will remain taxable at the rates which were applicable before the introduction of this measure in 2013.

## **Minimum Wage Income Exempt from Tax**

This Government, in contrast with the previous one, will remain committed to refrain from taxing those earning the minimum wage. Therefore, the present ceiling of €9,150 will be raised to take into account the COLA. In this way, we will continue to eliminate unnecessary burdens on all those who do not earn more than the minimum wage.

## **Income Tax Relief for Pensioners**

This will also apply to pensioners whose pension does not exceed the minimum wage. More than 16,000 pensioners are benefiting from this measure.

## **Choice of Main Residence for Tax Purposes**

We will continue to simplify and strengthen the tax system in order to reduce abuse of the tax exemption when selling property which was the main residence for more than three years. To this end, we will set up a system where individuals would be required to state which is their main residence and this according to clear rules and conditions.

## **Reform of the Provisional and Final Tax System on Immovable Property**

The system of Final Withholding Tax and Capital Gains Tax on immovable property is one of the fiscal structures that have,

over the years, been creating anomalies as a consequence of various amendments to the system made from time to time.

The most recent reform of the system for taxing capital gains on property dates back to 2006 with the introduction of a Final Withholding Tax of 12%. At that time, the transfer of immovable property, which took place after five years from the date of acquisition, was subject to a Final Withholding Tax of 12%. Later, this period was increased to seven years and eventually to 12 years. This led to a complex system of transfer tax on immovable property. The present system includes different taxation methods and rates or various scenarios which depend on various factors and on whether the transfer of immovable property is taxable at a rate of 35% on profit or 12% on the value of the property.

In order to introduce more certainty and decrease bureaucracy, the present fiscal regime, which is a combination of Final Withholding Tax and Income Tax, will be terminated.

With effect from the 1st of January 2015, we will completely remove the 35% tax system and introduce a Final Withholding Tax of 8% on the value of the transferred property. This will also mean that the current rate of 12% will be lowered to 8%.

However, there will be these two exceptions:

1. In the case of individual who, during the course of their work, do not deal in immovable property, the applicable rate of Final Withholding Tax will not be 8% but a lesser rate of 5% on the value of the transferred property if the property is transferred less than five years from the date of acquisition.
2. In the case of property which was acquired before the 1st January 2004, the applicable rate of Final Withholding Tax will be 10% on the value of the property transferred.

The taxation system we are proposing will come into force as from the coming 1<sup>st</sup> January. However, transfers of property which take place on this date or before will remain subject to the current tax system, if they have been notified to the Commissioner of Inland Revenue by means of a promise of sale or a notice of transfer by today, the 17th of November 2014.

Transfers of property will be subject to a Final Withholding Tax on the value of the property sold without deducting expenses. This tax is payable on signing of the contract of sale.

Existing exceptions and other exemptions from tax which include the transfer of property occupied as a main residence for a period of at least three years, transfers of property within the same group of companies, transfers of property in cases of separation and court-ordered sales, will continue to apply.

In this way, we will introduce a much simpler and more transparent system which will require fewer resources to be administratively managed and enforced, and will be easier for citizens and companies to be in conformity with the law.

### **Tax Exemption on Property divided between Co-Owners**

In cases of contracts for the division of immovable property, where the owner acquires a share which has the same value as when it was undivided, no tax will be payable.

At present, there are instances where contracts for division of property are not being signed due to the amount of tax due. This measure will give owners the chance to divide their property between them without having to pay excessive tax. Co-owners will have the facility of not selling their share.

### **Exemption on Purchase of First Property**

In the last budget we had introduced a concession whereby individuals who were first-time buyers, were exempt from duty on the first €150,000 of the value of their residential property. This measure had a very positive effect on first-time buyers as well as on the property market. It was not perfect, as there were genuine cases where individuals did not qualify by a few days or some other reasons. We have decided to extend this concession by another six months. This concession will be extended from the 31st December 2014 to the 30th June 2015,

which means that contracts made and signed by the 30th June 2015 will be eligible for this benefit. This measure is expected to further strengthen the property market and will mean a saving of up to €5,250 for young buyers on the purchase of their first residence.

### **Reforming the Eco-Contribution**

Following a number of consultations, we feel the time is opportune to launch a reform of the eco-contribution tax.

From the onset, we wish to make it clear that the Government is not against a well formulated and managed fiscal initiative intended to trigger a behavioural shift in favour of the environment. What we are against are initiatives that lead to a non-level playing field for local businesses and give scope for evasion while placing unnecessary burden on enterprises and consumers.

That is what is happening with the eco-contribution tax in its present legal framework.

Against this background, a reform of this eco-contribution will be undertaken next year. During the first phase, we will remove the eco-contribution from electronic and electrical equipment from mobile phones to refrigerators, which are referred to as WEEE. In such a way, the economic operators in this sector will be incentivised to conform to environmental laws which

regulate the collection of waste resulting from these products. We will proceed as follows:

1. We will start by consulting all the stakeholders to determine how this transition may be carried out in the best and most effective way possible;
2. Secondly, we will ask all operators in this sector to either, by the end of June 2015, join one of the approved schemes, or submit a plan showing how they will conform to the WEEE Directive.
3. Finally, once an agreement is reached, the Government commits itself to remove the eco-contribution on these products as from the 1st September 2015.

Thus, the eco-contribution will be removed from all electronic and electrical apparatus as from the 1st September 2015.

I urge all those who operate in this sector to fully cooperate so that this transition may be carried out smoothly to everybody's benefit. Through the first phase of reform, we will have removed many products from the eco-contribution scheme.

The second part of the reform, which we plan to carry out during 2016, will be subject to discussion with all the stakeholders in this sector.

## Measures against Tax Evasion

The Government will continue to fight tax evasion. This is because tax evasion undermines the sustainability of free services like health and education, social assistance and pensions, as well as a large range of other services provided by government. Worse than that, fiscal evasion increases the burden on those who are honest.

We can announce that the process leading to a merger between the Inland Revenue Department and the VAT Department will benefit from specialised assistance from the Fiscal Affairs Department of the IMF.

We will reintroduce the obligation that any person who carries out any type of commercial activity that qualifies as an enterprise, has to apply with the Commissioner to be registered for VAT purposes according to Article 11 of the Act, irrespective of whether that person surpasses the threshold of €7,000. The individual will also be obliged to issue a fiscal receipt for any sales made.

We will continue to develop and clarify the rules regarding receipts that have to be issued whenever a sale is made. Exemptions from issuing receipts will be accompanied by tax audits to ensure there is no abuse. Officers will be trained in IT so that they can carry out audits on the Point of Sale systems used in commercial outlets. We will publish guidelines to help

businesses determine which cash registers and printers are in conformity with our fiscal requirements.

We will launch a pilot project that will enable the Tax Departments to collect and analyse information available in the Public Sector so that this information may be used for investigative purposes. The Tax Authorities are strengthening the technical element used within investigations so that these may be better focused on areas where there is the risk of evasion and, thus, becoming more effective in their operation. We recognise that there is an element of forensics in the work of the tax inspectors, especially when there is tampering with the books and innovative programs meant to interfere with fiscal printers, and therefore we will provide training for the inspectors in these sectors.

### **National Strategy for Electronic Payments**

Electronic payment systems are more secure and efficient when compared to cheques and cash payments. The Government's aim is to see, over a number of years, a transition on a national level in this regard. This is all linked to the strategy for curbing tax evasion.

We will also be looking at the payments made by and to government with the aim of increasing electronically-based payment.

To this end, we will set up a Working Group to make recommendations to the Government on how to increase electronic payments.

## Work for a Level Playing Field in Commerce

One of the most frequent complaints made by Maltese and Gozitan businesses, irrespective of their size, is about unfair competition. We will start to address this through the eco-contribution reform.

However, this is not enough. A level playing field is required. While respecting the Single Market, we have to make certain that whoever is competing with honest enterprises, locally or abroad, is shouldering the same responsibilities. To this end, we will adopt the model used in various countries, namely that of a unit specialised in enforcement such as the *Guardia di Finanza* in Italy or the *Border Agency* in the United Kingdom.

This new unit will fall under the responsibility of the Armed Forces and will incorporate what is today known as the Revenue Security Corps.

All the stakeholders will be consulted on the operation of this unit, which will be different from Customs but will work in cooperation with it.

Now we come to the core of this budget, that of rewarding diligence and hard work.

## **Pensioners to receive COLA in Full**

From the coming year onward, the Government will grant the full amount of COLA to pensioners so that they will receive the full compensation for the increase in the cost of living.

## **Additional Bonus**

We could have stopped here, but we will not. This Government recognises that Maltese and Gozitan families deserve better. Therefore, we are announcing a one-time Additional Bonus of €35 a year. This Additional Bonus will be more than double the amount of cost of living adjustment and will not be taxable.

The Additional Bonus will be received by all those full-time workers who will not benefit from the reduction in income tax, as well as pensioners and all those on social security benefits. This will also be given pro-rata to part-time workers and students.

It is not our intention to place the burden of this one-time Additional Bonus on to the private sector. Therefore, the Government will be funding this bonus, even to employees in the private sector.

### **3. CREATING OPPORTUNITIES NOT DEPENDENCIES**

The social framework of our society, as reflected in the social benefit system, aims to promote justice and social inclusiveness by helping those in need through direct financial assistance such as unemployment and disability benefits, as well as other aids in the form of subsidies and services, such as free childcare centres and health services.

A comprehensive system like ours, which this year cared for the needs of about 140 thousand individuals, requires vast financial resources. Just to mention one figure, the budget for the year we are in is estimated to reach €870 million.

While we have reason to be proud that, in our country, we have managed to create a social security system that works and reaches its aims, we also have to recognise this same system also has undesired consequences. In some instances, the same system that is aimed to support the individual in a moment of need ended up creating dependency and passiveness. Besides, the system also gives space for fraud and abuse to the detriment of those truly in need of assistance as well as honest taxpayers, especially the workers who pay their taxes directly from their wages and certainly do not deserve to be defrauded.

Those who abuse the system are a minority. But this minority has to be addressed as it is usurping without justification resources from the taxpayers which should go to those who are truly in need.

Mr Speaker, one of the main concerns of this Government is the fact that today, in our society, we have an entire segment which has become totally dependent on social benefits. I am sure we all agree that we would be badly remiss, if we allow our youths to become dependent on benefits for the next 40 years. The cost of doing nothing is too high.

Instead, we want our benefit system to help and encourage above all our youths to discover their capabilities and skills.

### **Benefits for Low Income Earners**

We will continue to strengthen the concept of 'making work pay' by introducing the so-called 'in-work benefit'. This benefit, which is linked to the concept of work, will be paid to those families where both spouses are in employment, have low income, and have children up to 23 years of age. Both spouses have to be earning €3,000 or more on yearly basis. These families will be entitled to a maximum of €1,000 a year for each child. A parent who raises his or her children alone and is working will be entitled to a maximum of €1,200 a year for each child. The benefit will be calculated on the income after deduction of the social security contribution, and there will be

no deduction from any other benefit the family may be entitled to, such as children's allowance.

A couple where both parents are working will be entitled to this benefit if their income is between €10,000 and €20,400, while for a single parent the income has to be between €6,600 and €15,000.

To give a few examples, a family where the man works full time and the woman works part-time and their income is around €12,000, will receive €1000 for each child. The same amount will be paid if both parents work and are on the minimum wage. A single parent will receive the sum of €1,200 if on the minimum wage, and €500 if earning €12,000. The Annex shows how the in-work benefit changes according to the family's income.

The Government is allocating €2 million for this benefit, which is intended to demonstrate our intention to help those who want to work.

## **Free Childcare**

This Government is proud of the success of this initiative and wishes to continue to encourage Maltese families support their families while remaining in work. Therefore, the Government is reassuring all those who are benefiting from this service that it

will remain free. The average benefit being paid for each child is €4000 a year.

In the same way, we will continue to offer the 'Breakfast Club' service which was very well received.

### **Youth Guarantee**

We will continue to give priority to the Youth Guarantee. This will consist of a guarantee of education, training, and employment to all Maltese and Gozitan Youth. This strategy is important in view of the fact that nearly 4 out of every 10 children do not remain in education after the age of 16.

Mr Speaker, it is important to point out that our country was one of the very first to operate and introduce the Youth Guarantee concept. We are already seeing the results of this initiative, as the first group who participated in October have just started their vocational education. At present, there are other groups of youths who, in the coming weeks, are expected to undergo their first work experience.

Therefore, in order to strengthen this initiative, 700 Traineeships and 200 Work Trials will be launched, fully financed through the European Social Fund. These opportunities will be in addition to those we announced in last year's budget, and will make it possible to reach out to youths who are registering for work.

## **New Cases of Youths under 23 Years of Age**

We now come to measures which some may see as harsh for the benefits sector, but which this Government has the courage to introduce so that benefits will go to those who truly need them. These programmes within the Youth Guarantee will be offered to youths under 23 years of age. However, those who refuse to attend training under the Youth Guarantee will not be paid unemployment benefit. The message that we want to give to youths is that work and effort pay dividends. We will help those who want to train and work. Those who do not cannot expect money for nothing. These programmes will not apply to persons with tertiary education.

### **Cases of Youths receiving Social Assistance for Unemployment**

Those who, at present, are receiving Social Assistance for unemployment will be given four months to either join the Youth Guarantee and continue to receive benefits, or keep on registering, in which case benefits will stop until they exceed the age of qualification for the Youth Guarantee.

### **Cases of Single Parents under 23 Years of Age receiving Social Assistance for Unemployment**

Social Assistance will be paid until the youngest child is one year old. As soon as the child is one year old, the mother will be

enrolled in the Youth Guarantee and will continue to benefit from Social Assistance and free childcare. If she refuses to join the Youth Guarantee, social assistance will cease. As soon as she completes the Youth Guarantee, she will either register for work or find employment.

Should the youngest child be over one year old, the mother will be given four months to join the Youth Guarantee, during which time she will continue receiving her benefits entitlements. Should she refuse, the benefit will cease. As soon as she completes the Youth Guarantee, she will either register for work or find employment.

### **New cases of Single Unmarried Parents under 23 Years of Age**

For new cases of single unmarried parents under the age of 23 years, applications for Social Assistance will be accepted and this will be paid until the child is one year old. As soon as the child is one year old, the mother will be enrolled in the Youth Guarantee and will continue to benefit from Social Assistance and free childcare. If the single parent refuses to join the Youth Guarantee, social assistance will cease. In this way, justice will be done with the many genuine single mothers while kick-starting a serious process to curb abuse. Being a single mother is not a profession. Help should be there for those who truly need it.

## Benefits for Single Parents

While we are introducing these measures, we will continue helping those single parents who truly want to improve their family situation. At present, single parents who receive social assistance, with children under 18 years of age, and who are working, continue to receive the full amount of benefit if from their employment they are earning not more than €56.95 a week. This amount is too low and is leading to abuse and precarious employment.

Therefore, as from the 1st of next January, this will change, and instead we will introduce the tapering of benefits. In this way, single parents who start working will remain entitled to 65% of social assistance for the first year, 45% for the second year, and 25% for the third year. Their employers will benefit from 25% of the benefits for the first three years. Contrary to what happens today, what they earn from work, both part-time as well as full-time, will not affect their benefits under this scheme.

This measure will also be extended to include single parents who have children over 18 years of age but not older than 23 years. Thus, those who are diligent will find out that they are financially better off.

## **Programmes to enable those receiving Social Benefits to regularise their position**

Mr Speaker, we want to give everyone the possibility of regularising their position. We are aware that there are individuals who have found a way whereby they receive more benefits than they are entitled to. We have no intention of starting any witch hunts. We simply want to offer the opportunity of a new start. Therefore, we will launch a programme through which, by the end of February 2015, those who are not sure of their entitlement or know they are receiving benefits they are not entitled to, will have possibility to regularise their position.

Those who come forward by the end of February 2015 to verify the benefits due to them, and are found not to be in conformity with the law, will only have to pay a one-time minimal penalty, as long as it is not a case of systematic fraud. The penalty will increase if the beneficiary delays longer, or is caught defrauding the Department of Social Security.

## **Tapering of Social Benefits after Marriage**

From the 1st of next January, a single parent who receives social assistance and marries or enters into a civil union with a person who is employed will no longer lose entitlement to social assistance with immediate effect, but the social assistance will be reduced gradually over a period of three

years. During the first year, the parent will receive 65% of the social assistance, in the second year 45%, and in the third year 25%.

## Benefits for Employers who offer Training to their Employees

We are again launching schemes under the European Social Fund where employers benefit from a subsidy if they employ disadvantaged persons or train their employees.

We are aware that in the past there were problems with the timing of payments, in that some were not paid in time. We have striven to ensure that this does not repeat itself. The Employment and Training Corporation is in a position to see that from next year all those who apply under the TSAF will be paid within four months. The sum of €2.5 million will be voted under the TAF.

With regards to access to Employment, an employer who employs a disabled person will receive a reimbursement of 50% of the expense, up to a maximum of €5,000. In the case of a single parent, the reimbursement will be of €10,000. This benefit also applies pro-rata to those who convert their employees from part-time to full-time.

## **Labour Market Data**

Now that an agreement has been reached regarding the legal notice that regulates the exchange of student data, the Employment and Training Corporation is expected to work on an Employability Index at the beginning of 2015.

## **Work Programme**

This Government fully believes in the role of the private sector in our country's economy. We will be introducing the concept of the Work Programme, an initiative very similar to that adopted in the United Kingdom. The private sector, together with the Employment and Training Corporation, will be working to help long-time unemployed or inactive persons to re-enter the labour market. The Government will be helping employers find the most appropriated people by making use of European funds to train people in the Work Programme, as well as by paying the employers' part of the wages of workers. Employers who operate the Work Programme will be eligible to receive up to €2,750 for each employee over a span of three years. The payments to the private sector will be linked to the numbers of person employed and the time that the said person remains in employment.

## **Setting up of Social Enterprise**

This Government is fully committed to reduce, as much as possible, all forms of precarious employment. At present, we have in place the Community Work Scheme through which a number of persons who register for work can earn a small amount of money for services rendered to the local councils. Since we do not wish to allow any form of precarious employment, we will give the participants the possibility of joining a Social Enterprise. This enterprise, which will be managed autonomously, will offer services to schools and local councils. We will be ensuring that every employee of this enterprise will be paid at least the minimum wage.

## **Changes to the ETC Register System**

Over the coming days, the ETC is expected to sign a memorandum with the VAB, the ETC's equivalent in Flanders, Belgium, so that as from next year the Employment and Training Corporation will have a new electronic platform. Through the use of new IT tools, a Virtual Labour Market will be created where employers and job seekers will have a virtual meeting place.

This IT technology is also expected to lead to changes in the system for registering. Matching will no longer depend solely on the individual preferences but will also be subject to individual abilities.

## **Raising the rate of Maternity Leave Benefit**

Presently, women who are working, either as employed or self-employed, receive the Maternity Leave Benefit covering four weeks of maternity leave: from the 15th to the 18th week. At present this benefit is paid at the rate of €160 a week. We will raise the rate of this benefit so that, as from the 1st of January 2015 onwards, the rate applicable to this benefit will increase and be paid at a rate equivalent to the National Minimum Wage. This means that in 2015, women in employment and giving birth will benefit from an increase of more than €6 per week in Maternity Leave Benefit for these four weeks.

## **Financing the Maternity Leave Fund**

Under the present legislation, an employer seeking to employ a woman of a certain age will take into account the possibility of having to pay maternity leave. This leads to a situation whereby women are being denied opportunities for work employment to which they eligible for.

This Government wants to eliminate this impediment in such a way that the employer will be gender-neutral in his choice when considering whether to employ an individual. Therefore, we will continue to minimise all obstacles and discrimination against women being employed in the private sector by setting up a special fund to pay the 14 week paid maternity leave. The concept is that the benefit will no longer be paid by the private

company employing the woman, but there will be a fund to which all private companies contribute by paying a small contribution for each person they employ. Thus, the burden will be spread. I would like to point out that the Government itself will retain the present system, namely that it will not be making use of this fund and will continue paying for the maternity leave of its employees; thus the total expense for the private sector of these payments will remain as it is today. The burden on very small companies should decrease. The system will be operated with the participation of the social partners.

### **Maternity Benefit for Self-Employed Women**

This Government believes in the potential of the self-employed and wants to help them as much as possible. At present, women who are self-employed and who have a child, receive the same maternity benefit as women who are not employed. This benefit is presently paid at the rate of €86.77 per week for a period of 14 weeks. Given that this Government views favourably the self employed, as from the 1st of January 2015, we will introduce a maternity benefit for self-employed women which will be paid at a rate equivalent to the national minimum wage. This will mean an increase of more than €73 per week in maternity benefits for 14 weeks for self-employed women.

## **Adoption Leave**

This Government believes in family-friendly policies, not just in word but in deed. Therefore it will ensure that the benefit of leave days granted in cases of adoption of children will be extended to be of the same length as that granted to cases of maternity.

## **Agreement with Third Party Countries regarding Adoption of Children**

With regard to the agreement with third party countries on adoptions, agreements are presently in place with Albania and Slovakia. We are working with other countries to try and conclude in this regard. These include Poland, Cambodia and Vietnam.

## **Grant to Elderly Persons**

As we did this year, next year we will give a grant of €300 to elderly persons aged 75 years or more.

This is intended to help them sustain their quality of life.

## **Third Pillar Pensions**

In the pensions sector, we have initiated reforms which have been discussed for years but never implemented. Prominent among them is the introduction of the Third Pillar Pension, and the Individual Saving Account scheme. While other wanted to

introduce another obligatory Social Security Contribution, we believe that this is a wiser way of doing things.

### **Shipyard Pensioners and Pensioners with Anomalies**

We will keep our promise to correct the anomalies created in the social security pension, and which affected thousands of workers, among them former Shipyard employees. The anomaly was created when, upon the closing down of the company or when their post became suppressed, their pension was calculated on the same salary structure of Government employees.

As from next year, the peg with Government salaries will no longer be applied at the point where the person retired from work but at the point when the company closed down or the post no longer was in place. This means that comparability will be based on the collective agreement currently in force, if there was such an agreement meaning comparability with a higher salary. All pensions paid according to the system mention above will be reviewed. About 5,000 pensioners will benefit for this measure and is estimated to cost €1 million.

### **Service Pensions**

We will continue to implement the measure through which service pensioners continue to benefit, in a gradual manner, from improvement in their two-thirds pension whereby an

increase of €200 will not be taken into account in the calculation of their social security pension. It is estimated that this measure will cost €1.6 million and will benefit more than 5,000 other pensioners.

### **Ex-Port Workers**

Shortly after being elected, this Government commenced talks with the representatives of the ex-Port Workers about claims which had been pending for many years. Today, I can announce that these discussions have reached an advanced stage and hopefully a final agreement can be reached in 2015.

### **Missing Contributions**

In our Electoral Manifesto, we had recognised the fact that some workers have paid social security contributions but do not have enough contributions to qualify for a pension. Furthermore, they were not allowed to pay any missing contributions. We promised that we would give these persons the opportunity to do so.

As from the 1st of January, persons who are still in employment will be given the opportunity to pay up to five years in missing contributions. These years do not need to be the five years preceding the claim. We believe that this measure will accomplish another electoral pledge.

Furthermore, we will do justice to a number of workers, in particular retired women, who in the past spent many years out of work either due to the laws applicable or the prevailing social situation, during that time. From next year, those retirees aged between 62 and 74 and do not have a pension will receive a bonus of €200 if they have paid more than five years' contributions, and €100 if they have paid contributions for more than one year but less than five years.

### **Finding a Solution for the Maltacom Employees Foundation**

This Government is working with the Maltacom Employees Foundation to address the financial problems of this foundation and to put the same Foundation on a sound and sustainable financial footing.

### **Pension after 25 years service for Civil Protection Department Employees**

We will fulfil another electoral pledge by giving all Civil Protection Department employees the right to benefit from a pension after 25 years of service.

Thus, these workers will start to enjoy the same benefits as police officers and soldiers.

## **Members of Disciplined Corps who suffer a Disability**

Another promise in the Electoral Manifest is that members of Disciplined Corps will be granted compensation if they suffer from a disability caused through or during their work. This promise will be fulfilled. Thus, as from next year we will give recognition and greater respect to soldiers, police officers and members of the Civil Protection Department who often risk their lives to protect us.

## **4. A JUST AND INCLUSIVE SOCIETY**

### **Strategy against Poverty and Social Exclusion**

Poverty and social exclusion are a challenge this Government is committed to face with utter determination. We have introduced measures intended to reach the most vulnerable among our society. A document outlining the strategy against poverty has been finalised. Its recommendations will be implemented over the next 10 years.

### **Children's Bonus linked to School Attendance**

During next year, the Government we will be giving an income supplement of €400 per child (€200 from the fourth child up) to low income families. This is a new benefit intended as an income supplement to low income families to help them against child poverty. We estimate that during next year, 22,000 children in 9,000 families will benefit from this measure. To this end, we are allocating the sum of €8.5 million.

There are some conditions linked to this grant, among them that children attend 95% of school days. This has the aim of improving the children's level of education and psychosocial health.

At the end of next year, we will analyse the effect of this supplement.

## Housing for Persons with Disability

A primary aim of this Government in this sector remains that of providing peace of mind to the parents of persons with disability by ensuring that, after their decease, the State and society will care for their children should they be unable to lead an independent life. To this end, we are launching the development of the first 10 residential homes in the community for disabled persons.

Government has already started work on the first home in Siġġiewi, which will be completed shortly, and there are two pending Expressions of Interest - one for the first home in Gozo and the other for homes in Malta. Government intends to work on three homes per year, so that by the end of the legislature we will achieve the ambitious aim of 10 small houses in the community. This will fulfil yet another electoral promise.

From next year, we will launch another project whereas the necessary structural works will be carried out allowing disabled persons to continue residing in their own homes. To give relief from the daily struggles of parents of disabled children, we will continue with our efforts to improve respite services in specialised residential centres. This will also include the possibility whereby families will be able to provide this service on a basis similar to that of fostering. To this end, we will also extend the service provided by the day care centres.

Repair and embellishment work will be carried out on the seven residences of *Aġenzija Appoġġ*. This will safeguard the needs of the disabled persons who reside in them.

### **Fiscal Incentives for Trusts and Foundations set up to help Disable Persons.**

We will incentivise the genuine use of Trusts so that, through them, the financial resources, assets and inheritance left by parents and other persons to disabled children are used in the best possible way and in the best interest of the children.

For this reason, we will exempt any inheritance left to disabled persons in a Trust from the related taxes. These in addition to existing exemptions, so that these financial resources will be used to help these persons to lead a decent and independent life.

### **Representation of Disabled Persons on Boards, Agencies and Authorities**

There will be a review of how board members are appointed in order to increase representation of people with disability. Thus, the voice of disabled persons in the country's governance will be strengthened while at the same time promoting concrete activism among disabled persons.

Amendments to the respective laws will shortly be tabled in Parliament.

## **Disabled Person in the Labour Market**

Government believes the time is right for an unprecedented initiative to give disabled persons more dignity at the workplace and assure their full integration. By means of this budget, we will launch three initiatives:

### **Full Pension for Disabled Persons in Work**

We will fulfil the electoral promise whereby a disabled person that finds work will continue to receive the full pension.

Under the present system, the disabled person must not exceed the minimum wage in order to continue earning the full pension. We will remove that restriction because one's disability does not vanish according to the wage.

### **Incentive for Employing Disabled Persons**

We will incentivise employers to employ disabled persons by offering generous tax credits. Whoever employs a disabled person will be exempted from paying the social security contribution and will be able to claim a tax deduction on profits equivalent to the wages of that disabled person. The maximum credit will be not more than €4,500 for each disabled employee.

## Implementing the 2% Law

Apart from the aforementioned incentives, we must also take further bold decisions. Since 1967, our country's legislation requires every firm employing more than 20 employees, to have at least 2% of its workforce consisting of persons registered as disable. It is common knowledge that this law is hardly implemented or enforced at all.

The time has come for this law to cease existing purely on paper and start being implemented. We will insist that this quota is observed.

We recognise that there are work environments where the employment of disabled people can be more challenging. But we need to send a strong and brave signal.

Those companies, who we trust will be in a minority, who will not employ the legal minimum of disabled person, will be expected to contribute in another manner. In such cases, the employer will be asked to make an annual contribution of €2,400 for each disabled person he or she should be employing. The maximum contribution will be of €10,000 for each company. For the year 2015, employers will contribute one-third of the amount due, two-thirds of the amount due in 2016 and the full amount in 2017.

The contributions generated by this initiative will go towards a National Fund for the Integration of Disabled Persons, which will be managed by the Employment and Training Corporation. This fund will be used to finance training programmes and work for disabled persons.

The aim is to integrate disabled persons in the working world. This initiative will be regularly reviewed in order to evaluate its effectiveness.

In addition, for the year 2015, this Government is voting the sum of €500,000 to finance the scanning of public documents by disabled persons. This initiative will create 80 job opportunities for disabled persons in Gozo. In that way, the Government will be leading by example.

### **Tax Rebates for Companies making Donations to the Community Chest Fund**

When a company makes a cash donation of not less than €1,000 to the Malta Community Chest Fund, 50% of that donation may be claimed as a deduction on profit for the year of assessment 2015. This can be done as long as a relevant certificate relative to the donation has been signed and issued by the secretary of the Malta Community Chest Fund and attached and submitted to that year's tax return.

If the system proves successful, the Government will consider expanding it to other entities while insisting on good governance.

### **Immigrants who are Minors**

It is this Government's declared policy that those immigrants who are minors, whether accompanied or not, will not be left in detention centres on their arrival in Malta. The same applies for vulnerable persons. The Government is working to identify a centre where these categories of immigrants may be placed in a more dignified manner.

### **Domestic Violence**

Through the work of the Commission against Domestic Violence, Government will continue to work so that victims of domestic violence, as well as their children, will receive immediate protection. In order to strengthen the training given to members of the corps on how to act in situations of domestic violence, the collaboration of people operating in the sector is being encouraged.

### **Government Garage Scheme**

The Department of Lands will announce a scheme through which all those garages located in Government Housing Estates, both if rented as well as on emphyteusis, will be offered for sale to the respective tenants or emphyteusis holders. Air

space will remain government property, as long as the government continues to hold the title to such property. This will affect 2,400 government-owned garages.

### **Maintenance and Embellishment Projects in Housing Estates**

In partnership with the Ministry of Transport and Infrastructure, the Housing Authority will be carrying out repair works in housing estates. General improvements and maintenance will also be carried out in residential property rented by government or the Authority. Finally, the programme of lift installation in government-owned blocks will also be resumed.

Following consultation with residents in three projects in St Paul's Bay, Paola and Senglea, estimates for embellishment work in eleven blocks have been worked out. The total cost of these projects will approximate €600,000 and will benefit 83 families. Presently, the evaluation of tenders is under way and works are expected to begin during next year.

### **Revision of Employment Legislation**

The process of revising and updating of employment legislation will continue so that workers' rights are improved and, where necessary, clarified. This will be done in partnership with the social partners, through focussed discussion within the Industrial Relations board and within the MCESD.

## New regulations in the Public Service against Precarious Employment

From the first day, this Government has worked to eliminate precarious employment. During last year, we introduced new regulations to eliminate, as far as possible, dodging of legislation and exploitation of employees on government work contracts. These regulations came into force and inspections are being carried out to ensure they are being observed. Over the coming weeks, we will bring into force other regulations regarding the blacklisting of companies and persons who abuse their employees in this way.

Next year we will take another important step forward. We will be stipulating that wages of employees working for contractors on government contracts will be paid at least at the same basic rate as that enjoyed by public sector employees doing similar work. For example, if the work being carried out by the contractor's employees is that of security, then the contractor's employees will be paid at the basic rate applicable to a security grade employed directly by the government. If the work is cleaning work, then the contractor's employees will be paid at the basic rate for government employed cleaner. If the work being is that of a Care Worker, then the contractor's employees will be paid at the basic rate for grade of Care Worker employed with the government. In this way, apart from addressing the conditions of work of these employees, we will

also be addressing their remuneration. This is a process that cannot be carried out all at once, however, the initial stages has been undertaken.

### **IPSL Collective Agreement**

During the previous year, this Government fulfilled yet another pledge during the previous year when it restored dignity to the former Shipyard workers. After years of disregards, this Government introduced the first IPSL collective agreement for these employees.

Next year we will concentrate more on training for these workers and increase effort to find permanent employment which could provide a carer for these workers.

### **Skills Card – Construction Industry**

Over the coming months, the Building Industry Consultative Council is expected to submit a plan for the introduction of skill cards in our construction industry. The purpose of the skill card is that a construction worker will have his or her skills certified and recognised. This process is expected to be carried out in cooperation with MCAST and the ETC. While this process is expected to take a certain time to come into force, those who do not have this skill card will not be able to work in this sector. This measure will lead to the elimination of all existing abuse,

reduce the exploitation of employees, and regulate the sector in a professional manner.

## **5. EDUCATION - THE KEY TO BETTER OPPORTUNITIES**

Education is the best tool for social mobility, for fighting poverty and for our children to have better opportunities.

Over this year, this Government maintained its commitment in favour of quality education from the earliest years as well as training and provision of high level courses. The aim is to continue improving our educational system in such a way that children and youths continue to develop their social and personal potential and obtain the necessary recognition, skills, competence and desirable attitude.

This Government is giving absolute priority to education. In this budget, we are allocating the sum of €477 million which represents an increase in the recurrent and capital expenditure for the educational sector of €41 million, or nearly 10%.

### **Support to Further Studies**

Among other measures, we intend to continue offering scholarship programmes for Maltese and Gozitan students.

### **Increase in Stipends related to Cost of Living**

We will again increase stipends. Not just next year, but every year thereafter. This in contrast with what the previous administration had done when it reduced stipends.

From the 1<sup>st</sup> January 2015, this Government will increase stipends again pro-rata to the cost of living. In addition, students will receive the Additional Bonus pro-rata.

### **Stipends Tax-exempt**

We will continue improving the student grant system including the one-time grant at the beginning of the school year, stipends every four weeks, and the supplementary grant with each stipend to students coming either from low income families or social cases. Last year we started giving stipend to those who repeat their scholastic year. Now, in order to maximise the aid to each student, all student maintenance income will remain tax exempt.

### **A Tablet for Every Student**

The implementation of the One Tablet Per Child initiative started this year through the Pilot Project which involves the participation of about 340 students in 20 State, Church, and Independent schools. This was done with the backing of prominent companies in this sector and by full agreement with the Malta Union of Teachers. The Pilot Project will end by the end of March 2015 and will be followed by a period of evaluation so that the resulting recommendations will be actuated on a national level, and a tablet will be issued to every student from the 4th Year of Primary School in State, Church, and Independent schools by October of 2016.

## **Use of Information Technology (IT)**

We will continue to work so that initiatives related to the use of IT, such as the development of digital content, appeal both to children and students at risk or who have fallen behind, as well as to gifted students, so that they can acquire the necessary skills and competences in IT, in literacy, in Mathematics, and in Science.

## **Reduction of VAT on Digital Books**

This Government is aware of the fact that modern technology is providing more efficient means of dissemination of educational content. In addition to the printed book, the market also offers digital books through the computer, tablet or mobile phone. There are also audio books which provide access to books to those who cannot read and thus have a social use. These modern mediums also reduce dependence on paper and are therefore beneficial to our environment. Therefore, to ensure fair treatment and to encourage the spread of such means of education, from the 1st of January of next year, we are reducing the rate of VAT on audio books and on books published on CDs, DVDs and USB drives and similar media from 18% as it is today, to 5%. This should help to make these educational means more accessible to everybody.

## **Publication of Maltese Books**

The publication of books with a literary, historical, and artistic value in Maltese and about Malta is important as it enhances the value and recognition of all that is Maltese and what makes us a nation. To this end, this Government is making a specific allocation in this budget for incentive schemes to ensure that the admirable work and contribution of this sector continues to grow in a sustainable manner. Above all, the Government will see how to help, where necessary, the publishers of these books to promote their products not least through participation in fairs both locally and abroad. Above all, this Government will explore how to create the necessary space so that the publishers of this kind of books will be able to submit their projects for consideration by the Arts Fund.

## **Sabbatical for Teachers**

We are working, in consultation with the MUT, on draft guidelines for the implementation of the sabbatical for teachers. It is planned that the first applications will be processed next April so that the first beneficiaries will begin a year of paid leave in the scholastic year 2015/2016.

## **Continuing to Invest in More Modern Schools**

The Skola Sports project in Pembroke is ongoing, so are the new buildings in Rabat, Malta, in Naxxar and in Rabat, Gozo.

Next year will see the start of work in connection with two new schools in Dingli and Kirkop. This is being done by means of an expenditure of around €23 million over two years. Work will also continue on existing schools. Next year the Ministry for Education will continue its programme of school maintenance and embellishment in Malta and Gozo with an expenditure of €1.5 million. This is being done to raise the educational level of the schools which will lead to an environment which will be beneficial to both teachers and students.

### **White Paper about School Opening Hours**

Over the scholastic year, school transport – both that provided by the state and schools as well as through private cars – increases the impact on the infrastructure and traffic congestion. Therefore, with the aim of improving the situation, and within the framework of other measures to be announced in this budget, the Government will be launching a process of consultation, through a White Paper, with regard to school opening hours.

This way we will discuss and exchange views with all those concerned on whether schools should all maintain the same opening hours. Obviously there are advantages and disadvantages and we have to carefully consider the situation and the views of teachers, parents, and students.

## **Childcare Centres**

Projects Malta, a company recently set up by the Government, has commenced talks with the Foundation for Tomorrow's Schools (FTS) about the identification of sites where, together with the private sector, a Childcare Centre will be built in a central location in Malta. This project complements the initiative announced last year regarding free Childcare Centres for the children of working parents as well as single working parents.

## **New Academic Subjects**

A Pilot Project for five new academic subjects with local programmes that will form part of the examinations for the Secondary Education Certificate (SEC) is under way. From last September, Accounting has been re-introduced in Secondary school after 21 years. Another Pilot Project for Ethics Education is under way in four schools: two Primary, and two Secondary, for students who do not attend Catholic Religion classes. Besides this, in Form 1, the subjects of Design and Technology, Home Economics, Art, and Music are being taught to all students. In secondary schools, Physical Education sessions have increased from two to three per week.

## **New Vocational Subjects**

Up till the last scholastic year, a pilot project for the vocational subjects of Hospitality, Social Care, Engineering, and IT is being

operated in a number of State, Church, and Independent secondary schools. These subjects are being taught to students in Forms 3, 4, and 5. This year, the subject of Agribusiness was added in the Mosta Boys Secondary School. Another change in this regard is that up to now the teaching of these subjects used to follow the syllabus and certification of BTEC (a British Agency). From this year, these subjects, including Agribusiness, are being taught and certified by the MATSEC Board on the same level as the SEC academic subjects.

### **Research in University**

The University of Malta will be increasing its research activity. This will be done by means of funds provided by this Government as well as from the European Union. It will continue to strengthen its collaboration in teaching and research with similar international entities; serve as an incubator for new knowledge-based enterprises; attract foreign students; update and modernise its portfolio of certificates, diplomas and degrees as well as continue to strengthen its teaching and research infrastructure according to its development Master Plan. The Government's capital expenditure on the University will increase by 55%; from 4.5 million to 7 million.

### **MCAST**

Over this year, MCAST continued to strengthen its administrative, academic and student support structures

through the creation of new structures. The process for the creation of national vocational qualifications, which will replace the foreign vocational qualifications in place up to now, will be concluded.

MCAST will continue to strengthen the apprenticeship schemes by offering the possibility of studying by apprenticeship in courses that previously did not offer this experience. Entrepreneurship is also an important aspect which has been strengthened at MCAST through the setting up of an Entrepreneurship Centre, with the help of Malta Enterprise. This will offer the possibility of assistance in business start-ups for MCAST students. It is planned that, the skills linked to entrepreneurship will be gradually introduced to all levels at MCAST.

This year saw the opening of the Institute of Business and Commerce, the second construction block inaugurated as part of the new MCASR campus. A new MCAST campus was also inaugurated in Gozo. As from next year, work will continue on the construction of the new campus which includes the Student House, the underground car park, and the sporting facilities.

### **Youth Village in former Umberto Colosso School**

Major investment is being made in the former Umberto Colosso school, as this school will be converted to a Youth Village. This centre will provide services offered by the Aġenzija Żgħażagh,

as well as a number of other services for youths, among the programme "Youth.Inc." The Alternative Learning Programme (ALP) is another related programme operating in the same site.

## **6. INCREASING COMPETITIVENESS AND REDUCING BUREAUCRACY**

### **Arbitration System in Financial Services**

In its electoral programme, this Government promised to set up an arbitration office for financial services. This is a promise we will also honour. Early next year a bill regarding arbitration in financial services will be published for consultation. The office will be independent of the Authority for Financial Services, and the arbiter will be in a better position to find solutions to customer complaints in an effective and impartial manner.

### **Public-Private Initiatives - Projects Malta**

Competitiveness is the backbone of an economically strong country. We believe the country can only do well if it does not fall behind in ideas and projects.

We believe in the private sector. We believe that the private investor can offer the best synergy in collaboration with the Government.

To this end, the Government set up the company 'Projects Malta' with the aim of identifying a number of public-private initiatives. At the same time, Projects Malta will coordinate the required work and synergy between Ministries and public entities to ensure these initiatives are successful. Over the

coming months, Projects Malta will launch a number of projects which will vary from the health sector, the commercial sector, tourism and sports, some of these initiatives will be detailed further in the following sections of this budget.

## **Tourism**

Tourism is one of the great success stories of this Government, when we managed to increase the numbers of arrivals compared to last year.

The increase in tourists was transmitted into the economy and as a result everybody benefits from this performance.

We are not depending solely on numbers but seeking to improve quality and a more even distribution throughout the year.

## **Air Malta**

The 2012 Restructuring Plan stipulates that Air Malta has to address the problem of profitability by 2016, despite its national and strategic obligations. A year ago, Air Malta reported that its losses for the financial year ending in March 2013 had been brought down to €31 million in 2013.

For the financial year ending in March 2014, we did better as Air Malta reduced its losses from €31 million to €16 million. With the efforts of the Board of Directors as well as the employees, the

company encouraged a number of cost cutting initiatives at all levels.

Over the coming months, we will focus on the development of routes and renewal of the fleet: two crucial measures which will help Air Malta to grow, maintain its revenue flow, and eliminate unnecessary expenses.

### **PPP for Enlarging Bays and Improving Access**

With regard to the touristic product, we will be attaining this Government's vision of creating new opportunities for partnership between the Government and the private sector. We will introduce the concept of the Private Public Partnership, or PPP, in coastal, rural and urban works through a number of programmes and initiatives, which will include enlargement of sandy beaches and better access to rocky shores. The first sites identified for this purpose are the areas known as *Taħt iż-Żiemeļ* in Valletta, behind the Reverse Osmosis plant at Pembroke, near the Aquarium, *Ta' Fra Ben* at Qawra, and others. These are all places with little or no accessibility. There will also be additional work on aspects such as country walks, work with environmental NGOs, management of sites financed through ERDF funds, as well as upgrades of touristic zones spaces. We will carry out this development in a sustainable manner which respects the environment.

## **Organising the Kemmuna Bays**

This year, we started the reorganisation of the bay at Kemmuna, in particular the Blue Lagoon. We cannot allow one of the most beautiful locations of our country to fall into anarchy. Next year, we will again improve on this organisation.

## **Incentive for Cruise Liners to stay Overnight in Malta**

We will introduce a programme through which cruise liners staying overnight in Malta, will be permitted to open their casinos for passengers during specific hours. This will be done against a payment. In order to better promote Gozo, cruise liners which choose to visit Malta as well as Gozo will be exempted from paying the fee.

## **Refund of VAT to Tourists**

Different countries apply dissimilar VAT systems on tourism originating from outside the European Union. Many countries operate systems whereby one can obtain a refund on VAT before leaving the country. There are indications that, in countries which operating such systems, more business is generated in this touristic segment. During the next year, we will be introducing a similar system in Malta.

## **Conventions Malta**

This Government continuously seeks niches and sectors which can attract tourists during the shoulder months. A foundation, ‘Convention Malta’, will be set up to promote, create and encourage conventions and congresses in Malta. The aim of this foundation will be to establish a mechanism which assists Destination Management Companies (DMC) to be more proactive, influential and competitive in this sector and also to streamline logistical elements.

## **Development Bank**

Preparations for the setting up of a Development Bank, which will have the aim of providing access to funds and investing in strategic projects, are in the final stages.

## **Seed Capital**

The Government is working on an initiative aimed at addressing the provision of access to funds for small enterprises away from the traditional methods, such as loans from banks. Studies are under way on the introduction of incentives of a fiscal nature, as well as other incentives, to promote the creation of venture capital funds which focus, in particular, on the local market.

The first initiative will be also addressing the needs of enterprises at various stages of their commercial life.

## **Seed Investment Programme**

This scheme will see the introduction of new regulations under the income tax act, which will offer incentives to those who invest in enterprises which are in an early stage of their commercial life, known as 'start- up companies'. Through these regulations, private investors will be given tax credits equivalent to the amount of capital (through shares) invested in these newly set up companies. Those who invest in these companies will be able to claim tax credit up to a maximum of €250,000 in one year.

In this way, not only will there be an opportunity of diversified investment, but these companies will be offered a means to grow and at the same time be a source of employment-creation.

## **Venture Capital Funds**

Amendments are presently being made in a legal notice which, although in force, has never been applied. The necessary changes should result into better implementation and a higher usage by a wider range of operators of venture capital funds. This will permit the attraction of more financial operators in this sector.

## **Implementation of the Family Business Act**

The Family Business Act will be addressed next year. The act will provide a clear definition of what constitutes a family business and who the members of the family are. It will also incentivise the transfer of business between members of the same family. In this regard, all family businesses registered under this Act will be eligible to apply for these benefits.

## **Incentives in Tax Legislation**

This Government is constantly analysing a number of incentives with the aim of promoting and providing due assistance to business. This will ensure that private enterprise continues to grow and establish itself as the backbone of the economy.

This constitutes a complete package of incentives which fulfils another electoral pledge that confirms the pro-business inclination of this Government.

## **Incentives to the Film Industry**

The film industry has a central role in the creative economy. This year, the Maltese film industry will register a growth of about five hundred percent (500%).

To continue to build on this success, next year the Film Commission will invest more in an international campaign to attract more films to our country. At the same time, we will

continue to invest in human resources through the training of person who already work or wish to start working in the film industry. We will do this by introducing new incentives and specialised courses for local film makers because we recognise the importance of fostering local film makers in order to see more professionally-made Maltese films. Finally, we will also incentivise investment in film infrastructure, in particular sound stages as there is a lack of them in Malta. Our vision is to build a strong film industry which continuously generates new work for Maltese and Gozitan workers.

### **Mediterranean Film Studios**

One of the greatest assets in the Maltese cinematographic industry is the Rinella facility. Besides having the two largest tanks with varying depth in Europe, these are also considered to be the best in the diffusion of the Mediterranean sea horizon. This facility is also constructed in a strategic location for protection from bad weather.

The next step is to issue a call for international strategic partners who will propose a management model for this facility, together with additional investment in existing resources, including sound stages. It is not excluded that this investment may be in the form of a PPP.

## Gaming Malta

This Government will continue creating the right environment for the igaming industry that presently employs nearly nine thousand people. This will offer the opportunity for growth in this sector.

We are envisaging this industry as being based on three main pillars. First, the regulatory authority, presently the LGA, is to be converted to a Malta Gaming Authority. We see this not just as a change in name but a new way of repositioning the Authority in the existing industry and that of the future.

Secondly, the Gaming Academy will be set up. Through this academy, the Government will be reacting to the industry's claim that they cannot find enough Maltese workers to take up the jobs being created.

Thirdly, we will set up Gaming Malta to promote Malta as a primary jurisdiction where the gaming industry is concerned. This foundation will be set up in partnership with the Chamber of Commerce, the Council of Malta Remote Gaming, the Chamber of Advocates, and the Malta Institute of Accountants. The aim of the Foundation will be to promote Malta as a centre of excellence for the igaming sector, propose innovative ideas in the field of research and innovation and be a catalyst for the necessary changes so that our country will be at the forefront in this sector.

## **Studies on Fibre Optic Cable Connection**

Next year, the MCA is expected to finalise an analysis of the technical, economic, and financial feasibility of a new submarine cable between Malta and alternative destinations in continental Europe, with the aim of improving the adaptability and the quality of the existing international telecommunications connectivity.

## **Call for Proposals for Satellite Spaces**

We are writing a new page in the history of communication in our country, and what was not done previously in the sector of satellite communication, is now taking place.

We will issue a public call for proposals for the commercial exploitation of the two satellite orbit spaces allocated to Malta by the International Telecommunications Union (ITU). In this way, for the first time, Malta is seeking strategic partners who will exploit these spatial assets through commercial activities which will benefit the Maltese Islands and will put Malta on the global satellite map.

## **Wi-Fi State**

Presently, the Malta Communications Authority (MCA) is operating 191 free internet hotspots. Our aim is that these locations will increase by sixty percent by the year 2016. To achieve this, the MCA has issued a call for expressions of

interest for companies to submit their offers in this regard. Through this call for tenders, the MCA will be in a position to operate three hundred hotspots which means nearly four free internet points in every locality in Malta and Gozo. Thus we will be fulfilling yet another pledge.

## Digital Malta

Within the Government's policy for building Digital Malta, the MCA is playing a central and important role among other things by the inauguration of the CoderDojo centres, and next year it is expected to inaugurate two more CoderDojo centres. Another project expected to continue next year is the project ENTER whereby individuals aged between 25 and 64 will continue to be trained in the use of the internet. Next year the MCA will be undertaking large scale efforts in the organisation of various courses, among them Live ICT eAging, Internet banking training, Entrepreneurship, Sector Specific Training, WebCheck Initiative and BeSmartOnline. A new initiative for next year will be the Maltese Artisans Directory where the MCA aims to create an on-line directory designed to promote and create opportunities for Maltese artisans.

## Policy for Logistics and setting up of Free Market Zones

Substantial improvement in our country's international competitiveness requires the drawing up and adoption of a national, integrated logistical policy. We need to increase our

capacity for entry and exit of goods and people, both by air as well as by sea. We also need to improve our efficiency in this sector in order to eliminate bureaucracy and monopolies, and thus reduce expenses for enterprises. We need to facilitate the internal movement of merchandise goods, in particular between the ports and the industrial zones, especially by adopting procedures through which, while the entrepreneur shoulders more responsibility, Customs will adopt a simpler procedure assisted by modern technology. We intend to adopt measures to increase our capacity in the sector of free zones, with an emphasis on economic activities with a significant added value.

## **Maritime Hub**

We are in the final phase of adjudication for the Maritime Hub on the old Shipbuilding site. We are convinced that this will be the beginning of an important strategic development which should provide new opportunities for our country, while making productive use of a major resource in our country's Southern part.

## **Citizenship by Investment**

The Citizenship by Investment Programme has been a success, as we predicted last year. Despite all the obstacles, the programme we have today is the only one approved by the European Commission.

The proof of its success is illustrated not only by the high quality of the persons who are being attracted but also by the fact that other countries are copying us.

We are proud that we are at the forefront in an innovative market and we will strive to remain European and global leaders in this market.

Soon, the legal instruments that will establish the National Fund for Economic and Social Development, which will receive the major part of the funds from this programme to be used for the benefit of Maltese families and businesses, will be proposed.

### **Scheme to attract Foreign Pensioners to reside in Malta**

Together with the Individual Investor Programme, the Global Residence Programme, and the Retire in Malta Programme, the Government will launch a United Nations Pension Programme. This is another initiative to attract investment and talent to Malta.

This programme is meant to attract to Malta person who are retiring from posts with the United Nations. The programme places us at the forefront in this sector, together with countries like Switzerland, Belgium, Canada, Portugal, the United Kingdom and Singapore, to attract person of the highest quality. The programme will attract individuals who are purchasing property in Malta.

## **Regulation of the Estate Agent Sector**

We are working to strengthen confidence in the property market, both locally as well as abroad.

We need to serve, in the best way possible, those in our country, both Maltese as well as foreign citizens, who want to invest in property. To this end, during the coming weeks this Government will publish a White Paper for broad consultation on how our country's economy can be strengthened through growth in the property market.

Through this White Paper, the Government will also propose regulation of the real estate agencies, agents and property consultants in our country.

## **PPP for the Construction of a Breakwater between Valletta and Sliema**

Projects Malta is looking at the possibility of, together with the private sector, building a breakwater between Valletta and Sliema, or alternatively smaller one further in. Among other factors, this project will facilitate the development of yacht marinas and other facilities, which will lead to a leap in quality in the Sliema area.

## **Marina Implementation at Sa Maison**

Transport Malta issued a call for tenders for the privatisation of the Sa Maison marina with the aim of attracting new investment in this sector. The call attracted five bids from Consortia made up of local and foreign investors. The evaluation process is under way so that the process can be concluded. This yacht marina is expected to add around 250 new berths.

## **Yachting Malta**

Project Malta has started working to join with the private sector to strengthen the sport sailing sector. Yachting Malta is expected to attract international activities to Malta which in turn should attract quality tourists to our country, with the resulting economic benefits.

## **Sukuk and Islamic Banking**

Following various meetings with representatives of the banking and financial sectors, both local as well as foreign, we feel there is space for a new commercial activity if the Government seriously facilitates the operation of what is called “Islamic Banking”. During the coming year, we will introduce the necessary legislative changes so that this sector will start to be developed, in order to further attract to our shores, those Maltese and foreign financial institutions which operate in this sector.

## **Trade Malta**

Projects Malta, together with Malta Enterprise and the Ministry for the Economy, will set up the company Trade Malta Ltd. The aim of this joint venture between the Government and the Chamber of Commerce, Enterprise and Industry will be to see that there is a collective effort to enable Maltese enterprises to better exploit international markets. This model will offer the necessary assistance to local companies to venture beyond our shores by, among other measures, offering technical assistance in branding, and development in international markets. This Government believes it should give more space and aid to the private sector to run this type of initiative.

## **Shop Opening Hours**

In order to increase competitiveness and provide better services to the consumer, we need to examine and, where necessary, revise long held practices. Among these are the regulations regarding shops' opening days and hours. Last year we stated that there are too many different and, sometimes, contradictory regulations. Therefore, we launched a process of extensive consultation. The suggestions received have been reviewed and evaluated. The Government is committed that, by next year, a bill based on these conclusions, which strikes a balance between convenience and the rights of the workers, will be presented.

## **The Valletta Monti**

The Government is working hard to relocate the Valletta ‘Monti’ to ensure that this market operates in a suitable environment. It has been decided that there will be 74 stalls, which are already being constructed with half of them expected to be ready by the end of December.

## **Scheme for Shops in Valletta**

In order for the Government to honour its pledge of assisting small businesses, we will launch a scheme for shops in Valletta that will be an improvement on the one launched by the previous administration. Due to a poor response, mainly attributed to the fact that the previous administration shut out those operators of the property who were not the original lessees, this Government intends to launch another Scheme for shops in Valletta that will be fairer and with more favourable conditions.

It is planned that through this scheme, all shops in Valletta that are government property will be able to apply for title by emphyteusis and not rent. In this way, the lessees of these shops will be in a better position to invest and have greater certainty of title.

Initially, the scheme will be open to the presently recognised lease and emphyteusis holders of government-owned shops in

Valletta. It is planned that there will also be a mechanism for those shops where the lease/emphyteusis holder is not the operator.

Eventually, this scheme will be open for other government-owned shops in different areas of Malta and Gozo.

## Agriculture

In 2015, for the first time, a National Agricultural Policy will be drawn up, after a period of review and study on the state of agriculture in our country. This with the aim of providing a guide to the vision, principles and objectives in this sector which is so important for the economy, the environment and society.

Meanwhile, the Government will continue working to promote high quality local products by means of enabling the framework and mark of national quality about which a bill was prepared this year.

Among the initiatives already under way which are expected to be completed during next year, it is worth mentioning studies about the cultivation of better quality products with a more sustainable use of water and with less negative impact from fertiliser use as well as an initiative, utilising EU funds, to improve the infrastructure and research capacity in the National Centre for Research and Development of Agriculture at

Għammieri. The programmes on environmental sustainability in agriculture will be continued together with the update of the Agricultural Waste Management Plan in order to investigate ways of making better use of these resources instead of discarding them.

We are also pleased to announce that next year we will see a major investment in the improvement of various rural roads in various locations, which roads have been neglected for many years. This is an investment which will benefit mainly our farmers as many of these roads serve as an important access to their fields.

Funds from the European Agricultural Fund for Rural Development will continue to be used in the best way.

### **Reform of Vegetable Market (Pitkalija)**

During this year we commenced the reform of the Pitkalija, where new administration and operation systems are being introduced, with the aim of improving efficiency and safeguarding the interests of farmers, middlemen, buyers, and consumers. Among other initiatives, a Pilot project, together with the Farmers' Central Cooperative, was launched. By utilising European as well as national funds, the necessary systems and machinery have been purchased and the project is planned to be completed in 2015.

## **Investment in Public Abattoir**

As part of a holistic programme which aims to change the abattoir into a showcase of the quality of Maltese products over a number of years, the extensive programme of restructuring and renewal was continued in the Public Abattoir. Moreover, it is being assured that the continuation of this programme next year will not impact the output.

## **Animal Rights**

For next year, the Government is committed to continue implementing measures that strengthen animal rights, as announced in the Government's programme, including the opening of an animal cemetery, the launch of a national fund for animal protection, and the construction and renewal of shelters for cab (karrozzin) horses.

## **Fishing**

In the fishing sector, by utilising European funds, the infrastructure of various ports will be further upgraded, and the Government is considering extending the compensation scheme for fishermen affected by the closed season.

## **European Fisheries Fund**

Work will continue so that funds from the 2007-2015 Programme will be fully utilised by December 2015. This will

include the opening of a new fish market, a campaign to promote consumption of fish, and various infrastructural projects which will continue to improve conditions for our fishermen. Among other initiatives, studies are under way for a breakwater at Marsaxlokk to protect fishermen.

### **Fish Processing Plant**

The Government is in the process of allocating, by concession, the upper floor of the new fish market in Marsa to private enterprise. The process is competitive; proponents from the private sector could participate through an expression of interest. Those interested have now been invited to submit detailed technical and financial proposals with the aim of selecting a proponent to develop and operate a fish processing plant. This plant will increase capacity in Malta and increase the value added of fish-derived products while providing a new outlet for fish catches from local fishing. This activity is expected to provide new jobs as well as attract other investment in this sector.

### **Marine Hatchery**

Besides this, next year the Government is considering issuing a public call for proposals for the design, construction, and operation of a Marine hatchery for the spawning of blue fin tuna and resources for aquaculture. In this way, we will strengthen this sector by investing in its research and development.

## **Cooperatives**

It is a fact that this Government was faced with a total void in the sector of cooperatives in Malta. The Government is committed to promote once more the use of the cooperative model so that there is a level playing field for cooperatives to operate without being at a disadvantage when compared with other entrepreneurial models.

Following consultations, it became evident that the schemes introduced in the beginning of the nineties to encourage cooperatives among government employees did not give the desired results. The pity is that, over the years, the concept was left to stagnate, and there was no analysis as to why they failed, or whether the schemes were still relevant. These two schemes have been abandoned for such a long time that they do not even reflect the legislative updates related to cooperatives.

This Government believes in the concept of cooperatives and will revisit these schemes to, first of all, see that they are updated and become relevant to today's realities and, secondly, to encourage workers to form cooperatives while Government sees that they succeed. The Government is already in discussions with the Cooperative Board to see how this can be achieved and over next year the necessary changes will not only be carried out but possibly government employees will

form sound cooperatives with the aim of improving productivity in that particular sector.

## **PROGRESSIVE REDUCTION IN BUREAUCRACY**

Months ago, this administration identified bureaucracy as one of the main reasons why private investors did not invest in new projects. Often, the investor would give up because of the obstacles resulting from complicated structures and procedures. We do not want the private sector to waste energy going from one department to another, but to focus its energy on ideas and vision so that the project is a success.

### **White Paper on Enforcement System**

At present, we have a system where the enforcement function is spread between various authorities. Businesses are inspected by MEPA, MTA, ETC, OHSA and many others.

We have to see whether it makes sense for these functions, all or some of them, to be consolidated in one entity. With this aim in mind, the Government will publish a White Paper so that while safeguarding jobs, we will analyse how we can reduce bureaucracy as much as possible.

### **Repeals Day**

In 2014, we also focused on reducing bureaucracy and eliminating the obstacles hampering progress, in particular in

the public service. A case in point is the reduction of twenty days in the period of time taken to perform the required procedures in the Contracts Department. Moreover, we will continue to examine the existing processes in the public service.

During 2014, various Ministries and Departments took various measures to reach these aims. Measures which also involved legislation. In an exercise carried out by a number of Ministries, coordinated by the Office of the Prime Minister and the Commissioner for Laws, a number of acts and legal notices were identified and removed on the first Repeals Day. In total, 36 acts and 1167 pieces of subsidiary legislation were removed. The intention is to hold Repeals Day every year.

### **Land Registry**

To reduce the waiting time for a decision, the Lands Registry will launch an initiative which will allow the public to order plans online and receive them by post, so that the citizens will be able to obtain the service from the comfort of their home.

### **Scheme to Regularise Property in Qawra and St Paul's Bay**

The regularisation of properties in Qawra and St Paul's Bay did not offer a solution to properties used as summer residences, shops, garages, and every other type of use. Hence, the Government is considering an extension of the preceding

scheme to cover the types of property which were left out of the scheme launched by the previous administration.

## **7. STRUCTURAL REFORM IN PRIORITY SECTORS**

Mr Speaker, I will now communicate this Government's plan for structural reforms which are essential in ensuring sustained economic growth but which, despite their importance, have been obliterated by the previous administration. I refer, in particular, to reforms in the energy, health and transport sectors.

### **Energy and Water**

The year 2014 continued to be a revolutionary year in the energy sector.

This Government honoured its pledge to lower energy and water tariffs for Maltese and Gozitan families. This took place in March of this year and families are benefiting from an average reduction of 25% on electricity bills and 5% on water bills. This means an extra €30 million in the pockets of our families and economic growth.

This was confirmed by a number of independent reports which quantified the benefits of lower tariffs for Maltese and Gozitan families.

This year, families will continue to benefit from these lower tariffs which translate into an extra €30 million in their pockets.

## **Lower Tariffs for Businesses**

Next March, the reduction in tariffs will be extended to include the commercial sector. Businesses will benefit from an average reduction of 25% in electricity tariffs and 5% in water tariffs. This reduction will apply for every band of non-residential tariffs. This will be an important step towards strengthening the local industries in particular manufacturing and tourism, and enhancing the competitiveness of small and medium sized enterprises.

The reduction in utility tariffs is expected to positively impact the economy.

Indeed, the reduction will translate into €50 million savings for small and large shops, small and medium enterprises, Maltese and foreign factories, restaurants and hoteliers and any other form of business.

The additional savings would mean that businesses will have more financial resources available to utilise for creating new jobs, providing training and buying new machinery and equipment. This in turn would result in higher growth and profits for companies.

Overall, the reduction in utility tariffs for families and businesses will result in an injection of €80 million in the Maltese economy.

In total, the Government will have put back to the Maltese economy €80 million a year more than what had been put under the previous administration. It is to be noted that the reduction in utility tariffs for household and enterprises, will be financed by the energy plan and will not therefore have any impact on the country's finances or tax regime.

We have managed to lower bills that others told us to get used to.

These reductions are expected to enhance the competitiveness of our economy, enabling it to be in a better position to compete with foreign countries.

Reports evaluating our country's competitiveness, including reports from the World Bank, the IMF, Moody's, Standard & Poor, and Fitch have all indicated the importance of the reduction in energy tariffs for the economy.

This Government is creating an environment that rewards enterprises, not one that inhibits them as was the case in the past. Businessmen create wealth, jobs and attract investment to our country.

### **Energy Audit and Solar Farm Policy**

We will draw up a plan for enterprises to carry out energy audits which, if well coordinated during the implementation stage, will result in significant environmental, financial, and

social benefits for our country. In collaboration with the Planning Authority, we are drawing up a solar farm policy to regulate large solar panel installations so as to ensure that these do not have a negative environmental impact.

## **Renewable Energy**

The Government is continuing to incentivise the use of renewable energy, through grants schemes as well as feed-in tariffs which are attractive but, at the same time, sustainable and feasible. This is in contrast to what used to happen under the previous administration where a contract for the installation of photovoltaic panels on the roofs of public buildings worth €35 million in feed-in tariffs benefitted one company. The Government is now investing these funds for the benefit of the people and enterprises.

Those residences who invested in photovoltaic panels and benefited from a grant of up to 50% through grants operated by the Malta Resources Authority, are being given the opportunity until the 30th April 2015, to increase the number of panels on the same house and benefit from the original feed-in tariff of €0.22.

Business, industries and organisations which are in the process of implementing a photovoltaic panel project for which they have had aid from the European Union and the Maltese

Government, will have the time limit for applying for a feed-in tariff extended to the 30th April of next year.

Those who want to install a system of panels on roofs, for their personal use, will be paid a sum equivalent to the marginal cost on that portion of energy that is not consumed on site and, therefore, fed into the grid.

Finally, given that the present feed-in tariff scheme was taken up in a few days, the Government is extending the capacity allocation from 4 Megawatts to 10 Megawatts. Applications will be accepted from 1<sup>st</sup> December.

### **Development of a National Water Management Plan**

A National Water Management Plan is being developed in consultation with all stakeholders in the sector. It is planned that this plan will be completed and adopted by the Government next year.

### **Enemalta**

As we promised, great efforts were expended in turning Enemalta from a company on the verge of bankruptcy, to a company on a sound footing. During this Parliament, we set up Enemalta Plc through which a new and modern Enemalta was established. We hived off the major assets, lands, operations, as well as employees of the Petroleum Division which imports petrol, diesel, petroleum, and aviation fuel. This division, which

generates millions of Euro in profits, has now been transferred to a new company called Enemed.

Under the previous the Government, this division had an uncertain future as for six years it was left pending, waiting for a privatisation process which did not take place.

### We safeguarded Enemalta Employees

We set up Engineering Resources Ltd, a company which absorbed all Enemalta employees with the same conditions that they enjoyed under their collective agreement.

In this way, we ensured that they were retained on the Government's books in line with what they requested through their unions.

Those employees who work either in one of the new companies or with one of the new strategic partners of Enemalta were seconded to these companies, but remained on the books of Engineering Resources Ltd which is, and will remain, a government-owned company.

The management of Enemalta was in continuous contact with the unions so as to ensure that all reforms at Enemalta were agreed by all stakeholders, including the employees.

## **Investment of €320 million**

During the course of this year, we held discussions and worked intensively so as to attract the biggest foreign investment in our country's history.

Shanghai Electric Power, which is part of the China Power Invest Group, a Fortune 500 company, will invest €320 million in our country.

In this regard, the Government will make further announcements during the coming weeks.

Through this investment, Shanghai Electric Power, which will have a minority stake of 33% in Enemalta, will make the necessary investment so that the BWSC plant which operates on Heavy Fuel Oil, is converted to gas.

However, this is just the beginning of the investment by Shanghai Electric Power, which will also invest in a Renewable Joint Venture and an Energy Service Centre.

This centre will provide services to engineering, procurement, and contracting, as well as the design and maintenance, of electrical generation and distribution plants.

It has been agreed with Shanghai Electric that their plants in the regions of Europe, the Middle East, and Africa will be serviced through the centre in Malta.

The Plan for a European Company for Clean Energy, which will be set up between Shanghai Electric and Enemalta, was agreed on and the first projects are being evaluated.

It has been agreed with Shanghai Electric to focus on markets outside Malta, and only a small pilot project will be carried out in our country.

This is to allow room in the local market for Maltese businesses to be able to benefit from the feed-in tariffs and Government incentives for clean energy.

The Government's plan for Enemalta was praised by the Credit Rating Agencies, and also improved Enemalta's 'outlook' from negative to stable.

Through this plan, we are working to lower generation costs, improve supply security, regain Enemalta's profitability and thus create more opportunities.

Work on the gas project is ongoing. The permit was issued this year, and an application for an IPPC has been submitted. Construction work is under way.

Coordination between the three parties involved, Enemalta, Shanghai Electric, and Electrogas Malta was necessary. We made a responsible choice when we had the opportunity to not only build a new plant, but to save Enemalta in the process. We

took the opportunity of major investment in Enemalta in order to do this. We made this choice with great responsibility.

Over the coming weeks, the Government will communicate the timelines of the gas project and we will honour our electoral pledge.

## **Distribution**

Enemalta is implementing a plan to make energy supply and distribution more sustainable and secure. Investment by SEP (Shanghai Electric Power) will help ensure that the required investment takes place.

## **Interconnector**

It is worth mentioning that during this year, work on the interconnector between Malta and Sicily, has started and operations are expected to commence at the beginning of 2015 after it had fallen behind under the previous administration. The interconnector, together with the conversion of the BWSC plant to gas and the new power station operated by ElectroGas Malta, will ensure security of supply and the alternative option of purchasing energy from Europe.

## **Pipeline Study**

In addition, a study on the viability of a pipeline which will enable Malta to purchase natural gas from the markets of

continental Europe, is under way. This study is expected to be completed during the firsts six months of the year 2015. Nevertheless, the process is long and requires a substantial number of specific reports and intensive discussions with all entities concerned. The plan is that during next year, the initial stages of the necessary studies in relation to the sea bed and the environmental impact on both Malta and Italy. The European Commission has placed this project on the list of projects entitled Projects of Common Interest.

### **Customer Service Charter for Enemalta**

The Government has also requested Enemalta to conclude work on a Customer Service Charter which lists in a clear manner the rights and obligations of the company's clients, as well as the level of quality in the service its clients receive. In practice, we have already shown our commitment in favour of the consumer when, after encountering an unacceptably long disruption in the supply of electricity, families were, for the first time, compensated for this inconvenience.

### **Health**

The health sector is a priority. We believe in safeguarding and improving access to, and quality of, health services. Over the previous months, we immediately started addressing four priorities:

- Reducing waiting time for operations;
- Working on the problem of lack of bed spaces;
- Working on the problem of out-of-stock medicines;
- Working on the problem of waiting time at the emergency department.

## **Operation Waiting List**

Through various initiatives, a number of waiting lists were reduced.

We took initiatives to improve efficiency in the use of operating theatres and thus, increased the number of operations. There is more to be done. However, based on what we built over the last year and a half, we are now confident that we can achieve more results, among them a PPP which we will announce later on in this budget.

## **Hospital Beds**

We have started work on a plan to address the exigencies in this sector by increasing the number of beds at Mater Dei Hospital. We have introduced protocols and systems to improve efficiency. We are also working with the private sector to help solve the challenge of an ageing population.

## **Out-of-stock Medicines**

We started to address the problem of out-of-stock medicines in earnest by investing substantially in finding a solution. The results are now being seen and felt. Today, the number of out-of-stock medicines has decreased from 130 to five.

We inherited a system lacking in its management of out-of-stock medicines. With the improvements made, the CPSU is now alerted in 'real time' when the stock reaches a critical level. This is the result of a strategy that focuses on stock control practices which determine when to purchase medicine, and in what quantity. They reduce the fragmentation of stock that, until now, characterised the method of stock management.

In the POYC, we had an increase of 43,000 registered persons resulting in a total of 128,000 persons entitled to the Pharmacy Of Your Choice scheme. Moreover, we are holding discussions to achieve more positive results in this sector.

## **Emergency**

The work in connection with the changes undertaken in the emergency department had to slow down when it resulted that there were concrete pillars constructed with very inferior quality concrete. If some consider this a frivolous issue, we certainly do not. This is a very serious matter, and responsibility has to be shouldered.

Despite this, some progress has been registered in certain areas.

Investigations are still under way on the case related to the weak concrete structure at the Emergency Department. Nevertheless, we translated this challenge into an opportunity, and now work is under way on three new floors in front of Mater Dei which will increase the number of hospital beds.

## Strategies

During this year, a number of new strategies were launched in the health sector. Chief among them was the National Strategy for the Health System. We are in discussion with the partners involved on how we can incentivise individuals to purchase a health insurance policy.

This exercise will be followed by the development of a framework for a Health System Performance Assessment which includes a number of indicators that, in aggregate, provide a fairly comprehensive picture of the health system. Our country is facing great challenges, especially with regards to obesity and diabetes, which are all linked to our lifestyle, including the lack of exercise, and the type of food we eat.

The strategy for food and nutrition opened for consultation earlier this year. The strategy for diabetes was also drawn up and opened for consultation last week. The Government is

committing to a plan of investment spread over a span of six years starting from this year. This will not only include the treatment of diabetes, but also efforts to limit this condition from spreading further.

During 2015, we intend to introduce a scheme for cervical cancer screening, one of the initiatives given great importance by the National Cancer Plan. In 2015, we will develop another measure, which is also part of the 2010 strategy, related to lifestyle programmes for a better life, aimed at people already suffering from chronic conditions like diabetes.

The Government will issue a White Paper which should lead to the first legislation regarding organ donation in Malta.

## **Prevention**

Besides the strategies mentioned above, we should also emphasise the investment and commitment made to ensure that Malta is prepared for the eventuality that a person infected by the deadly Ebola disease arrives in Malta.

## **Primary Care**

The Government would like to maintain its commitment to the primary care sector because it recognises the general practitioner as one of the keys to sustainability in the health sector. The Government intends to continue to invest in the modernisation of existing centres - as done in the Rabat Centre

- and also invest in a centre that can provide for the needs of communities that live in the vicinity of Żurrieq, as I shall announce later on. Besides this, the Government is working in consultation with the relevant stakeholders, to smoothen the path for family doctors who wish to enter into partnership and set up a clinic or a joint service.

## **Secondary Care**

### **Oncology Hospital**

Meanwhile, work is proceeding on the Oncology Centre which, during the coming weeks, will receive the first outpatients. All work is expected to be completed during the coming months.

I would like to announce that the centre will be named the Sir Anthony Mamo Oncology Centre, in honour of the first President of the Republic of Malta on the 40th anniversary.

### **More Measures**

The Government will also invest funds in more equipment, as advised by local experts in the various medical sectors. We will continue to provide IVF services in the public health sector, where we have now seen the birth of the first child. We would like to congratulate these new families.

We will also start to evaluate the possibility of introducing assistance to those transgender persons who wish to undergo surgical procedures.

## **Research and Innovation**

As established by the National Health System Strategy, we are continuing to invest in research. Three relatively large studies, the European Health Review Survey, as well as a detailed research on the Maltese people's dietary habits, have just started. We are also supporting research into Diabetes in Malta. There are also plans for more research in collaboration with parents in the Sexual Health sector.

Meanwhile, plans for the development of a centre dedicated to research in the field of blood transfusions and other tissues are under discussion.

## **Medical Plus**

The Government has set up a company called Medical Plus which will enter into arrangements with specialists at Mater Dei. Besides an increase in the number of operations during the working day, operations will also be carried out on weekends. The aim is to drastically reduce the waiting lists in the shortest time possible.

## **PPP for Work in St Luke's Hospital**

The Government is drawing up a master plan for the St Luke's Hospital area. When this process is completed, the Government will issue a call for expressions of interest so that this site, the major part of which has been left abandoned, is developed in a way that will benefit the exigencies including those related to health, of the Maltese and Gozitan people.

## **Neuro Myelitis Optica, added to the Social Benefit Schedule**

At present, persons who suffer from Neuro Myelitis Optica, a disease similar to ALS, are not covered medically and legally for the purposes of eligibility for a Disability Pension. Therefore, as from next year, the Government will include this condition in the list of disabilities which may entitle a person to the Disability Pension.

## **Transport**

In every developed country, the transport and infrastructure sector is crucial. We need to continue to invest while recognising the fact that work currently underway may result in more traffic until completed. For 2015, we are going to take a number of important initiatives in this sector.

## **Implementation of the New Public Transport System**

At the beginning of next year, the new operator will take over public transport. We are working to have a public transport service which satisfies the aspirations of Maltese customers. Routes will increase and the service should improve. We will not make the same mistake others made when they indulged in ceremonies and said that the time for games was over when, in fact, it had only just started. So much so that Arriva lost millions and, in the end, pulled out. The transition to the new operator will be made in a gradual manner.

To this end, next year we will invest €23 million as a Public Service Obligation to the operators to operate this necessary public service. We want the public service to be the preferred choice for the many individuals whose daily trip makes it possible to do so. We will work to see that public transport helps the economy to grow, the environment to be cleaner, and reduces traffic congestion. We know it is not easy, but we will strive to achieve it.

We can also announce that the fare will not increase, and will remain the same. A better service with the same price.

## **Programme for further Discounts on use of Public Transport**

During next year, we shall strengthen our initiatives to ensure that more people make use of public transport instead of their

private vehicles. We are aware that the investment we are making in the public transport service requires a campaign which is not limited to only providing more knowledge of the system, but also towards introducing direct incentives so that more people will be encouraged to make public transport their preferred choice. In that way, we would be reducing congestion from our roads, as well as safeguarding the environment by reducing emissions. To this end, we are drafting a specific campaign, with investment from European Funds, by allowing a further substantial discount on the fares when travelling by public transport. Through this measure, we hope to reach thousand of persons and attract them to make long-term use of public transport instead of their personal vehicle.

### **Traffic Management Systems using Cameras**

Next year, we will continue investment in the country's infrastructure so as to address the problem of traffic management. We will also be investing in a system called Intelligent Traffic Management System, by which traffic will be managed in a real-time manner. The technology, through the use of strategically placed cameras and messages displayed on road-side screens, will guide drivers on how to avoid traffic congestion.

## **Car Pooling**

Through a PPP initiative between Transport Malta and a group of youths, there will be a new website and a mobile application to encourage and incentivise car sharing and car pooling. The idea is to set up a secure database of drivers and commuters who choose to make use of the same vehicle simply by identifying each other as having the same destination and the same route. Incentives will be given to those who use their cars for the trip such as, for example, the use of bus lanes to avoid traffic, as well as parking in reserved areas for high occupancy cars, or cars which arrive at the destination carrying more than three persons. In the first stage, the initiative will mainly focus on schools as a destination and will be encouraging parents to use car sharing and car pooling to take their children to school, which will reduce traffic congestion in particular near schools.

## **Incentive for use of School Transport**

The fact that many parents take their children to school themselves contributes significantly to the reality of the traffic problem. The Government wishes to incentivise school transport. At present, transport to government schools is free. Parents whose children attend private or Church schools will be eligible for a tax rebate of up to a maximum of €150 on the cost of transport. This will be deducted from their taxable income if they make use of school transport.

## **Parking Policy**

The Government is presently drafting a new policy for parking initiatives in various locations in Malta. The aim of this policy is based on the need to acknowledge that our roads are a common asset and that nobody should have a monopoly. We have to ensure a sense of justice and equity while retaining sustainability and endeavouring to increase the limited space available. A document will be published for broad consultation with all stakeholders and the general public so that we can truly have a serious parking policy that helps us address the parking problem in our country.

## **A PPP to construct Parking Facilities in the Vittoriosa and Cospicua**

Another project is the construction of a parking facility which will house 370 cars at Santa Margherita, Cospicua. This project will be carried out in partnership with the private sector based on a long term land concession. The project includes sporting and commercial facilities. Two proposals for this project were submitted and will be evaluated. This type of development in liaison with the private sector will continue to be encouraged during 2015.

## **Refund of VAT paid on Car Registration Tax**

This year, whoever had registered a vehicle between the 1<sup>st</sup> May 2004 and the 31<sup>st</sup> December 2008, received a payment in line with the scheme launched by the Government. We paid back more than €3.1 million in taxes unduly collected.

As promised, this year we will continue to reimburse these funds.

As previously announced, this scheme will be spread over seven years. Over this period, separate schemes in conformity with European regulations, for individuals who had registered vehicles in particular years or group of years, will be launched. Therefore, next year we will launch a scheme for those who registered a vehicle between the 1<sup>st</sup> May and the 31<sup>st</sup> December 2004 and were eligible for the scheme launched this year. In that way, by next year, whoever had registered a vehicle in 2004 will be reimbursed in full.

## **Grants on Purchase of Vehicles which Pollute Less**

For next year, we will again launch a scheme for scrapping old and polluting vehicles by investing the amount of €500,000. This scheme will benefit 600 individuals who will receive between €700 and €900 when scrapping their car and buying a new one. This scheme will apply from the 1<sup>st</sup> of December of this year.

The other Autogas scheme will also be renewed, and will be extended to commercial vehicles. A grant of €200 will be given to whoever converts their vehicle to Autogas.

### **Grant for purchase of Pedelec Bicycles**

The Government will continue to incentivise the use of alternative non-polluting transport. An alternative means of transport is the use of mechanised bicycles, better known as pedelec bicycles. Therefore, next year, the Government will launch a scheme granting a sum equivalent to 15.25% of the cost of bicycles and electric bicycles.

### **PPP for Maritime Transport to Valletta**

With the problem of traffic getting worse, Projects Malta is studying the possibility and feasibility of other forms of transport. One of these is the use of seaborne transport in ports linked to Valletta. This project, together with existing seaborne transport, will continue increasing the destinations that may be reached by sea. The Government's objective is to reduce land traffic as well as the expense and the environmental impact it causes.

## **8. A STRONG INFRASTRUCTURE AND A BETTER ENVIRONMENT FOR ALL**

### **Environment**

Safeguarding the environment is a need and an obligation we all bear. We cannot sacrifice the need of having a sustainable environment and our obligation to safeguard it, for the sole sake of economic development and the creation of wealth. We have to find a balance. Therefore, in this sector, this Government is working on two levels. First, we are seeking an immediate improvement in our environment through initiatives in the energy, transport, cleaning and waste management sectors, as well as initiatives to look after rural areas. At the same time we are strengthening the regulatory infrastructure so that, in the coming years, we will have solid structures that work effectively to safeguard the environment.

### **Finalisation of the Separation of MEPA Responsibilities**

Preparations for the bill in connection with the separation of the planning and environmental functions of MEPA are underway. This will reflect similar structures in European countries. The Bill, which is currently in the final stages, will be brought to Parliament once finalised.

This will lead to institutions which are stronger, more autonomous, and at the service of the citizens. In this way, another Electoral Manifesto pledge will have been fulfilled.

## **Wasteserv**

During this year, the Wasteserv restructuring process continued and addressed different levels of the company, both the management level as well as the operations level. Among other steps, one can mention the establishment of an internal audit office, and initiatives taken to increase efficiency in administration and transparency in procurement. Projects expected to be concluded next year include the Mechanical Biological Treatment Plant at Għallis, and the Waste Transfer Station in Gozo. An application will also be submitted to start preliminary work on the rehabilitation of the old landfill at Wied Fulija. In the meantime, WasteServe will continue its commitment to affect regular preventive maintenance to safeguard efficiency and reduce damage. Once organic bags are introduced, waste separation will increase which is expected to enhance the efficiency of the Sant'Antnin plant and the new plant at Għallis.

## **Green Public Procurement**

Work is also ongoing in the area of green public procurement so that, in public administration, the goods and services purchased will be of a high environmental standard. As part of

this initiative, the procedure for green public procurement is being simplified, and next year we expect to announce the second national plan.

## **Parks and Forestation**

In the area of forestation, a national forestation plan for Malta is being drawn up. We will ensure that the proposals of this plan will conform to the national biodiversity strategy.

For next year, this Government is committed that, apart from continuing the process of commercialising certain facilities, it will resume embellishment work and also increase sanitary facilities.

## **Salina Park**

New services will be offered in the park at Salina, where new equipment will be installed in the children's play area. In addition, the area known as the Kennedy Grove will be extended. This will be of benefit to our families as well as part of the environmental compensation promised by the Government after some trees had to be removed when a road in the vicinity was widened in line with plans which were prepared by the previous Government and on which there was a commitment of European funds.

## **Green Recreational Areas**

During next year, this Government will work for a better environment by implementing green initiatives and, as much as possible, for the increase of spaces which will serve as a green belt for the good of the community.

Studies will be carried out on a system whereby neglected areas can be turned into small recreational zones.

The Government will encourage the planting of trees and plants to serve as an environmental lung in these designated areas which should serve as a green belt for built-up areas. Wherever possible, this will be done in partnership with the private enterprise after public consultation. This ties with the preliminary forestation study commissioned by the Minister for the Environment earlier this year and which is presently being evaluated.

## **Call for Proposals for collection of Plastic Waste**

One of the biggest environmental problems in our country is the huge amount of plastic that is used and discarded. This leads to an expenditure of millions of euro every year while our environment is sullied. We all remember how, when soft-drinks came in glass bottles instead of plastic, everybody used to return the bottles and there was less waste of this type.

Due to European regulations, we cannot return to the previous system. However, similar to other European states, we can offer schemes and incentives so that consumers take bottles and other plastic material to places like supermarkets and petrol stations, deposit them, and get reimbursed. Government will be issuing a call for proposals for collection of plastic waste so that a similar system can be introduced in Malta.

### **Pilot Project for Waste Management using the Third Bag**

Following the launch of the plan for waste management in February of this year, the Government continued to work to ensure that this is being implemented. Among other efforts, significant preparatory work was done to launch an educational campaign which, over a three year period, will operate hand-in-hand with the implementation of the plan. New measures and proposals under discussion include the launch of the third bag for organic waste and the collection of waste from commercial establishments.

### **Climate Change**

During 2015, Parliament is expected to approve the law dealing with climate change on which a lot of work was done during 2014. The same can be said about the law dealing with noise. The strategy about green jobs, which is in an advanced stage, will also be completed.

## **Greening of Communities**

Work on the Pilot Project for greening communities, which was successfully launched this year, will continue through the identification of a number of sites for this purpose.

## **Infrastructure**

### **The Kappara Flyover and Residential Streets**

We plan to continue investing in our streets. To this end, we are allocating the sum of €11 million. The Kappara junction will represent an important investment. It is pertinent to point out that this investment also includes an investment of €3 million for upgrading various roads in the area.

To this end, we are investing the sum of €11 million.

### **Bridge at Hal Qormi**

All preparations have been completed for building a bridge at Hal Qormi. This will be done in line with the PPP model where the private sector will be invited to partner with the Government for the investment required to construct this bridge, and at the same time benefit from the advertising potential that the structure will provide. We are committed to carry out this project for the benefit of the residents.

## **Other Projects**

Various projects are planned and expected to commence in 2015, among them an AFM rapid launch facility at Hay Wharf, Floriana, and restoration of Argotti garden in Floriana.

Before the summer of 2014, departmental workers carried out extensive work linked to the maintenance of promenades in various tourist areas. For 2015, the Government intends to apply for European Union funds to implement a number of pilot projects in particular valleys. There are also plans to continue the programme of work on valleys at Ta' Slampa in Wied il-Qlejgħa, ir-Rabat, Wied il-Ġnejna, I-Imġarr, Wied Harq Hamiem, Pembroke and other work in Wied Mofru and Wied il-Fiddien at Rabat.

Next year, we plan to rebuild the hard-stone passage at Wied iż-Żurrieq which was damaged by bad weather, and complete repairs on a number of coastal structures.

## **Projects in Valletta**

In 2015, the Government intends to finalise the City Gate and New Parliament project. We have imposed fines on the contractors, since they did not conform to the agreements in place. We believe that this delivered an important message.

Besides, the Government will carry out changes on the use of a number of halls and rooms in the Grand Master's Palace in Valletta so that these are used by the EU Presidency.

The Government will embellish the public spaces in Castille Square and around the Triton Fountain.

The Valletta Ditch around the bastions will be utilised both for parking as well as a public garden.

In order to promote more use of bicycles, we will install a number of bike racks in various locations around Valletta.

A Master Plan is being prepared for Belt is-Sebh consisting of offices for the Inland Revenue Department.

### **Flood Relief Project**

The National Flood Relief project is a substantial one, both in terms of cost as well as an engineering challenge. This project is nearing completion. Despite the fact that some of the works on this project create inconvenience for traffic, they are needed to avoid constant flooding in some areas whenever it rains.

### **Rehabilitation Projects**

Work will commence on the restoration of the Wignacourt Tower near Sarria, and the Wignacourt Fountain found in San Filippu Garden.

In Valletta, work was carried out on paving Ordinance Street and restoration of a number of bronze monuments, while work is planned for Mikiel Anton Vassalli Street, Treasury Street and Strait Street in 2015. In addition to this, a comprehensive plan is being drawn up for the regeneration and rehabilitation of Strait Street.

In Cottonera, embellishment works at Xatt ir-Riżq were completed, and work is under way to open underground passages to the public. During the coming weeks, restoration and embellishment work will commence on the church of Santa Tereża in Cospicua. The extensive damage to the War Memorial in Senglea will be repaired, and a bronze monument will replace the present fibreglass monument.

In Mdina, paving will be replaced in the vicinity of the Cathedral, and the management of the Ditch will continue. A plan is being drawn up to provide more cultural interpretation by creating cultural routes and other means, as well as measures to mitigate the impact of tourism on the residents. Work has started for Mdina to be recognised by UNESCO as a World Heritage site.

### **PPP for Road Embellishment and Maintenance**

Projects Malta is working on a Road Public Private Partnership to embellish the urban environment in our country. Among the aims of this project is the embellishment of roads not only for

aesthetical purpose but also for cleanliness. This could be one of the most interesting projects which safeguards and creates jobs while embellishing our country.

### **Land Reclamation Project**

Following a call for expressions of interest for a land reclamation project, an encouraging number of proposals for various projects were received. Various locations were also identified.

The Government has taken due note of every proposal received and is prioritising these projects.

### **Fostering Southern Malta**

For many years, the Southern part of the country was neglected and had to face the consequences of several polluting projects. This budget will mark a new start for the South, where with the setting up of the Consultative Committee for the South, families and businesses will finally get what they deserve.

### **PPP for a Hotel at Bighi**

Work is under way for Villa Bighi in Kalkara which is to be converted into a National Centre for Interactive Science. This centre will be called ‘Esplora’, and is estimated to cost about

€26 million which will be provided partly from European Union funds, and partly from local funds.

It is planned that, together with the private sector, the Bighi area will be developed into a major Mediterranean touristic centre. Among other things, this project will lead to a leap in quality in the South of Malta.

### **PPP for a Health Centre in Cospicua**

We will use the Cospicua Health Centre for an innovative project in partnership with the private sector. We will initiate discussions with all stakeholders to reach agreement on a pilot project that should provide the best quality health service for the people of Cospicua. All this while ensuring that the health service will remain free.

### **Triq is-Sajjieda, Marsa**

There are times when families feel that nobody is listening to their cries. This is the case with families in Triq is-Sajjieda, at Marsa.

Next year a tender will be issued for the installation of a system which will help solve the water and sewage problems.

### **Health Centre in the area of Żurrieq and Qrendi**

This Government wants to maintain its commitment to the primary care sector because it recognises the general

practitioner as one of the key elements for sustainability in the health sector. The Government intends to invest in the modernisation of existing health centres – as happened in the Rabat Centre – as well as invest in a new centre that could meet the needs of the communities that live in the Żurrieq and Qrendi areas. It intends to construct new facilities that provide specialised care in the community, including treatment, and rehabilitation – away from a hospital environment. In this way, while reducing inconvenience to patients, the Hospital can focus on cases needing more intensive care. The planning of this project will start next year.

## **Smarty City Implementation**

Another fulfilled pledge is that of the Innovation Hub at Smart City, where the Government is continuing to show its commitment to the success of this project. I cannot fail to mention the success we had this year in Smart City, a success upon which we will continue to build as this project in the South of Malta continues to develop. This Government succeeded in attracting a substantial number of companies to Smart City. From a ghost town, we managed to turn it around, where today 85% of the space is occupied.

## **Facilities in Birżeppuġa**

Work on the Birebbuġa swimming pool is at an advanced state. In the same locality, work has started on an artificial turf ground.

## **Breakwater at Marsaxlokk**

Studies are under way for a breakwater at Marsaxlokk to protect fishermen.

## **Community Complex at Pace Grasso**

In order to honour its pledge, the Government is planning to carry out a project that will satisfy the needs of the South of Malta. This was also promised in the Electoral Manifesto with the aim of providing the community the facilities it deserves. Towards this end, it is planned that the Schreiber Ground, known as Pace Grasso, will be converted to a multi-use complex.

This project is expected to include, among others:

- Open space for recreational purposes and large underground parking area;
- A main health centre for disabled persons and a childcare centre;

- A limited number of commercial units and small sporting facilities.

This will be a project that will, at last, allow the Southern part of our country to new lease of life.

### **Wied Blandun Project**

This Government is conscious of, and appreciates, the environmental importance of Wied Blandun to the Southern part of Malta. But we are also conscious of the environmental problems suffered by this valley, as a consequence of decisions taken in the past. We will analyse what can be done to rehabilitate this valley for the enjoyment of our people. Therefore, the Government will start to evaluate the physical and environmental state of this valley through a study for which we are allocating funds in this budget. This will enable us to take the decisions that need to be taken to rehabilitate this valley.

### **Closing of the Marsa Power Station and the Birżeppuġa Tanks**

After 25 years, we have started the process of cleaning the Marsa Power Station site. This will allow the people of Marsa, Hamrun, Paola, and the South of Malta to enjoy good quality air.

This will lead to cleaner air for the residents of these localities, as well as for all those who, for one reason or another, pass through this area. This is another pledge being honoured.

And, at last, we can see a regeneration of this important site. The Government will honour its pledge by initiating the process of removing the Birżebbuga tanks once and for all.

## **Gozo: Investing in Infrastructure and in People**

This Government wants to increase investment in Gozo. This year, various investment initiatives were introduced. An agreement was signed with the international company RS2, which will allow the same company to invest €1million and eventually employ up to one hundred people in Gozo over the coming years. This is the first direct foreign investment in Gozo in a quarter of a century. This, in addition to the fact that the Government actively attracted one of the biggest Hollywood blockbusters to Gozo, which will serve as an invaluable showcase for this island.

## **Medical Hub in Gozo**

We are working to develop Gozo into an international centre for medical services and education of the highest quality in the Mediterranean and Southern Europe. The Gozo Medical and Healthcare Hub will mean that Gozo will enjoy the benefits of medical tourism and related spending from students, professors and foreign clients and their relatives. Gozitans will also benefit as this project will lead to the upgrading of the Gozo General Hospital. Negotiations with Barts School of Medicine and Dentistry, which forms part of the Queen Mary University of London, are in a very advanced state. The Hub will consist of a cluster which will also include foreign investment in the sectors of rehabilitation and specialised medical treatment.

## **Studies for an Airstrip in Gozo**

This Government intends to give a boost to the physical accessibility of Gozo. Studies are under way regarding a project for a green/rural airfield in Gozo. This project will draw Gozo not only closer to Malta but also to the whole Mediterranean Region. A public consultation on the matter will soon be launched.

## **Final Report on Bridge or Tunnel between Malta and Gozo**

Despite the fact that two different applications were submitted, one in 2012 and one in 2014, we are informed that no European funds were approved for a feasibility study for a fixed permanent link between Malta and Gozo. This study is estimated to cost between €3.5 and €4 million. Meanwhile, the stated owned Chinese company that showed an active interest in studying the possibility of a bridge has also offered to study the possibility of a tunnel. In fact, a feasibility study regarding the possibility of a bridge between Malta and Gozo has been completed. As soon as the feasibility study on the tunnel is completed, all the studies will be published so that the country will be adequately informed about the feasibility of the two projects and a decision can be taken on the way forward. Environmental studies will also be required.

## **Cruise Liners in Gozo**

We also wish to strengthen the physical accessibility in the maritime sector. Here we are working on two fronts. The new buoy which we intend to moor off Xlendi will provide a new location from where cruise liners can disembark quality tourists to Gozo. The previous administration had placed the buoy in the wrong location and nearly caused a tragedy on the one time it was used. This defective work will cost the Maltese people more than €1.5 million.

The process for a cruise liner terminal as well as a marina in Gozo is moving ahead and the process for a Request for Proposals for their construction has been completed. The next step is a careful evaluation of the feasibility of the project as proposed by the consortium which submitted the necessarily plans and technical studies.

## **Programmes for Jobs in Gozo**

Gozo has its own particular needs. Therefore we will take specific measures for job creation in Gozo. We will launch a scheme which encourages the increase of full time jobs in the tourist industry. Every operator who takes on and retains new full time employees, and/or converts jobs from part time to full time, will benefit from a partial refund of the social security contribution. This refund will amount to the sum of €1,000 for each additional full time employee.

We are aware that the tourist industry is a seasonal one. Therefore, during the months from November to March we will offer two weeks of training to those employees who work in this sector. The employer will receive a payment of €30 per day. We want that the service we offer to tourists visiting us be of the highest quality. Therefore, we will give grant employers €100 a month for each ITS student employed. This initiative will help to encourage students to work in this sector and allow employers to find enough trained workers.

### **Implementation of a Study on a Fibre-Optic Link to Gozo**

When the study of the technical and financial feasibility of the second submarine fibre optic cable between Malta and Gozo is finalised, we will continue the work to set up a Digital Hub in Gozo. This will make Gozo more attractive to companies who invest in the digital sector.

### **Setting up of an SME Park in Gozo**

The Xewkija Industrial Zone will be expanded to allow space for an SME Park. Some sites which could be used for this purpose have been identified.

It should be noted that, by the end of this year, MEUSAC will have again opened its representative office in Gozo with the aim of serving as a first contact point with individuals, enterprises, NGOs and local councils in Gozo.

## **Development of the former MDP site in Gozo**

All necessary preparations on the former MDP site in Xewkija, which is to be developed to attract investment and continue creating quality jobs in Gozo, are under way. Through the second broadband cable between Malta and Gozo, we will strengthen digital access in Gozo and increase the attractiveness to investment in ITC and related sectors. The former MDP site in Gozo will be developed to be able to host innovative and creative enterprises which will help the economy of Gozo to move to a more advanced phase.

## **Eco-Gozo**

Besides this, through the Eco-Gozo Section, we have worked to see that this concept does not remain just on paper. We are embellishing the island of Gozo and striving to give a boost to the conservation of rainwater. One cannot fail to note the extensive work carried out in the Marsalforn Valley, which work will be complimented in the coming years through various additional projects to be launched by the same Eco-Gozo.

## **Infrastructural Work**

The figures for the tourist industry in Gozo during last year continue to confirm the success of the Government's efforts to improve the tourism product in Gozo. We will continue to strive to launch the master plans for Marsalforn and Xlendi. We will

embellish various squares in Gozo, among them those at Ĝajnsielem, Xagħra, and Xewkija.

Another project that was left in a neglected state by the previous administration was the embellishment of the Cittadella. This jewel, situated in the centre of Gozo, is being given the attention it deserves and work is presently progressing at a very fast rate. We envisage to recover the considerable time lost under the previous administration and to restore this jewel to its former glory by the middle of 2015.

We will give a new dimension to Justice in Gozo. A public consultation process related to the construction of a new Court of Law is underway. This new state of the art building will replace the medieval building located in the Cittadella and will provide the people of Gozo with a place fit and worthy for the adjudication of so many delicate matters.

### **Home for the Elderly in Gozo**

Work on the home for the elderly in Gozo is ongoing. Now that MEPA has issued all required permits, preparations will start so that the home will be set up and operated in the best way. This residence will restore dignity to elderly Gozitans by offering them a place suitable for their age, and also allow elderly couples to continue living together and not be separated at such a delicate age. This home, with seventy rooms, will be

equipped to offer the elderly rest and proper care at this stage of their lives.

## **9. INTERNAL AFFAIRS AND JUSTICE**

### **Initiatives in the Internal Affairs Sector**

The Microwave Link project and construction of the new Armed Forces Maritime Headquarters should be completed. The purchase of a third helicopter for the armed forces is a priority.

Work will start on a fire station in Santa Venera, and plans will be drawn up for new headquarters for the Civil Protection Department as well as an Academy for the same Department. In addition, more vehicle will be purchased for the Civil Protection Department. It is intended that preparations will start for the development of a new reception centre for immigrants. Next year, work will start on the enlargement of the corrective facility at Imtaħleb.

The Central Visa Unit (CVU) will be transferred to the Evans Building, thus strengthening the one-stop-shop concept where passports, public registry, citizenship and the CVU will all be located in the same building and forming part of Identity Malta.

### **Reform in the Police Corps Organisation**

During next year, the Police Corps will be further strengthened through an internal reorganisation of the corps. An executive Head for the Corps, reporting to the Commissioner, will be appointed. The aim is to set up a sound administrative

structure led by persons focussed solely on this sector. A study about the possibility of setting up a Prosecution Unit within the Corps is under way. The Police Academy Building is now complete. It is the intention of the Government that the Academy will function as a college with accredited certification.

### **Reform of Judicial System**

The year 2015 will be an exciting year in the justice sector. After giving new rights both to arrested persons as well as victims, we will start to implement reforms in the civil sector.

### **Reform of Press law (Libel)**

The Government has already implemented a programme which, from a legal aspect, is very ambitious. This programme deals with a number of reforms which had been swept under the carpet for years.

Next year, the Government will bring to the forefront the reform of the Press Law to guarantee freedom of expression while ensuring that our laws reflect today's reality.

### **Legal Assistance Agency**

The Government is committed to improve the Legal Assistance in the Courts to whoever is in need. At the same time, we have to make the necessarily changes in the system whereby if a Legal Aid Lawyer is appointed to defend the accused, the

lawyer will be paid from the funds of the Office of the Attorney General, who in our system happens to be also the Public Prosecutor.

Earlier this year, we set up a new agency which regulates this sector and the Government is convinced that this will lead to improvement in the present system.

### **Reform of Drug Laws**

Over the summer, the Government launched a full consultation project in connection with a reform of the drug laws.

The consultation gave a clear and unequivocal reply: victims of drugs need treatment and assistance to get out of addiction, not doors closed in their faces.

At the same time, this Government will strengthen the fight against pure drug traffickers through the establishment of the Asset Management Bureau which, in an effective manner, can lead to the confiscation of assets acquired through criminal funds.

### **PPP for an Asset Management Bureau**

One of the measures suggested in the Final Report on Holistic Justice Reform is the freezing of all assets belonging to persons accused or convicted of major crimes.

To achieve this, the Government is evaluating various systems which exist in other countries. For this aim, the Asset Management Bureau needs to have a certain force and autonomy. The Government is considering whether the present structure should be transformed into one operated between the Government and the private sector so that the existing procedure would be more effective and efficient.

### **Malta as an International Arbitration Centre**

Through developments in various sectors, we are seeing an influx of foreign interest, investment, and commerce in Malta. This development should also lead to development of procedures for resolution of conflicts which may arise in international commercial transactions.

Our aim is to work for Malta to come to the forefront, together with other countries, in a sector which is much sought after by the international businesses and entities. Therefore, we will continue to work to make Malta an international arbitration centre.

## **Local Government**

### **Vot 16**

The initiative *Vot 16* is a historic step. The Government is sending a clear message which will continue to transform this country. We are pleased to have started the process of change in our country, namely that young people of 16 years of age are, for the first time, entitled to vote in the Local Council elections to be held next year.

Thus, Malta will be at the forefront as one of the most progressive countries in Europe.

### **Financing Activities organised by Local Councils**

With the setting up of Local Councils in Malta and Gozo, we succeeded in delivering a clear message on how governance should be split with the aim of achieving more accountability and service closer to the citizen.

We are convinced that Local Councils are doing their best to organise local activities promoting the local history, culture, and economy. As a Government we are working to find new methods to strengthen the financial aid to Local Councils who are organising these activities. Road services, street lighting, waste collection, enforcement, and others are community services. Although these services are still operated and financed by the Central Government, discussions are under way

to find means of sharing these responsibilities between the Councils, the Regions and the Central Government.

### **Environmental Aspect of the Work of Local Wardens**

Following consultations carried out this year, we will move forward to reform the Regional Government and local warden system with the aim of introducing a civic, educational and environmental element in the important work this system can provide. We do not agree with the principle underpinning the present system which was introduced under the previous administration, whereby the wardens are solely motivated by targets, targets which they had to reach by issuing as many fines as possible.

The reform, as planned, can lead to improvement in the services provided, as well as more discipline and training programmes for wardens. While this system in itself will be credible and sustainable, it will also give importance to the civic and educational element and as well as the environment.

### **A New Fund for Local Councils and a Plan for Local Elections**

Government appreciates the work of local councils.

Government appreciates as well that Local Councils should be given the means to be able to fulfil their duties, and implement projects beneficial to their localities.

I am pleased to announce that a new fund will be set up with the specific aim of helping Local Councils carry out capital projects in their locality.

I can also announce that the financial resources that would have been spent in the round of local elections in 2017 will now be allocated to this fund. Thus, it will be the Local Councils themselves who will benefit from the funds saved due the realignment of local elections.

However, this is not enough. At the same time, this Government appreciates the crucial role that Local Councils have in the Cultural sectors and, for this reason, next year a new fund, which better reflects today's cultural landscape, will be launched to finance cultural projects organised by Local Councils.

## **10. PROMOTING CULTURE, SPORT AND SAFEGUARDING CIVIL LIBERTIES**

### **National Events - Commonwealth Summit**

In November of next year, Malta will host the Commonwealth Heads of Government Meeting (CHOGM). This is an important event which is expected to raise our country's profile. Next year will also see the Convention of Maltese Living Abroad.

### **Constitutional Convention**

The Government is committed to give a boost to the process of the Constitutional Convention over 2015.

The Government will now move to the next phase and consult leading persons and personalities about the changes they would wish to see in the Constitution and in society. This should lead to the Constitutional Convention being convened between 2015 and 2016 to discuss all the matters that will lead to a more modern Constitution reflecting our country's needs.

### **Preparations for the EU Presidency**

During next year, government structures will be further strengthened to continue to fulfil their role of continuous coordination as well as to be central to the preparations for Malta's Presidency of the European Union Council for the first six months of 2017.

At the same time, it is expected that the first calls for proposals for new projects on the launch of the Financial Programme for 2014-2020 will be published.

### **Commemorating the Great Siege on its 450th Anniversary together with the SMOM**

Next year will be the 450th anniversary of the Great Siege. The Government is in discussions with the Sovereign Military Order of Malta so that this historical event is commemorated in an appropriate manner.

### **Monuments to Prominent People**

Now that the monument to honour the former President Guido De Marco in front of the Law Courts, Valletta, is ready; another monument honouring former President Censu Tabone will soon be inaugurated in St Julian's as part of the programme of the National Festivities Foundation. Next year we will inaugurate a Government monument in honour of former Prime Minister Dom Mintoff in Valletta.

### **Administrative Autonomy for the Maltese Parliament**

The two main functions of Parliament in a truly democratic society involve the enactment of legislation and the scrutiny of the Executive.

The argument that the highest institution in the country can never be free from any hindrance or shackles if, administratively, it continues to be regarded as a government department is one that has been mentioned for a number of years from various Speakers during the annual Sette Giugno address.

On the 21st May 2014, the Speaker of this Parliament laid on the table of the house a report as well as a draft bill which provides that, for the first in its history, Parliament will start to enjoy administrative autonomy.

It is planned that, during next year, legal and administrative steps will be taken so that the highest institution in our country will be strengthened, as indicated in the report and draft legislation prepared by the President of this House.

Through this step, the Maltese Parliament will join other National Parliaments in European Union Member States who have long been enjoying this autonomy.

### **Attendance of Members of Parliament**

As already announced, the Government is committed to ensure that the honorarium of Members of Parliament is paid according to attendance and, therefore, Members who do not attend without a valid and proved reason will have a deduction in the honorarium. The required amendment has already been drafted

and will come into force when the Standing Orders are amended.

## **SPORTS**

### **Training for Administrators**

Government will invest €700,000 for training administrators working in the local sports sector.

### **Income Tax Rebate for Water Polo Players**

The income tax rebate will be extended to water polo players. This will help sporting clubs to operate in a more professional and legitimate manner.

### **PPP for the Marsa Racecourse**

The Government will consider partnering private entities expert in the management of racecourses so that the racecourse is managed in a more professional manner.

### **Expression Of Interest for a Motorsport Track**

Over recent decades, fans of motor sports have increased in number and in various disciplines. In spite of the fact that they have always insisted on the need for decent facilities, their requests never received serious consideration. This Government has decided to honour yet another pledge. Next year, the

Government will be issuing a call for expressions of interest so that this dream of many motor sport fans will become a reality.

### **Implementation of a Shooting Range**

Shooting is a sport that was very successful in our country over recent years. We are therefore working to see that our country will have an international standard shooting range.

### **Culture**

There are more than 3,300 enterprises registered in the cultural and creative sectors, while about 10,400 persons are economically active in this sector.

The Government's investments in these sectors have the aim of increasing cultural participation, ensuring physical and intellectual accessibility, safeguarding the national heritage, as well as increasing contemporary creativity in our country and away from our shores.

Therefore, this Government will continue to increase its investment in these sectors which draw us closer to the aims and vision of Valletta 2018.

### **Cultural Project**

In order for the sector to increase its activity, a restructuring programme in the Maltese Arts Council will be carried out. We will also increase financial allocations to public cultural entities

to enable them to continue their work in new cultural projects. We are also encouraging more synergies between these entities with the aim of increasing collaboration which strengthens the sector. To this end, we will set up a co-production fund between these entities and the Valletta 2108 Foundation, with an initial investment of €208,000. The Government believes in the potential of the creative work of Maltese artists and appreciates that work of excellence should be promoted on the international stage. Therefore, through a new Government investment and with an additional allocation to the Maltese Arts Council, a financing programme of €200,000 will be set up for export of creative work and artistic mobility. This should also help in reaching our objective to see more participation in the Creative Europe programme of the European Union. To this end, we are making a co-financing investment of €86,000 to help more cultural partners succeed in this programme.

Our work will also continue on infrastructural projects, with extensive work related to the Museum of Art, MUŻA, restoration of cultural sites, as well as the development of cultural cluster, which is the first linked to design. Studies on the development of the Malta International Contemporary Arts Space (MiCAS), the Carnival Village and the Valletta Market are in an advanced stage.

## **Carnival Village**

This Government is committed to give the Carnival enthusiasts and the Maltese and Gozitan people the village they have been promised for years in a central location that makes sense to the enthusiasts themselves.

In this budget, we are setting up a fund of €80,000 to finance the initial stages of this project. Over the coming years, we will be allocating more funds necessary for carrying out this project.

## **Fund for Cultural Programmes on TV Stations**

The promotion of culture in broadcasting media is a way of further strengthening the potential for cultural participation. Therefore a new financing programme will be set up so that television stations can strengthen their cultural content.

## **Artistic Contribution to the FAR Project**

An artistic fund to invest in capabilities of Maltese artists will be set up.

## **Costumes Museum**

As promised in the Electoral Manifesto, this Government will be working to promote and support local talent in the sector of fashion art. In fact, the Government will be working to provide the first space dedicated to this industry which will include a museum for the historical development of Maltese costumes

from the time of the Knights to modern times and also offer spaces where designers who operate in Malta can produce and exhibit their productions. Therefore, this project will serve as an investment in this industry so that it can achieve its creative and economic potential while providing a protected space for our historical textile heritage.

## **Valletta Market**

As part of the regeneration of Valletta for the year 2018, a call for expressions of interest has been issued early this year for the development and regeneration of the old Valletta Market in Merchants Street. More than 20 concrete proposals were received. A final decision will be announced in a few weeks.

Work on the old Market is expected to start next year and be completed before 2018.

## **CIVIL LIBERTIES**

### **Consultation on Co-habitation**

We are also working on a draft bill regulating co-habitation. The Government launched a consultation process with experts in this field of family law well as with experts in the field of equality. These will have the task of presenting a draft bill on co-habitation. This proposal should cover different forms of families. Once drafted, the bill will be published for public consultation.

## **Procedure for changing Sex**

When the Act about Gender Identity comes into force, we will evaluate the possibility of introducing assistance to those transgender persons who are not comfortable with their sexuality.

## **Equal Rights for Couples in a Civil Union**

This year we enacted a law regulating Civil Unions. In order for the benefits to be enjoyed by these couples, necessary amendments in other laws will be undertaken. One of these concerns the Income Tax Act. Thus, there will be amendments to the definitions in the Income Tax Act so that couples registered under the Civil Union act will be treated in the same way as married couples for the purposes of the law.

## **Freedom of Information**

For next year, the Government will improve and strengthen access to information by means of amendments to the Freedom of Information Act. This will facilitate access to documentation from government departments while the on-line presence of this act will be improved so that the public will find it easier to submit requests and access documents.

## **Integration Policy**

The Government is working on an integration policy that should lead to a lessening of the difficulties caused by social exclusion and improve relations between the Maltese and non-Maltese communities. This policy will build on actions already being taken by the Government, by coordinating the work currently under way and identifying the sectors where improvement is necessary.

A Directorate for Integration will also be set up to develop strategies and programmes which reach the Government's aims with regard to civil liberties, equality ant-discrimination policy and integration of immigrants.

### **Setting up of a Commission for Human Rights and Equality**

At the beginning of this year, the Government launched a preliminary public consultation with the aim of setting up a Commission for Human Rights and Equality. This Commission will replace the existing Commission for the Promotion of Equality (NCPE) which is currently the governmental entity tasked with safeguarding equality on the base of gender and familial responsibilities, sexual orientation, age, religion or belief, ethnic or racial origin or gender identity. This will cover various sectors like employment, education, vocational training and banks and financial institutions.

It is this Government's intention to offer the highest form of safeguards for human rights and equality. Thus, the

Government wants this institution to be modelled according to the United Nations Principles of Paris. The Government is ready to launch a White Paper to serve as a basis for the establishment of this commission next year.

### **NGO Hub**

We are working to launch, next year, the project for the construction of a new site for voluntary organisations. This project will facilitate and improve the duties of the Commissioner by reducing bureaucracy in accordance with Government policy.

## **11. CONCLUSION**

Mr Speaker, this is a prudent budget of a dynamic Government leading ambitious people.

The structural reforms we have announced, together with our economic programme based on the private sector, should lead to greater wealth and employment opportunities that reward hard-working individuals. We promote diligence and honour our promises.

While rewarding hard work, we will work for social integration and justice through a full programme against poverty and in favour of social mobility.

This is Malta Tagħna Lkoll, Malta where diligence and hard work are rewarded.

## Budget 2015 Tables

### 1. In-Work Benefit

2 Parents		Single Parent	
Income	Benefit	Income	Benefit
10,000 - 10,399	200	6,600 - 6,699	800
10,400 - 10,499	250	6,700 - 6,799	825
10,500 - 10,599	300	6,800 - 6,899	850
10,600 - 10,699	350	6,900 - 6,999	875
10,700 - 10,799	400	7,000 - 7,099	900
10,800 - 10,899	450	7,100 - 7,199	925
10,900 - 10,999	500	7,200 - 7,299	950

11,000	-	550	7,300	-	975
11,099			7,399		
11,100	-	600	7,400	-	1,000
11,199			7,499		
11,200	-	650	7,500	-	1,025
11,299			7,599		
11,300	-	700	7,600	-	1,050
11,399			7,699		
11,400	-	750	7,700	-	1,075
11,499			7,799		
11,500	-	800	7,800	-	1,100
11,599			7,899		
11,600	-	850	7,900	-	1,125
11,699			7,999		
11,700	-	900	8,000	-	1,150
11,799			8,099		
11,800	-	950	8,100	-	1,175
11,899			8,199		
11,900	-	1,000	8,200	-	1,200
17,099			9,099		

17,100	-	970	9,100	-	1,180
17,199			9,199		
17,200	-	940	9,200	-	1,160
17,299			9,299		
17,300	-	910	9,300	-	1,140
17,399			9,399		
17,400	-	880	9,400	-	1,120
17,499			9,499		
17,500	-	850	9,500	-	1,100
17,599			9,599		
17,600	-	820	9,600	-	1,080
17,699			9,699		
17,700	-	790	9,700	-	1,060
17,799			9,799		
17,800	-	760			1,040
17,899					
17,900	-	730	9,900	-	1,020
17,999			9,999		
18,000	-	700	10,000	-	1,000
18,099			10,099		

18,100	-	670	10,100	-	980
18,199			10,199		
18,200	-	640	10,200	-	960
18,299			10,299		
18,300	-	610	10,300	-	940
18,399			10,399		
18,400	-	580	10,400	-	920
18,499			10,499		
18,500	-	550	10,500	-	900
18,599			10,599		
18,600	-	520	10,600	-	880
18,699			10,699		
18,700	-	490	10,700	-	860
18,799			10,799		
18,800	-	460	10,800	-	840
18,899			10,899		
18,900	-	430	10,900	-	820
18,999			10,999		
19,000	-	400	11,000	-	800
19,099			11,099		

19,100	-	370	11,100	-	780
19,199			11,199		
19,200	-	340	11,200	-	760
19,299			11,299		
19,300	-	310	11,300	-	740
19,399			11,399		
19,400	-	280	11,400	-	720
19,499			11,499		
19,500	-	250	11,500	-	700
19,599			11,599		
19,600	-	220	11,600	-	680
19,699			11,699		
19,700	-	190	11,700	-	660
20,400			11,799		
			11,800	-	640
			11,899		
			11,900	-	620
			11,999		
			12,000	-	600
			12,099		

		12,100 - 12,199	580
		12,200 - 12,299	560
		12,300 - 12,399	540
		12,400 - 12,499	520
		12,500 - 12,599	500
		12,600 - 12,699	480
		12,700 - 12,799	460
		12,800 - 12,899	440
		12,900 - 12,999	420
		13,000 - 13,099	400

		13,100 - 13,199	380
		13,200 - 13,299	360
		13,300 - 13,399	340
		13,400 - 13,499	320
		13,500 - 13,599	300
		13,600 - 13,699	280
		13,700 - 13,799	260
		13,800 - 13,899	240
		13,900 - 13,999	220
		14,000 - 14,099	200

		14,100 - 14,199	180
		14,200 - 14,299	160
		14,300 - 14,399	140
		14,400 - 15,000	120

2. Tax on registration of quad-bikes to be reduced.

"Category D: Quad bikes to be used on the road

Engine capacity	Tax rate
Not more than 250cc	cc x RV 0 .085%
More than 250cc but not more than 500cc	cc x RV x 0.090%
More than 500cc but not more than 800cc	cc x RV x 0.095%
More than 800cc	cc x RV x 0.10%
Electric quad bikes	RV x 1.71%

**3. Removal of registration tax on motorcycles classified as vintage with an engine capacity of less than 250cc**

Vintage motorcycles over thirty years old but less than 50 years old from date of manufacture certified as authentic by the committee for certification of vintage vehicles with an engine capacity of:

Engine capacity	Tax rate
not more than 50cc	0%
more than 50cc but not more than 125cc	0%
more than 125cc but not more than 250cc	0%
more than 250cc but not more than 500cc	21%
more than 500cc but not more than 800cc	21%
more than 800cc	21%

## 4. Car licences

### With a petrol engine

Year	0	1	2	3	4	5	6	7
CO <sub>2</sub>	€	€	€	€	€	€	€	€
Ogm/km up to and including 100gm/km	100	100	100	100	100	125	138	151
More than 100gm/km up to and including 130gm/km	125	125	125	125	125	153	166	181
More than 130gm/km up to and including 140gm/km	140	140	140	140	140	170	185	202
More than 140gm/km up to and including 150gm/km	160	160	160	160	160	195	213	232

More than 150gm/km up to and including 180gm/km	205	205	205	205	205	250	273	297
More than 180gm/km up to and including 220gm/km	275	275	275	275	275	338	369	403
More than 220gm/km up to and including 250gm/km	375	375	375	375	375	463	506	554
More than 250gm/km	525	525	525	525	525	650	713	781

Year	8	9	10	11	12	13	14+	
CO <sub>2</sub>	€	€	€	€	€	€	€	

Ogm/km up to and including 100gm/km	166	183	201	221	244	268	295	
More than 100gm/km up to and including 130gm/km	198	216	236	259	283	310	339	
More than 130gm/km up to and including 140gm/km	220	240	262	286	312	342	374	
More than 140gm/km up to and including 150gm/km	253	276	302	330	361	395	433	
More than 150gm/km up to and including 180gm/km	324	354	387	424	463	507	556	
More than 180gm/km up to and including	441	483	528	579	634	695	762	

220gm/km								
More than 220gm/km up to and including 250gm/km	607	666	730	800	878	963	1,057	
More than 250gm/km	857	940	1,032	1,125	1,125	1,125	1,125	

With a diesel engine with particulate matter from 0gm/km up to and including 0.005gm/km

Year	0	1	2	3	4	5	6	7
CO <sub>2</sub>	€	€	€	€	€	€	€	€
Ogm/km up to and including 100gm/km	100	100	100	100	100	125	138	151
More than 100gm/km up to and including	125	125	125	125	125	153	166	181

130gm/km								
More than 130gm/km up to and including 140gm/km	140	140	140	140	140	170	185	202
More than 140gm/km up to and including 150gm/km	160	160	160	160	160	195	213	232
More than 150gm/km up to and including 180gm/km	205	205	205	205	205	250	273	297
More than 180gm/km up to and including 220gm/km	275	275	275	275	275	338	369	403
More than 220gm/km up to and including	375	375	375	375	375	463	506	554

250gm/km								
More than 250gm/km	525	525	525	525	525	650	713	781

Year	8	9	10	11	12	13	14+	
CO <sub>2</sub>	€	€	€	€	€	€	€	
Ogm/km up to and including 100gm/km	166	183	201	221	244	268	295	
More than 100gm/km up to and including 130gm/km	198	216	236	259	283	310	339	
More than 130gm/km up to and including 140gm/km	220	240	262	286	312	342	374	

More than 140gm/km up to and including 150gm/km	253	276	302	330	361	395	433	
More than 150gm/km up to and including 180gm/km	324	354	387	424	463	507	556	
More than 180gm/km up to and including 220gm/km	441	483	528	579	634	695	762	
More than 220gm/km up to and including 250gm/km	607	666	730	800	878	963	1,057	
More than 250gm/km	857	940	1,032	1,125	1,125	1,125	1,125	

With a diesel engine with particulate matter from 0.005gm/km up to and including 0.025gm/km

Year	0	1	2	3	4	5	6	7
CO <sub>2</sub>	€	€	€	€	€	€	€	€
0gm/km up to and including 100gm/km	105	105	105	105	105	131	144	159
More than 100gm/km up to and including 130gm/km	131	131	131	131	131	159	174	190
More than 130gm/km up to and including 140gm/km	146	146	146	146	146	178	193	211
More than 140gm/km up to and including	167	167	167	167	167	204	222	242

150gm/km								
More than 150gm/km up to and including 180gm/km	214	214	214	214	214	261	285	311
More than 180gm/km up to and including 220gm/km	288	288	288	288	288	353	386	422
More than 220gm/km up to and including 250gm/km	393	393	393	393	393	484	530	581
More than 250gm/km	550	550	550	550	550	681	747	819

Year	8	9	10	11	12	13	14+	
CO <sub>2</sub>	€	€	€	€	€	€	€	

Ogm/km up to and including 100gm/km	175	192	211	233	256	281	309	
More than 100gm/km up to and including 130gm/km	207	226	248	271	296	324	355	
More than 130gm/km up to and including 140gm/km	230	251	274	299	327	358	391	
More than 140gm/km up to and including 150gm/km	265	289	316	346	378	414	453	
More than 150gm/km up to and including 180gm/km	339	371	405	444	485	531	582	

More than 180gm/km up to and including 220gm/km	462	505	553	606	664	728	799	
More than 220gm/km up to and including 250gm/km	636	698	765	839	920	1,010	1,108	
More than 250gm/km	898	986	1,082	1,150	1,150	1,150	1,150	

With a diesel engine with particulate matter of more than 0.025gm/km but not more than 0.035gm/km

Year	0	1	2	3	4	5	6	7
CO <sub>2</sub>	€	€	€	€	€	€	€	€

Ogm/km up to and including 100gm/km	110	110	110	110	110	138	152	167
More than 100gm/km up to and including 130gm/km	136	136	136	136	136	167	182	198
More than 130gm/km up to and including 140gm/km	152	152	152	152	152	185	202	220
More than 140gm/km up to and including 150gm/km	174	174	174	174	174	213	232	253
More than 150gm/km up to and including 180gm/km	223	223	223	223	223	273	298	325
More than 180gm/km up to								

and including 220gm/km	301	301	301	301	301	370	404	442
More than 220gm/km up to and including 250gm/km	411	411	411	411	411	507	556	609
More than 250gm/km	576	576	576	576	576	714	783	859

Year	8	9	10	11	12	13	14+	
CO <sub>2</sub>	€	€	€	€	€	€	€	
0gm/km up to and including 100gm/km	183	202	222	244	269	295	325	
More than 100gm/km up to and including	217	237	259	284	310	340	372	

130gm/km							
More than 130gm/km up to and including 140gm/km	240	262	286	313	342	374	410
More than 140gm/km up to and including 150gm/km	277	302	331	362	396	434	475
More than 150gm/km up to and including 180gm/km	355	388	425	464	508	557	610
More than 180gm/km up to and including 220gm/km	484	529	580	635	696	764	837
More than 220gm/km up							

to and including 250gm/km	667	731	802	880	965	1,059	1,162	
More than 250gm/km	942	1,034	1,135	1,175	1,175	1,175	1,175	

With a diesel engine with particulate matter of more than 0.035gm/km

Year	0	1	2	3	4	5	6	7
CO <sub>2</sub>	€	€	€	€	€	€	€	€
0gm/km up to and including 100gm/km	116	116	116	116	116	145	159	175
More than 100gm/km up to and including 130gm/km	142	142	142	142	142	174	190	208

More than 130gm/km up to and including 140gm/km	159	159	159	159	159	194	211	230
More than 140gm/km up to and including 150gm/km	182	182	182	182	182	223	243	265
More than 150gm/km up to and including 180gm/km	233	233	233	233	233	285	312	340
More than 180gm/km up to and including 220gm/km	314	314	314	314	314	387	423	463
More than 220gm/km up to and including 250gm/km	430	430	430	430	430	531	582	638
More than	604	604	604	604	604	749	821	900

250gm/km								
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Year	8	9	10	11	12	13	14+	
CO <sub>2</sub>	€	€	€	€	€	€	€	
0gm/km up to and including 100gm/km	193	212	233	256	282	310	341	
More than 100gm/km up to and including 130gm/km	227	248	271	297	325	356	390	
More than 130gm/km up to and including 140gm/km	251	274	300	328	358	392	429	
More than 140gm/km up								

to and including 150gm/km	290	317	346	379	415	454	498	
More than 150gm/km up to and including 180gm/km	372	406	444	486	533	583	639	
More than 180gm/km up to and including 220gm/km	506	555	608	666	730	800	878	
More than 220gm/km up to and including 250gm/km	699	767	841	922	1,012	1,111	1,219	
More than 250gm/km	988	1,084	1,190	1,225	1,225	1,225	1,225	

"; (b) tables in its part 2 are to be replaced by the following:

With a petrol engine

Year	0	1	2	3	4	5	6	7
Engine capacity	€	€	€	€	€	€	€	€
Class 1 (up to and including 1300cc)	90	90	90	90	90	90	90	101
Class 2 (more than 1300cc up to and including 1449cc)	120	120	120	120	120	120	120	134
Class 3 (more than 1449cc up to and including 1500cc)	135	135	135	135	135	135	135	151

Class 4 (more than 1500cc up to and including 1800cc)	145	145	145	145	145	145	145	162
Class 5 (more than 1800cc up to and including 2000cc)	225	225	225	225	225	225	225	253
Class 6 (more than 2000cc)	395	395	395	395	395	395	395	447

Year	8	9	10	11	12	13	14	15
Engine capacity	€	€	€	€	€	€	€	€
Class 1 (up to and including)	102	103	104	106	107	108	110	111

1300cc)								
Class 2 (more than 1300cc up to and including 1449cc)	136	137	139	141	143	145	147	148
Class 3 (more than 1449cc up to and including 1500cc)	154	158	161	165	168	172	176	180
Class 4 (more than 1500cc up to and including 1800cc)	167	172	177	182	187	193	199	205
Class 5 (more than 1900cc up to and including 2000cc)	256	260	263	267	271	274	278	282
Class 6 (more 2000cc)	453	460	466	473	479	486	493	500

Year	16	17	18	19+			
Engine capacity	€	€	€	€			
Class 1 (up to and including 1300cc)	113	114	116	117			
Class 2 (more than 1300cc up to and including 1449cc)	150	152	154	156			
Class 3 (more than 1449cc up to and including 1500cc)	184	188	192	196			
Class 4 (more than 1500cc up to and including 1800cc)	211	218	225	232			
Class 5 (more than 1800cc up to and including 2000cc)	286	290	294	298			
Class 6 (more than 2000cc)	507	515	522	529			

## With a diesel engine

Year	0	1	2	3	4	5	6	7
Engine capacity	€	€	€	€	€	€	€	€
Class 1 (up to and including 1300cc)	98	98	98	98	98	98	98	109
Class 2 (more than 1300cc up to and including 1449cc)	130	130	130	130	130	130	130	145
Class 3 (more than 1449cc up to and including 1500cc)	147	147	147	147	147	147	147	164
Class 4 (more than 1500cc up to and including 1800cc)	157	157	157	157	157	157	157	175

Class 5 (more than 1800cc up to and including 2000cc)	245	245	245	245	245	245	245	276
Class 6 (more than 2000cc)	432	432	432	432	432	432	432	489

Year	8	9	10	11	12	13	14	15
Engine capacity	€	€	€	€	€	€	€	€
Class 1 (up to and including 1300cc)	110	112	113	115	116	118	119	121
Class 2 (more than 1300cc up to and including 1449cc)	147	149	151	155	155	157	159	161
Class 3 (more than 1449cc up to and including	168	172	175	179	183	187	191	196

1500cc)								
Class 4 (more than 1500cc up to and including 1800cc)	181	186	192	198	204	210	216	223
Class 5 (more than 1800cc up to and including 2000cc)	280	283	287	291	295	299	303	308
Class 6 (more than 2000cc)	496	503	510	517	525	532	540	548

Year	16	17	18	19+				
Engine capacity	€	€	€	€				
Class 1 (up to and including 1300cc)	123	124	126	127				
Class 2 (more than 1300cc up to and								

including 1449cc)	163	166	168	170			
Class 3 (more than 1449cc up to and including 1500cc)	200	205	209	214			
Class 4 (more than 1500cc up to and including 1800cc)	230	237	245	252			
Class 5 (more than 1800cc up to and including 2000cc)	312	316	320	325			
Class 6 (more than 2000cc)	556	563	572	580			

## 5.DUTY - CHANGES

6. CHAPTER 382, SECOND SCHEDULE - ALCOHOL AND ALCOHOLIC BEVERAGES	
Wine	€20 per 1,000 litres
7. CHAPTER 381, THIRD SCHEDULE - MANUFACTURED TOBACCO	
Cigarettes	25.0% of the retail price plus €92.50 per 1000 cigarettes but not less than €150.00 per 1000 cigarettes
Cigars and Cigarillos	€22.95 per 1000 units
Hand-Rolling Tobacco	€108.07 per Kg
Other Smoking Tobacco	€108.07 per Kg
Pipe Tobacco	€32.54 per Kg
8. CHAPTER 382, FOURTH SCHEDULE - ENERGY PRODUCTS	
Leaded Petrol	€648.18 per 1,000 litres
Unleaded Petrol	€519.38 per 1,000 litres

Gas Oil falling within CN Codes 2710.19.43 to 2710.19.48 or 2710.20.11 to 2710.20.19 and blends of the foregoing with Biodiesel, excluding Gas Oil or Gas Oil blended with Biodiesel, with a sulphur content not exceeding 0.1% sulphur by weight if used for heating purposes.	€442.40 per 1,000 litres
Gas Oil or Gas Oil blended with Biodiesel with a sulphur content not exceeding 0.1% by weight if used for heating purpose.	€202.09 per 1,000 litre;
Biodiesel, a diesel quality liquid fuel produced from biomass or waste cooking oil, with an ester content of not less than 96.5% by weight and 8a	€442.40 per 1,000 litres

sulphur content not exceeding 0.005%, whether in blend or not.	
Heavy Fuel Oil.	€36.00 per 1,000 Kgs
Kerosene falling within CN Codes 2710.19.21 and 2710.19.25.	€442.40 per 1,000 litres
Petroleum oils falling within CN Code 2710 1971, for undergoing a specific process, not intended for use, offered for sale or used as heating or motor fuel.	€0.23 per litre
Petroleum oils falling within CN Code 2710 1975, for undergoing chemical transformation by a process other than those specified in respect of sub heading 2710 1971, not intended for use, offered for sale	€0.23 per litre

or used as heating or motor fuel.	
Petroleum oils falling within CN Code 2710 1981, motor oils, compressor lube oils, turbine lube oils, not intended for use, offered for sale or used as heating or motor fuel.	€0.23 per litre
Petroleum oils falling within CN Code 2710 1983, liquids for hydraulic purposes, not intended for use, offered for sale or used as heating or motor fuel.	€0.23 per litre
Petroleum oils falling within CN Code 2710 1985, white oils, liquid paraffin excluding heavy	€0.23 per litre

liquid paraffin BP/USP 6360 qualifying as a food grade product, not intended for use, offered for sale or used as heating or motor fuel.	
Petroleum oils falling within CN Code 2710 1987, gear oils and reductor oils, not intended for use, offered for sale or used as heating or motor fuel.	€0.23 per litre
Petroleum oils falling within CN Code 2710 1991, metal-working compounds, mould release oils, anti-corrosion oils, not intended for use, offered for sale or used as heating or motor fuel.	€0.23 per litre
Petroleum oils falling within CN Code 2710	€0.23 per litre

1993, electrical insulating oils, not intended for use, offered for sale or used as heating or motor fuel.	
Petroleum oils falling within CN Code 2710 1999, other lubricating oils and other oils, not intended for use, offered for sale or used as heating or motor fuel.	€0.23 per litre
Petroleum oils falling within CN Code 2710 2090, other oils not intended for use, offered for sale or used as heating or motor fuel.	€0.23 per litre
9. CHAPTER 382, FIFTH SCHEDULE - MOBILE TELEPHONY SERVICES	
Mobile Telephony Services (leasing of lines and Top-Up Vouchers).	4%

10. CHAPTER 382, SCHEDULE FIVE A - CEMENT

All cements classified in commodity heading 2523 of the Customs Nomenclature, including clinkers and white Portland cement.	€35 per 1,000 Kgs
Chapter 382, Schedule Five b - Pneumatic Tyres (new schedule)	
New Pneumatic Tyres of rubber, classified in commodity heading 4011 of the Customs Nomenclature, excluding tyres in H.S. Code 4011 50 of the Customs Nomenclature.	€0.70 per Kg

<p>Re-treaded or Used Pneumatic Tyres of rubber; solid or cushion tyres, tyre treads and tyre flaps, of rubber classified in commodity heading 4012 of the Customs Nomenclature.</p>	<p>€0.70 per Kg</p>
<p>Chapter 382, Schedule Five C - Fish Farm Feed (new schedule)</p>	
<p>Fish and crustaceans, molluscs and other aquatic invertebrates, classified in commodity headings 0303 to 0308 of the Customs Nomenclature, to be used as fish food in the fish farming industry.</p>	<p>€0.10 per Kg</p>
<p>Products of fish or crustaceans, molluscs or other aquatic</p>	<p>€0.10 per Kg</p>

<p>invertebrates; dead animals of Chapter 3 classified in H.S. Code 0511 91 of the Customs Nomenclature, to be used as fish food in the fish farming industry.</p>	
<p>Chapter 382, Schedule Five D - Ammunition Cartidges (new schedule)</p>	
<p>Cartridges and other ammunition and projectiles and parts thereof; including shot and cartridge wads, classified under HS Codes 9306 21, 9306 29, 9306 30, &amp; 9306 90 of the Customs Nomenclature, excluding;</p> <p>i)cartridges for riveting or similar tools or for captive-bolt humane</p>	<p>€0.70 per Kg</p>

killers,

ii)cartridges, filled with lead pellets of a maximum weight not exceeding 24 grams per cartridge.

## **5. Payments on Swimming Pools**

Category	Tax Rate
Domestic Swimming Pools	€4.60 per m <sup>3</sup>
Commercial Swimming Pools	€6.90 per m <sup>3</sup>

## **6. Stamp duty on Insurance Policies (excluding life insurance policies)**

Category	Rate of tax
Insurance policies	11%

**STATEMENT A**  
**REVENUE 2014 : REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES**

<b>HEAD</b>	<b>APPROVED ESTIMATE</b>	<b>REVISED ESTIMATE</b>	<b>VARIATION</b>	<b>REMARKS</b>
	€	€	€	
<b>TAX REVENUE</b>				
Direct - Income Tax	984,000,000	1,033,000,000	49,000,000	- Expected higher receipts than originally forecast mainly due to enhanced enforcement and in line with economic activity.
Social Security	680,000,000	695,200,000	15,200,000	- Based on trends, it is expected that receipts will be higher than originally anticipated at the time of budget preparation.
Indirect - Customs and Excise Duties	266,453,000	346,739,000	80,286,000	- The revision to the original estimate is based on the assumption that arrears of excise duty on petroleum will be passed to revenue by year-end.
Licences, Taxes and Fines	255,724,000	250,794,000	- 4,930,000	Lower receipts than anticipated mainly from <i>Duty on Documents</i> , although higher receipts are expected from <i>Annual Circulation Licence Fee</i> .
Value Added Tax	620,300,000	637,000,000	16,700,000	- Higher receipts expected under this heading reflect economic activity.
<b>TOTAL TAX REVENUE</b>	<b>2,806,477,000</b>	<b>2,962,733,000</b>	<b>156,256,000</b>	

**STATEMENT A**  
**REVENUE 2014 : REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES**

HEAD	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION + €	-	€	REMARKS
<b>NON-TAX REVENUE</b>						
Fees of Office	59,564,000	50,821,000	-	8,743,000	-	Revenue collected from <i>Guarantee Fees</i> and the <i>International Investor Programme</i> is expected to be lower than originally forecast. These shortfalls are expected to be partly compensated through proceeds from the <i>Investment Registration Scheme</i> .
Reimbursements	27,121,000	26,522,400	-	598,600	-	Revised forecasts indicate a shortfall of income in <i>Infrastructure Fees</i> and <i>Reimbursement of Pensions by Public Entities</i> which will be partly offset by higher income under <i>Home/Institutions for the Elderly and Miscellaneous Receipts</i> .
Public Corporations	815,000	815,000	-	-	-	
Central Bank of Malta	50,000,000	50,000,000	-	-	-	
Rents	28,365,000	28,610,000	245,000	-	-	Revenue collected from <i>Rent of Commercial Tenements</i> is expected to be lower than projected. This shortfall is expected to be compensated mainly through higher revenue under <i>Rent of Non-Residential Tenements</i> .
Dividends on Investment	26,100,000	21,738,420	-	4,361,580	-	Lower dividends are expected to materialise under <i>Malta Financial Services Authority</i> and <i>Sundry Dividends/Receipts</i> .

**STATEMENT A**  
**REVENUE 2014 : REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES**

<b>HEAD</b>	<b>APPROVED ESTIMATE</b>	<b>REVISED ESTIMATE</b>	<b>VARIATION</b>	<b>REMARKS</b>
	€	€	€	
Interest on Loans made by Government	2,162,000	2,164,000	2,000	-
Grants	241,169,000	186,000,000	- 55,169,000	The original reimbursement forecasts are not expected to materialise in full, although reimbursement will continue throughout the duration of the EU Programme.
Miscellaneous Receipts	31,145,000	30,536,000	- 609,000	Receipts from <i>Sale of Government Lands</i> are expected to be lower than anticipated. However, <i>Proceeds from Auctioning of Emission Trading Units and Miscellaneous Receipts</i> will partly compensate for this shortfall.
<b>TOTAL NON-TAX REVENUE</b>	<b>466,441,000</b>	<b>397,206,820</b>	<b>69,234,180</b>	
<b>TOTAL REVENUE</b>	<b>3,272,918,000</b>	<b>3,359,939,820</b>	<b>87,021,820</b>	

**STATEMENT A**  
**REVENUE 2014 : REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES**

HEAD	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION + €	REMARKS
<b>NON-ORDINARY REVENUE</b>				
Local Loans	650,000,000	648,841,000	- 1,159,000	The approved amount of Local Loans was not required in full.
Repayment of loans made by Government	2,000	2,000	-	-
<b>TOTAL NON-ORDINARY REVENUE</b>	<b>650,002,000</b>	<b>648,843,000</b>	<b>1,159,000</b>	
<b>GRAND TOTAL</b>	<b>3,922,920,000</b>	<b>4,008,782,820</b>	<b>85,862,820</b>	

**STATEMENT B**  
**RECURRENT EXPENDITURE 2014: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES**

VOTE	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION + €	- €	REMARKS
1 Office of the President	2,432,000	3,480,000	1,048,000	-	Additional funding is required under <i>Salaries and Wages</i> to cover <i>Personal Emoluments</i> of Staff in Post, and in respect of <i>Fondazzjoni tal-President ghall-Gid tas-Socjeta'</i> under the <i>Programmes and Initiatives</i> category.
2 House of Representatives	6,159,000	3,956,000	-	2,203,000	The reduction under this vote occurred mainly in <i>Rent and Contractual Services</i> due to the timing of the New Parliament building handover.
3 Office of the Ombudsman	850,000	1,437,000	587,000	-	The excess in expenditure covers refurbishment works on premises.
4 National Audit Office	2,280,000	2,600,000	320,000	-	Funding required to cover running expenses of the <i>National Audit Office</i> .
5 Office of the Prime Minister	21,588,000	28,189,000	6,601,000	-	The excess in expenditure was due to higher expenditure under <i>Programmes and Initiatives</i> category, (mainly <i>CHOGM 2015</i> ), <i>Contributions to Government Entities</i> (mainly <i>JPSL</i> collective agreement) and under the <i>Personal Emoluments</i> category.
6 Public Service Commission	591,000	577,000	-	14,000	
7 Information	1,360,000	1,338,000	-	22,000	
8 Government Printing Press	1,402,000	1,360,000	-	42,000	

**STATEMENT B**  
**RECURRENT EXPENDITURE 2014: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES**

VOTE	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION + €	- €	REMARKS
9 Electoral Office	5,195,000	7,445,000	2,250,000	-	Higher expenditure than was originally forecast with respect to the MEP's Elections.
10 Government Property Division	6,283,000	7,500,000	1,217,000	-	Higher expenditure is expected under the category of <i>Programmes and Initiatives to cover Dues to Malta Investment plc.</i>
11 Judicial	12,487,000	13,096,000	609,000	-	Increased expenditure is anticipated with respect to expenses for <i>Summoning and Expenses of Witnesses, Jurors and Experts in Criminal Court Trials</i> and due to increase of new Judges and Magistrates.
12 Ministry for European Affairs & Implementation of the Electoral Manifesto	9,944,000	10,070,000	126,000	-	Additional funding is required under the <i>Personal Emoluments</i> Category to cater for staff in post.
13 Ministry for Foreign Affairs	24,112,000	24,459,000	347,000	-	Higher expenditure under <i>Operational and Maintenance Expenses</i> (mainly <i>Rent</i> ) as well as <i>Programmes and Initiatives</i> (mainly <i>Overseas Development Aid</i> ).
14 Ministry for Tourism	62,478,000	65,768,000	3,290,000	-	Variation in <i>Personal Emoluments</i> due to the transfer of the <i>Restoration Unit</i> onto this Ministry.
15 Local Government	36,482,000	37,136,000	654,000	-	Increased expenditure is anticipated in respect of salaries to Local Councils employees, arising through the Collective Agreement and due to the <i>Inclusive Employment Scheme</i> under the <i>Programmes and Initiatives</i> category.

**STATEMENT B**  
**RECURRENT EXPENDITURE 2014: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES**

VOTE	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION + €	- €	REMARKS
16 Ministry of Education and Employment	194,638,000	194,705,000	67,000	-	
17 Education	184,947,000	193,508,000	8,561,000	-	Additional funding is required under <i>Salaries and Wages</i> to cover <i>Personal Emoluments of staff in post</i> .
18 Ministry for Sustainable Development, the Environment and Climate Change	44,598,000	44,500,000	-	98,000	
19 Ministry for Transport & Infrastructure	70,061,000	85,439,000	15,378,000	-	Net higher expenditure is expected under the category of <i>Programmes and Initiatives</i> in respect of <i>Public Service Obligations</i> .
20 Ministry for Gozo	27,357,000	27,617,000	260,000	-	The excess in expenditure is due to the <i>Work and Training Exposure Scheme</i> under the <i>Programmes and Initiatives</i> category.
21 Ministry for Social Dialogue, Consumer Affairs and Civil Liberties	9,285,000	10,491,000	1,206,000	-	Additional funding is required under the category of <i>Personal Emoluments (Salaries and Wages)</i> , under the <i>Programmes and Initiatives</i> category, higher expenditure is expected mainly due to <i>Assistance to Non-Governmental Organisations</i> , and under the <i>Contribution to Government Entities</i> category, a higher expenditure is expected mainly under <i>MCESD</i> and <i>NCPE</i> .
22 Industrial and Employment Relations	1,285,000	1,255,000	-	30,000	

**STATEMENT B**  
**RECURRENT EXPENDITURE 2014: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES**

VOTE	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION + €	-	REMARKS
23 Ministry for the Economy, Investment & Small Business	33,032,000	32,886,000	-	146,000	Lower net expenditure is mainly due to savings under the category of Contributions to Government Entities.
24 Trade Services	1,896,000	1,863,000	-	33,000	
25 Ministry for the Family and Social Solidarity	45,143,000	46,005,000	862,000	-	Additional funding is required under the category for <i>Programmes and Initiatives</i> , mainly due to <i>Energy Support Measures</i> .
26 Social Policy	234,283,000	238,958,000	4,675,000	-	Excess is mainly due to increase in the <i>State Contribution</i> under the <i>Programmes and Initiatives</i> category.
27 Social Security Benefits	828,560,000	841,470,000	12,910,000	-	Higher expenditure is due to increase under <i>Invalidity Pensions</i> , <i>Widows Pensions</i> , <i>Social Assistance</i> , <i>Medical Assistance</i> and <i>Supplementary Assistance</i> .
28 Social Welfare Standards	1,057,000	1,017,000	-	40,000	
29 Elderly and Community Care	65,747,000	73,543,000	7,796,000	-	Higher expenditure is expected under the category of <i>Personal Emoluments</i> , <i>Allowances</i> and <i>Overtime</i> , under <i>Contractual Services</i> in the <i>Operations and Maintenance Expenses</i> category, and under <i>Residential Care in Private Homes</i> in the <i>Programmes and Initiatives</i> category.

**STATEMENT B**  
**RECURRENT EXPENDITURE 2014: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES**

VOTE	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION + €	VARIATION - €	REMARKS
30 Ministry for Home Affairs and National Security	20,644,000	25,715,000	5,071,000	-	Higher expenditure is due to an increase in the <i>Personal Emoluments</i> category (mainly <i>Salaries and Wages</i> ), in the <i>Programmes and Initiatives</i> category (mainly <i>Detention Service, Restructuring of PBS Ltd and Third Country Nationals</i> ). In the <i>Contribution of Government Entities</i> category an increase is anticipated under <i>Identity Malta Agency</i> .
31 Armed Forces of Malta	41,071,000	40,846,000	-	225,000	Lower expenditure is anticipated in the <i>Personal Emoluments</i> Category, under <i>Salaries and Wages</i> .
32 Police	53,108,000	54,578,000	1,470,000	-	Higher expenditure is expected under <i>Personal Emoluments</i> category under <i>Salaries and Wages</i> and <i>Overtime</i> to cater for staff in post.
33 Correctional Services	8,874,000	9,605,000	731,000	-	Higher expenditure is expected under the <i>Personal Emoluments</i> category for <i>Overtime</i> to cover staff in post according to requirements.
34 Probation and Parole	763,000	934,000	171,000	-	Higher expenditure is expected under the <i>Personal Emoluments</i> category, specifically under <i>Salaries and Wages and Allowances</i> .
35 Civil Protection	4,510,000	4,513,000	3,000	-	
36 Land and Public Registry Division	3,887,000	4,349,000	462,000	-	Increase in the <i>Personal Emoluments</i> category, ( <i>Salaries and Wages</i> ) as well as requirements for <i>Passport Booklets</i> within the <i>Programmes and Initiatives</i> category.

**STATEMENT B**  
**RECURRENT EXPENDITURE 2014: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES**

VOTE	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION + €	- €	REMARKS
37 Ministry for Finance	104,212,000	114,951,000	10,739,000	-	Increase in the <i>Personal Emoluments</i> category, ( <i>Salaries and Wages</i> ), and an anticipated increase in the <i>Programmes and Initiatives</i> category under <i>EU Own Resources</i> .
38 Treasury	9,045,000	9,280,000	235,000	-	Increase in the <i>Programmes and Initiatives</i> category, mainly under <i>Refunds of Revenue</i> .
39 Pensions	92,160,000	92,122,000	-	38,000	
40 Public Debt	806,130,000	652,611,000	-	153,519,000	Adjustment reflects updated projections covering <i>Treasury Bills</i> and <i>Direct Loan Repayment</i> .
41 Inland Revenue	7,859,000	7,811,000	-	48,000	
42 V.A.T.	6,070,000	6,274,000	204,000	-	Higher expenditure is expected under the <i>Personal Emoluments</i> category, specifically <i>Salaries and Wages and Allowances</i> .
43 Customs	10,676,000	11,508,000	832,000	-	Additional funding required under the <i>Programmes and Initiatives</i> category ( <i>Excise Duty Bands</i> ).
44 Contracts	1,311,000	1,269,000	-	42,000	
45 Economic Policy	1,103,000	1,187,000	84,000	-	

**STATEMENT B**  
**RECURRENT EXPENDITURE 2014: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES**

VOTE	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION + €	-	REMARKS
46 Ministry for Energy and the Conservation of Water	42,190,000	42,600,000	401,000	-	- Additional funding is required under the category for <i>Personal Emoluments</i> , mainly <i>Salaries and Wages and Allowances</i> .
47 Ministry for Health	383,151,000	397,123,000	13,972,000	-	- Additional funding is required under <i>Salaries and Wages, Allowances and Overtime</i> items from the <i>Personal Emoluments</i> category. Higher expenditure is expected under the category of <i>Programmes and Initiatives</i> mainly <i>Specialised Prosthetic/Orthotic Services, Medicines and Surgical Materials, Pharmacy of your Choice and Mater Dei Hospital Non-Medical Equipment Facilities Management</i> . Under the <i>Contributions to Government Entities</i> category, an increase is expected for <i>Mental Health Services</i> and <i>Karen Grech Rehabilitation Centre</i> .
<b>TOTAL RECURRENT EXPENDITURE AND PUBLIC DEBT SERVICING</b>	<b>3,532,305,000</b>	<b>3,478,944,000</b>	<b>53,361,000</b>		

**STATEMENT C**  
**CAPITAL EXPENDITURE 2014: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES**

VOTE	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION + €	VARIATION - €	REMARKS
I Office of the President	115,000	47,000	-	68,000	Lower expenditure is anticipated under Works at Presidential Palaces.
II Office of the Prime Minister	11,206,000	11,603,000	397,000	-	Higher expenditure is envisaged mainly under <i>Acquisition of property for public purposes and Premises for the Judiciary</i> . Lower expenditure is expected under <i>ICT</i> , EU Structural Funds 2007-2013 Programme and <i>Payments related to Home Ownership Scheme</i> .
III Ministry for European Affairs and Implementation of the Electoral Manifesto	27,528,000	22,272,000	-	5,256,000	Lower expenditure is anticipated mainly under EU Structural Funds 2007-2013 Programme, External Borders Fund, European Return Fund, European Fund for the Integration of Third Country Nationals, EU Internal Security Fund - Borders and Visa, EU Internal Security Fund - Police, Asylum and Migration Fund.
IV Ministry for Foreign Affairs	1,327,000	1,303,000	-	24,000	Lower expenditure is envisaged under <i>Construction and restoration works</i> .
V Ministry for Tourism	16,231,000	15,640,000	-	591,000	Higher expenditure is anticipated under the <i>EU Structural Funds 2007-2013</i> Programme, while lower expenditure is expected mainly under the <i>EEA/Norwegian Financial Mechanisms 2009-2014 Programme, Restoration of Forts, Fortifications and Historical Places, Valletta European Capital of Culture 2018 and Local Councils Special Funds - Roads</i> .

**STATEMENT C**

**CAPITAL EXPENDITURE 2014: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES**

<b>VOTE</b>	<b>APPROVED ESTIMATE</b>	<b>REVISED ESTIMATE</b>	<b>VARIATION</b>	<b>REMARKS</b>
	€	€	€	
VI Ministry for Education and Employment	56,021,000	44,984,000	- 11,037,000	Expenditure is expected to be higher than originally forecast under University of Malta and a newly created line item <i>Football facilities in Malta</i> . Lower expenditure anticipated mainly under <i>EU Structural Funds 2007-2013</i> , Foundation for Tomorrow's Schools, <i>Science Interactive Centre and Birzebbuġia Project</i> .
VII Ministry for Sustainable Development, the Environment and Climate Change	59,000,000	49,367,000	- 9,633,000	Although additional funds are required under ICT (New Projects), <i>EU Fisheries Fund</i> , <i>Life+ Programme</i> , EU Territorial Cooperation Programmes 2007-2013, <i>Improvements to Property and Fisheries &amp; Aquaculture</i> , overall expenditure under this Vote is expected to be less than originally forecast, mainly due to lower expenditure anticipated under <i>EU Structural Funds 2007-2013</i> , <i>EU Cohesion Fund 2007-2013</i> , <i>EU Agricultural Fund for Rural Development</i> in respect of programming periods 2007-2013 and 2014-2020, <i>European Maritime and Fisheries Fund 2014-2020 and Civil Abattoir</i> .

**STATEMENT C**

**CAPITAL EXPENDITURE 2014: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES**

<b>VOTE</b>	<b>APPROVED ESTIMATE</b>	<b>REVISED ESTIMATE</b>	<b>VARIATION</b>	<b>REMARKS</b>
	€	€	€	€
VIII Ministry for Transport and Infrastructure	96,419,000	86,942,000	-	9,477,000 Higher expenditure is envisaged primarily under <i>EU Territorial Cooperation Programme 2007-2013, Life+ Programmes, Grand Harbour Regeneration Corporation</i> , Roads and for the cleansing of roads and public areas project within item <i>Plant and equipment</i> . Lower expenditure is expected mainly under EU Structural Funds 2007-2013, EU Cohesion Fund 2007-2013, <i>EEA/Norwegian Financial Mechanisms 2009-2014 Programme</i> , relocation of Works Department premises and Upgrading works at Main Touristic Areas.
IX Ministry for Gozo	9,596,000	9,044,000	-	552,000 Higher expenditure is expected under Roads. Lower expenditure is anticipated mainly under <i>Eco-Gozo and EU Structural Funds 2007-2013 Programme</i> .
X Ministry for Social Dialogue, Consumer Affairs and Civil Liberties	3,617,000	2,414,000	-	1,203,000 Lower expenditure is anticipated under <i>ICT (New Projects) and EU Structural Funds 2007-2013</i> .
XI Ministry for Economy, Investment and Small Business	48,467,000	42,705,000	-	5,762,000 Lower expenditure mainly under <i>e-Government, EU Structural Funds 2007-2013, Private and Gates Estates and Investment Incentives</i> .
XII Ministry for Family and Social Solidarity	4,920,000	4,560,000	-	360,000 Additional expenditure envisaged under ICT (New Projects). Lower expenditure is anticipated mainly under EU Structural Funds 2007-2013 and St Vincent de Paul Residence.

**STATEMENT C**  
**CAPITAL EXPENDITURE 2014: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES**

<b>VOTE</b>	<b>APPROVED ESTIMATE</b>	<b>REVISED ESTIMATE</b>	<b>VARIATION</b>	<b>REMARKS</b>
	€	€	€	
XIII Ministry for Home Affairs and National Security	16,506,000	13,219,000	-	3,287,000 Additional expenditure is envisaged mainly under ICT (New Projects) and Armed Forces of Malta. However, overall expenditure under this Vote is expected to be less than originally forecast, mainly due to lower expenditure envisaged under <i>EEA/Norwegian Financial Mechanisms 2009-2014</i> Programme, AFM EBF Specific Action, Criminal Justice EU funded project and <i>Civil Protection</i> .
XIV Ministry for Finance	49,249,000	53,324,000	4,075,000	- Additional funding requirements envisaged mainly under ICT (New Projects), EURO Currency, Security Markets Programme (New Item), VAT and Customs Programme (EU Funded). This additional expenditure is expected to be partly offset by lower expenditure mainly under <i>ICT Corporate Projects and Public Finance Management System</i> .
XV Ministry for Energy and the Conservation of Water	20,698,000	18,222,000	-	2,476,000 Higher expenditure anticipated under Improvements to Property. Lower expenditure expected mainly under <i>EU Structural Funds 2007-2013 and Drainage - Gozo</i> .

**STATEMENT C**

**CAPITAL EXPENDITURE 2014: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES**

<b>VOTE</b>	<b>APPROVED ESTIMATE</b>	<b>REVISED ESTIMATE</b>	<b>VARIATION</b>	<b>REMARKS</b>
	€	€	€	
XVI Ministry for Health	60,755,000	35,565,000	- 25,190,000	Lower expenditure anticipated mainly under ICT, EU Structural Funds 2007-2013, <i>Integrated Health Information System</i> and Gozo General Hospital. Additional expenditure is expected mainly under EU Territorial Cooperation Programme 2007-2013, <i>Mater Dei Hospital</i> , Mount Carmel Hospital, National Blood Transfusion Centre, Oncology Hospital and Health Care Centres.
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>481,655,000</b>	<b>411,211,000</b>	<b>- 70,444,000</b>	

