

Budget 2014

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The following symbols have been used throughout this document:

. . . to indicate that data are not available;

0 to indicate that the figure is zero;

- to indicate that data are not applicable or cannot be determined;

— to indicate that the figure is negligible;

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Executive Summary

During the second quarter of 2013, the Maltese economy expanded by 3.6 per cent, having increased by 1.6 per cent in the first quarter. Growth was mainly spread across all economic sectors except construction. Consequently, employment increased at the rate of 3 per cent during the second quarter of 2013 with the headline Eurostat unemployment indicator standing at 6.4 per cent. The current account deficit stood at 0.8 per cent of GDP, during the first half of 2013.

The Budget for 2014 is supported by a prudent macroeconomic framework as confirmed by the National Audit Office that endorsed the forecasts for the period 2013-2016. Based on a no policy change the Maltese economy is expected to grow at the rate of 1.2 per cent in real terms in 2013, and of 1.7 per cent in 2014.

The Government's economic and fiscal strategy rests on a number of key policy planks, which while vital for the development of the economy, are primarily meant to address the country's main weaknesses:

1. Ensuring public finance sustainability in the short to medium-term, while also addressing the long-term;
2. Raising potential output, in particular through the increasing of the labour force participation, especially of women, raising skill and education levels, promoting lifelong learning, and increasing productive capital investment;
3. Enhancing the competitiveness and transparency of the products and services markets whilst strengthening consumer protection, including a holistic justice reform;
4. Effectively reducing bureaucracy especially the length of the public procurement process, and ensuring that the public service is efficient and cost-effective;
5. Safeguarding the successes achieved by the Maltese financial sector as based on sound regulation and ensuring it continues to follow rigorous practices;
6. Prioritising the promotion of a diversified and balanced economy, with renewed importance given to the maritime sector.

In order to reach these policy objectives, Government will be implementing a number of supply-side policies which aim to improve the country's potential growth and other policies aimed at ensuring sustainability of the country's public finances. At the same time, these policies ought to contribute to environmental sustainability and social cohesion.

The Budget for 2014 is presenting the policies of the new Administration aimed at addressing the sustainability of the country's public finances. Raising employment growth remains very high in the agenda of Government with measures being proposed to support employment creation as well as to make work pay. Investment in human capital is also key in determining the employability of the workforce. In this regard, Government is introducing specific labour market programmes addressing the needs of specific groups in society, include those within the Gozitan labour market, it continues to support the number of persons attaining tertiary qualifications, with a special consideration to eliminating mismatches between labour demand and supply.

Government is also committed to ensure that the fruits of economic prosperity are enjoyed by all. In this regard, measures are being implemented to support the quality of life of families, care and support for senior citizens as well as ensuring that persons with disability and special needs lead a life with dignity. Ensuring a sustainable and free quality healthcare for all is also close to the core of the programme of work of the new Government.

Government is also introducing measures to support small and medium enterprises in creating employment and in sustaining the competitive profile of the Maltese economy, particularly in Gozo. In this regard, special consideration is being accorded to cheaper and greener energy. At the same time, traditional sectors such as agriculture and fisheries are also being assisted in light of their environmental and social sensitivity. Due consideration is also being accorded to environmental protection.

1. Economic Review and Outlook

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The Maltese economy has continued to display resilience in the midst of major international economic and financial shocks so much so that in the first six months of 2013, the economy recorded a real growth rate of 2.8 per cent, made up of 1.6 per cent in the first quarter and 3.6 per cent in the second quarter. This positive performance was underpinned by an increase in the number of employed persons that during the year to the second quarter grew by 3 per cent. The official harmonised unemployment rate in August of this year stood at 6.4 per cent which is lower than that prevailing in 2012. In fact the increase in employment growth recorded in Malta was amongst the highest in the EU and the Euro Area. In the meantime the sectoral analysis of the economy shows that a significant increase in value added was recorded in all areas of the economy except for construction. The year-on-year inflation rate in September stood at 0.6 per cent which is both one of the lowest in the Euro zone as well as lower than the 2.9 per cent rate recorded in September 2012.

In 2013, the Maltese economy is expected to keep its growth momentum, rising by 1.2 per cent in real terms. Growth is expected to be underpinned by positive developments in both the domestic and the external sectors of the economy. Private consumption is expected to increase by 1.2 per cent supported by strong employment, the return of consumer confidence and moderate appreciation of wages. Government expenditure is expected to decrease by 0.4 per cent during 2013, reflecting efforts to consolidate public finances. Gross fixed capital formation is forecasted to increase marginally by 0.7 per cent. The positive contribution from net exports is expected to persist during 2013 with both exports and imports expected to register positive growth rates. In 2013, exports are expected to increase by 1.9 per cent while imports are expected to grow by 1.5 per cent in real terms.

In 2014, growth is expected to increase to 1.7 per cent supported by a stronger domestic demand component. The macroeconomic forecast for 2014 and beyond are based on a no policy change approach. The changes announced in the Budget, including the overall increases in public expenditure of €200 million together with reducing tax bands for families, the cost of living adjustment and reduced energy bills for households will all contribute to increases in domestic demand during 2014. The forecast, therefore, of a 1.7 growth rate for 2014 and 2015 represent a prudent forecast. Even without the measures announced in this Budget, the IMF and other international institutions have forecasted a growth rate of 2 per cent for 2014.

Both the domestic and external sectors are expected to contribute to growth in 2014. Again for 2015, the economy is expected to grow by 1.7 per cent whilst in 2016 the economy is expected to increase by 1.8 per cent in real terms, respectively. These forecasts were also prepared prior to the Budget 2014 under a no policy change scenario. The composition of growth from the expenditure side is expected to remain broadly the same for the 2015-2016 period with a marginal decline in domestic demand countered from an increasing contribution from the external sector. Private consumption is expected to increase by 1.4 per cent and by 1.6 per cent in real terms while public consumption is expected to grow by 1.4 per cent and by 0.6 per cent in 2015 and in 2016, respectively. On the other hand, gross fixed capital formation over the 2015-2016 period, is expected to increase at an average rate of 0.4 per cent in real terms. When compared to the 2013-2014 period, the positive growth in net exports is expected to persist during 2015 and 2016, with net exports expected to increase by an average rate of 0.4 per cent and by 0.5 per cent in real terms, respectively.

Main Macroeconomic Indicators

Table 1.1

	2012	2013 ⁽¹⁾	2014	2015	2016
GDP growth at current market prices (%)	3.1	3.7	3.8	3.8	3.6
GDP growth at constant (2000) prices (%)	0.8	1.2	1.7	1.7	1.8
Expenditure Components of GDP at constant (2000) prices (% change)					
Private final consumption expenditure ⁽²⁾	-0.2	1.2	1.3	1.4	1.6
General government final consumption expenditure	5.0	-0.4	1.3	1.4	0.6
Gross fixed capital formation	-3.9	0.7	3.5	0.5	0.3
Exports of goods and services	7.0	1.9	1.9	2.3	2.4
Imports of goods and services	5.5	1.5	1.8	1.9	1.9
Contribution to real GDP growth					
Final domestic demand	0.3	0.8	1.5	1.2	1.1
Change in inventories and net acquisition of valuables	-1.2	0.0	0.0	0.0	0.0
External balance of goods and services	1.7	0.4	0.2	0.5	0.7
Inflation rate (%)	3.2	1.7	2.3	2.1	2.0
Employment growth (%) ⁽³⁾	2.4	1.8	1.8	1.5	1.5
Harmonised Unemployment rate (%)	6.5	6.3	6.3	6.2	6.1

(1) Forecasts from 2013 onwards

(2) Includes NPISH final consumption expenditure

(3) Headcount, LFS

Economic growth is expected to generate increases in employment such that the annual growth rate in 2013 and 2014 would stand at 1.8 per cent. These expected developments reflect higher demand for labour as the economy continues to grow and are also supported by increased female participation in the labour market. Furthermore, the harmonised unemployment rate is expected to gradually decline to 6.1 per cent by 2016, from 6.3 per cent forecasted for 2013.

Inflation is expected to average 1.7 per cent in 2013. Over the 2014-2016 period, the inflation rate is expected to remain broadly stable at approximately 2.0 per cent.

Sustainable Public Finances

The sustainability of public finances is seen by this Government as a prerequisite for attracting investment and for supporting Government's role in the economic, social, health and environmental dimensions. Apart from the fiscal consolidation measures detailed in Chapter 3 of this document, a process of fiscal reforms is underway in order to enhance fiscal discipline whilst ensuring that fiscal policy is better synchronised with the economic cycle so as to support economic growth whilst allowing fiscal policy to provide the necessary economic stability. A number of reforms in the fiscal framework were proposed in the Economic Partnership Programme submitted to the EU, which reforms cover in detail the introduction of fiscal rules consistent with the Stability and Growth Pact, the constitution of an independent fiscal council vested in the National Audit Office and the strengthening of the medium term budgetary framework. A balanced budget rule will also be enshrined in the Constitution. Legislative proposals will be announced in the coming weeks.

In addition to these structural reforms, the analysis of public expenditure through the annual comprehensive spending review will continue at the level of spending ministries. The review provides a framework for the ministries to explore their line items to introduce zero budgets and outputs for lines of expenditure to ensure that spending is continually being reviewed according to changing needs and priorities. These reviews are to serve as a platform for medium-term public finance forecasts.

2. Fiscal Review and Outlook

2. Fiscal Review and Outlook

General Government Budgetary Developments

With an end of year fiscal deficit of 3.3 per cent of GDP, the deficit criterion embedded in the Treaty was breached in 2012. In addition, the national debt ratio increased to 71.3 per cent of GDP in 2012 without sufficient progress towards compliance with the debt reduction benchmark. Against this background, on 21st June 2013, Malta was put under an excessive deficit procedure (EDP). In this regard, the Council recommended that Malta takes action to reduce the excessive deficit by 2014. Furthermore, the Council set headline deficit targets of 3.4 per cent of GDP for 2013 and 2.7 per cent of GDP for 2014 and called on Malta, to continue making further progress towards a balanced budget in structural terms in the medium-term.

Government Revenue and Expenditure in 2013

Over recent months, the Maltese Government has upheld its commitment to reach a deficit target of 2.7 per cent of GDP by the end of this year as stated in the Budget for 2013, the Stability Programme submitted in April 2013, and in the Draft Budgetary Plan submitted in October 2013.

As part of its ongoing effort to further strengthen its fiscal framework, the Ministry for Finance has been monitoring closely on a monthly basis revenue and expenditure outcomes on a consolidated basis with the aim of identifying variances with respect to its annual targets. This has enabled Government to take the necessary decisions in a timely fashion. Furthermore, revenue departments evaluate trends in revenue collection on a daily basis in concomitance with a regular risk assessment.

Table 2.1 contains the outcome of January to September 2013 consolidated data for Government revenue and expenditure against projections for the same period.

The comparison shows that on the expenditure side, actual Government expenditure for the period January to September 2013 was €12.6 million better than projected.

On the revenue side, the comparison shows that the positive direct tax revenue

Central Government Finances
January-September 2012-2013

Table 2.1

	Jan-Sep 2012 Actual € 000s	Jan-Sep 2013 Actual € 000s	Jan-Sep 2013 Forecast € 000s	Jan-Sep 2013 Variance € 000s
Recurrent Revenue	1,921,419	2,056,245	2,073,807	-17,562
Tax Revenue	1,685,952	1,831,532	1,835,179	-3,647
Indirect Tax Revenue	678,089	706,339	738,225	-31,886
Customs and Excise Duties	117,823	141,578	141,936	-358
Licenses, Taxes, and Fines	171,946	160,744	177,053	-16,310
Value Added Tax	388,320	404,017	419,236	-15,219
Direct Tax Revenue	1,007,863	1,125,193	1,096,955	28,238
Income Tax	595,133	683,236	657,418	25,818
Social Security	412,731	441,957	439,537	2,420
Non-Tax Revenue	235,467	224,713	238,628	-13,915
Fees of Office	23,859	24,959	29,291	-4,332
Reimbursements	19,794	17,108	18,389	-1,281
Public Corporations	0	0	539	-539
Central Bank of Malta*	42,000	42,000	42,000	0
Rents*	18,554	18,981	18,981	0
Dividends on Investments*	13,251	10,914	10,914	0
Repayment of Interest on Loans	570	1,408	1,045	363
Grants**	63,531	93,751	93,751	0
Miscellaneous	53,907	15,593	23,718	-8,125
Total Expenditure	2,203,618	2,327,640	2,340,200	-12,561
Recurrent Expenditure	1,792,243	1,905,506	1,918,067	-12,561
Personal Emoluments	419,532	449,133	452,005	-2,872
Operations and Maintenance	91,458	90,708	93,492	-2,784
Programmes and Initiatives	1,126,103	1,200,630	1,204,848	-4,218
Contributions to Government Entities	155,151	165,036	167,723	-2,687
Interest Payments*	168,011	165,460	165,460	0
Capital Expenditure**	243,364	256,674	256,674	0
Central Government Balance	-282,199	-271,395	-266,393	-5,001

* Values not taken into account since values are expected to be met at end-of-year

** Since revenue from grants and capital expenditure tend to cancel each other, the variance of the two is not taken into account

variance is offsetting the negative indirect tax revenue variance. The different composition of revenue is consistent with increases in employment and income which are not reflected in strong consumer demand. However, there are signs of a recovery in indirect tax revenue where VAT revenue, for instance, is around €2 million higher in September compared to the forecast for the month. Besides, a number of indicators point towards a recovery in consumption which is expected to lower further the negative variance on the indirect tax revenue side. Non-tax revenues, which are to date lower than forecasted, are expected to materialise by year end.

Expenditure and Revenue Targets for 2014 - 2016

During 2014, the general Government deficit is projected to decline by a further 0.6 percentage points of GDP from 2.7 per cent to 2.1 per cent. This reduction in the deficit-to-GDP ratio will materialise as a result of the Government's commitment to fiscal consolidation including the restraints on discretionary expenditure and increases in expenditure efficiency. See Table 2.2 below.

Fiscal Position 2012 - 2016

Table 2.2

	2012	2013	2014	2015	2016
	Actual	Revised	Estimates	Estimates	Estimates
	€ '000	€ '000	€ '000	€ '000	€ '000
Consolidated Fund					
Tax Revenue	2,392,966	2,637,000	2,806,477	2,964,005	3,093,702
Non-Tax Revenue	322,766	413,579	466,441	439,937	435,423
Total Revenue	2,715,732	3,050,579	3,272,918	3,403,942	3,529,125
Recurrent Expenditure	2,488,423	2,596,900	2,721,675	2,810,720	2,895,193
Capital Expenditure	343,777	405,479	452,800	429,775	430,800
Primary Balance	-116,468	48,200	98,443	163,447	203,132
Interest Payments	225,807	228,000	234,743	240,047	247,947
Recurrent Surplus / (Deficit)	1,502	225,679	316,500	353,175	385,985
Consolidated Fund (Deficit)	-342,275	-179,800	-136,300	-76,600	-44,815
Financing					
Direct Loan Repayments	-349,757	-370,283	-511,661	-349,377	-474,489
Contributions to Sinking Funds - Local	-4,857	-4,059	-3,261	-3,261	-3,261
Contributions to Sinking Funds - Foreign	-6,716	-6,475	-6,465	-6,465	-6,465
Contributions to Special MGS Sinking Fund	-	-	-50,000	-50,000	-50,000
Equity Acquisition	-53,392	-65,618	-28,855	-44,159	-12,100
Loan Facility to the Hellenic Republic	0	-	-	-	-
Loan Facility to Air Malta plc	-52,000	-	-	-	-
EFSF Credit Line Facility	0	-4,500	-4,500	-4,500	-4,500
Repayment of Loans to Government	52,000	31	2	40,002	12,002
Sinking Funds of Converted Loans	28,425	28,380	-	-	-
Sale of Non-Financial Assets	-	1,500	2,000	2,000	2,000
Sale of Assets	-	-	-	-	-
	-386,297	-421,024	-602,740	-415,760	-536,813
Public Sector Borrowing Requirement	-728,572	-600,824	-739,040	-492,360	-581,628
Foreign Loans	-	-	-	-	-
Consolidated Fund balance as on 1 January	2,797	-80,123	-50,947	-139,987	-182,347
Local Loans	645,652	630,000	650,000	450,000	550,000
	648,449	549,877	599,053	310,013	367,653
Consolidated Fund balance as on 31 December	-80,123	-50,947	-139,987	-182,347	-213,975
Consolidated Fund (Deficit)	-342,275	-179,800	-136,300	-76,600	-44,815
General Government Adjustments	116,818	-11,500	-15,400	-43,400	-13,185
General Government (Deficit)	-225,457	-191,300	-151,700	-120,000	-58,000
Gross Domestic Product	6,829,500	7,082,190	7,351,320	7,630,660	7,905,930
General Government (Deficit) as a % of Gross Domestic Product	-3.30%	-2.70%	-2.10%	-1.60%	-0.70%

Debt Levels and Developments

During 2013, the debt-to-GDP ratio is expected to increase to 72.9 per cent from a level of 71.3 per cent registered in 2012, and hence largely retain the same increase registered in the previous year. However, the debt-to-GDP ratio is expected to stabilise during 2014, and decline marginally to a level of 72.6 per cent. The primary balance is expected to lead to an improvement of 0.4 percentage points in the debt-to-GDP ratio during 2013. On the other hand, interest expenditure and the stock-flow adjustment are expected to have an expansionary impact of 3.1 and 1.5 percentage points, respectively, on the debt ratio during the aforementioned period. During 2014, the primary balance is expected to contribute to a reduction in the debt-to-GDP ratio of 1.0 percentage points. The contribution of interest expenditure is expected to remain largely unchanged from the level in the preceding year, but the expansionary impact of stock-flow adjustments is expected to decline to 0.4 percentage points.

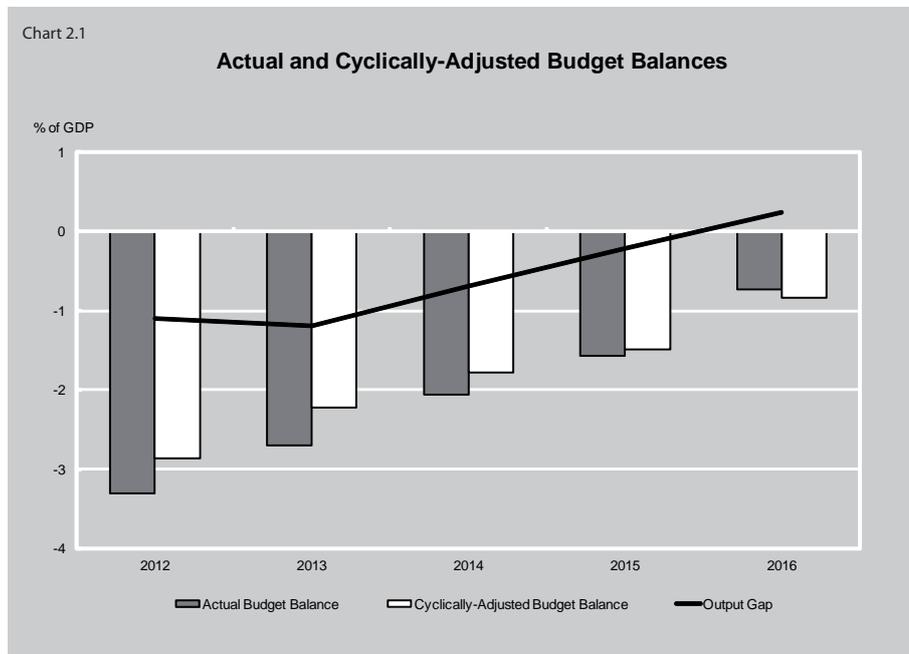
In the outer years of the forecast horizon, the debt-to-GDP ratio is expected to decrease to a level of 68.6 per cent by 2016. This decline is largely attributable to a considerable improvement in the primary balance, which is expected to contribute to a reduction of 1.5 and 2.4 percentage points in the debt-to-GDP during 2015 and 2016 respectively. Debt dynamics are portrayed in Table 2.3.

General Government Debt Developments					
Table 2.3	% of GDP				
	2012	2013	2014	2015	2016
Gross debt	71.3	72.9	72.6	71.1	68.6
Change in gross debt	1.8	1.6	-0.3	-1.5	-2.5
Contribution to change in gross debt:					
Primary balance	0.2	-0.4	-1.0	-1.5	-2.4
Interest expenditure	3.0	3.1	3.1	3.0	3.0
Stock-flow adjustment	0.7	1.5	0.4	-0.4	-0.7
Implicit interest rate on debt	4.6	4.5	4.3	4.3	4.4

Structural Budgetary Conditions and the Medium Term Objective

The fiscal consolidation effort in 2013 is supported by a ‘structural effort’ of 0.5 percentage points of GDP. An additional fiscal effort was required to cover for the additional equity injection of €40 million in Air Malta. Chart 2.1 depicts the actual and cyclically-adjusted budget balances over the period 2012-2016.

In 2014, the structural effort is projected to be 0.6 per cent, which is 0.1 percentage point above the minimum structural effort required under the Stability and Growth Pact. Consequently, as shown in Table 2.4, the General Government Balance is projected to decrease to 2.1 per cent, which is well below the 2.7 per cent required by the Council Recommendations. A number of revenue increasing and expenditure consolidation measures support this structural effort.



Fiscal Consolidation

(percentage points of GDP)

Table 2.4

	2012	2013	2014	2015	2016
General Government Balance	-3.3	-2.7	-2.1	-1.6	-0.7
One-off and other temporary measures ⁽¹⁾	0.1	0.3	0.2	0.2	0.1
General Government Balance net of One-offs	-3.4	-3.0	-2.2	-1.7	-0.9
Output Gap Estimates	-1.1	-1.2	-0.7	-0.2	0.2
Cyclically-Adjusted Budget Balance	-2.9	-2.2	-1.8	-1.5	-0.8
Structural Balance	-3.0	-2.5	-1.9	-1.6	-1.0
Structural Adjustment	-0.0	0.5	0.6	0.3	0.7

⁽¹⁾ A plus sign means deficit-reducing one-off measures

Reform of the Fiscal Framework

The Maltese Government has embarked on a programme of reforms aimed at aligning Malta's fiscal architecture with the legal obligations in the Fiscal Compact, the six-pack and two-pack. The reform of Malta's fiscal framework is based on three main pillars: fiscal rules, fiscal institutions, and a medium-term budgetary framework.

Fiscal Rules

The Maltese Government is currently in the process of implementing a Fiscal Responsibility Act. The features of this law will include the introduction of fiscal rules, and in particular the SGP rule which will bind national fiscal authorities with numerical targets to achieve a balanced budget or in the absence of a balanced budget, to converge towards the medium-term objective in line with the timeframes derived from Regulation 1466/97¹. The introduction of the Fiscal Responsibility Act is also in line with the requirements prescribed in Council Directive 2011/85/EU².

Fiscal Institutions

In the absence of the establishment of a Fiscal Council, the macroeconomic projections underpinning the Budget for 2014 were submitted for the scrutiny of the National Audit Office (NAO). The National Audit Office Report published in September 2013 concluded that the methodology adopted by Ministry for Finance was sound, and that the assumptions were plausible. In addition, the NAO report also pointed out that growth forecasts adopted for Budget 2014 were prudent.

The Maltese Government is committed within the coming year to set up an independent fiscal institution to oversee compliance with fiscal rules. The Government of Malta plans to embed the role of an independent fiscal institution within the National Audit Office, itself an independent institution tasked with the auditing of Government finances, and is a body established by the Constitution of the Republic of Malta. The latter enjoys bi-partisan support and country wide credibility and therefore administrative costs are contained.

Medium-Term Budgetary Framework

Whilst the medium-term budgetary targets are already presented in Malta's annual Stability Programme, such targets are presently non-binding, and subject to future annual budgetary processes. For this reason the Government of Malta will introduce a rolling three-year medium-term budgetary framework for expenditure commitments. Furthermore, through this top-down budgeting approach, a spending total target is set in compliance with the operative fiscal rules. From this total budget envelope, the budgetary allocation excluding unemployment benefits, statutory expenditure commitments, debt service payments, unemployment benefits and capital expenditure, can then be established.

The top-down approach will also be complemented by the Comprehensive Spending Review which is being conducted at each line Ministry level, to serve as a platform for medium-term public finance forecasts. The practice of zero budgets, line by line analysis and output by expenditure lines should ensure that spending is under continuous scrutiny and reflects changing priorities and changing needs. By following the bottom-up and top-down approaches, a funding gap will be identified, which will be the difference between the expenditure target in compliance with the fiscal rules and the ministerial allocation proposed by each ministry. An inter-ministerial approach will then follow, where ministries and departments are invited to re-submit their spending plans in order to bridge the funding gap and re-allocate resources

inter-temporally over the 3-year period.

In addition, a Contingency Reserve Fund (CRF) is to be phased in, by making an annual contribution to build up this reserve over a period of three years. Furthermore, the present link between the CRF and Supplementary Estimates shall be gradually severed.

*f

Footnotes:

¹ Regulation 1466/97 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies

² Council Directive 2011/85/EU on requirements for budgetary frameworks of the Member States.

3. Main Budget 2014 Measures

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Cheaper and Greener Energy

One of the Government's key priorities is to provide cheaper and greener energy for all households. This will be achieved through the implementation of the following measures.

Reduction on energy bills

As from March 2014, household energy bills will decline by 25 per cent while water bills will decline by 5 per cent.

Energy Efficiency Support

This measure is intended to give support to Maltese households in order to help them implement measures and applicable systems which would lead to a reduction in the energy use at home. Every family will be given the opportunity to have an energy audit, on a voluntary basis. The household would then be given advice on how to reduce consumption. This measure will lead to an increase in energy efficiency at home and to a reduction in energy use and CO₂ emissions. In addition, it would also lead to lower energy expenditure.

Solar Water Heaters, Double Glazing and Roof Insulation Schemes

An incentive scheme will be adopted to help people upgrade their residence to one which is more energy efficient. This measure emanates from the National Energy Efficiency Action Plan and is in line with Directive 2012/27/EU. This measure will lead to a reduction in the domestic energy use which subsequently reduces the amount of CO₂ emissions.

Pilot project at Siggiewi Primary School

This initiative is a pilot project, proposed to take place at the Siggiewi Primary School where the current equipment will be replaced with a more modern, energy efficient one. This will include amongst others insulation, double glazing and smart lighting. Government has allocated funds for this proposed EU co-financed project. The implementation of this measure will increase the energy efficiency of the classrooms, leading to a significant reduction in CO₂ emissions generated. Furthermore, students attending the Siggiewi primary school will benefit from a more comfortable and suitable learning environment.

Street lighting in Gozo

Street lighting in Gozo is a pilot project which entails the installation of intelligent street lighting. This is only the initial stage of a nationwide project that will lead to the replacement of all street lights in Malta and Gozo. Government has allocated funds for this proposed EU co-financed project. This project will contribute to increase national energy efficiency and will ultimately lead to a reduction in CO₂ emissions. Furthermore, savings are expected on maintenance since the lifetime of LEDs is about 20 years as opposed to the lifetime of current bulbs which ranges from 3 to 4 years.

Studies for the National Energy Efficiency Action Plan

This measure will deal in particular with studies on energy efficiency that shall be used in the compilation of the National Energy Efficiency Action Plan. These studies will also be beneficial when transposing the Energy Efficiency Directive and the implementation of the specific obligations therein. Government has allocated funds for this proposed EU co-financed project. A sound energy efficiency plan based on studies and evidence will lead to a reduction in energy consumption and expenditure. It will also contribute to the reduction of CO₂ emissions.

Feasibility study relating to the European Gas Network

Government will be conducting a Cost-Benefit Analysis of the Malta-Sicily gas pipeline. This project has been classified as a Project of Common Interest (PCI) by the EU. Government has allocated funds for this proposed EU co-financed project. This financial analysis will ultimately be used as the basis on which a decision will be taken as to whether the proposed connection of Malta to the European Gas Network through a pipeline to Sicily is feasible or otherwise.

Malta Oil and Gas Corporation

The Government will be establishing a Malta Oil and Gas Corporation. This will be done so as to provide an infrastructural framework for the development of an Oil and Gas industrial services industry in Malta. This corporation will be the Government's leading agency in this regard, and will be responsible for the implementation of the Government's needs and plans for the purposes of oil and gas exploration.

Raising Output Potential

The Government is committed to raise potential output, in particular through increasing the labour force participation, especially of women, raising skill and education levels, promoting lifelong learning, and increasing productive capital investment

Free Childcare Centres

Free childcare centres will be set up in order to encourage Maltese women to enter the labour market or continue working while their children are being taken care of free of charge. According to a survey, 51.5 per cent of inactive mothers will consider going to work.

Breakfast Club

In line with the Government's Commitment to introduce more incentives to attract more women to either return or enter into the labour market, the 'Breakfast Club' service will be introduced. This service will be run by the Foundation for Educational Services (FES). It aims to provide a one hour care service before the school opens. It will be offered during school days. This initiative will not be rolled out nationwide during 2014. It will be phased in gradually.

Piloting computer tablets in schools

A pilot project to introduce the 'One Tablet per Child' initiative will be launched in line with the National Literacy Strategy. The pilot project will study both the hardware and software to test educational solutions. In 2014 a select number of schools will be participating in this pilot project with the support of product and service providers from the ICT industry. During this year needs analysis research will be carried out to identify the teachers' digital competences and discuss the necessary training needed to ensure the success of this project. It is envisaged that via this pilot project, students become computer-savvy from a younger age.

Encouraging the unemployed to follow full-time courses

Persons in receipt of social or unemployment assistance for more than five years who start a full-time course will not lose the said assistance. This measure is intended so that those persons in receipt of social or unemployment assistance for more than five years and who embark upon a full-time course would no longer lose their right to such benefits while undergoing their studies.

This measure will thus not only encourage lifelong learning but it will also enhance the employability of these individuals. This measure will enhance the employability of persons who are not in employment and who are receiving social or unemployment assistance. The employability ratio of persons on the unemployment register will increase and hence lead to an increase in the employment rate.

Youth Guarantee

The European Commission is urging Member States to introduce concrete measures to lessen youth unemployment. As from 2014, Member States must provide their plans of how they intend to provide a good quality guarantee of work placement, traineeship or education to youths who are considered as being not in education, employment or training (NEETs) and are under 25 years of age. Government has allocated funds for this proposed ESF co-financed project. Malta is working on such a plan. In 2014, the Jobs+ Committee will launch this initiative which will address 350 NEETs.

Employment Aid Programme

This tranche of Employment Aid Programme (EAP) will provide employment aid that covers up to half of the wages to Gozitan employers. The scope of the initiative is to promote the recruitment of disadvantaged and/or disabled persons. This programme is intended to increase the employment rate of such target groups. Government has allocated funds for this proposed ESF co-financed project.

Youth Entrepreneurship Scheme

In line with the Youth Employment policy, ETC will be launching a Youth Entrepreneurship Scheme with the aim of promoting entrepreneurship amongst youth. This initiative will provide training and support in preparation for entrepreneurship and setting up of cooperatives. This will be achieved through the provision of specialised training aimed at passing on the relevant skills and information required for them to be fully prepared to embark on setting up their enterprise or cooperative. In addition, the participants will benefit from mentoring services and monetary grants.

Employability Index

The Employability Index will offer more guidance to students on the choices of jobs that are available for the various lines of studies by indicating to the student the potential of finding a job with the line of study being chosen. It is

envisaged that this measure will help to address the issue of skills mismatch in the Maltese economy.

New courses on Aviation

Malta Enterprise is co-operating with MCAST to provide new courses on the repair and maintenance of airplanes and also to be involved in joint research with German institutions. This will enable students to acquire the necessary skills and training to work in the aviation industry. This measure will help to create more high value-added jobs in the Maltese economy.

Life Sciences Park

Malta Enterprise is collaborating with the Ministry for Health to continue works on the Life Sciences Park. The Life Sciences Park is an innovative project which will enable scientists to conduct their research whilst also providing a place where companies specialising in biotechnology and medical science can operate. The Park is expected to start operating from October, 2014. This project will enable the Maltese economy to shift towards a more knowledge-based economy consisting of high value-added sectors.

Apprenticeship Reform

Government is currently discussing a reform in the apprenticeship system with key stakeholders. The aim of the reform is to make apprenticeship more relevant, such that the schemes are more attractive to employers in order to boost the number of opportunities offered. This initiative is intended to increase employability among youths.

Additional Employment Advisors

ETC's vote is being strengthened such that the Corporation would be in a position to recruit additional employment advisors. A higher complement of advisors will make it possible to offer better quality service to jobseekers. This measure is aimed at improving job matching and reducing frictional unemployment.

Apprenticeships for ITS students

ITS in collaboration with Malta Enterprise and ETC, is launching a new course, Foundation in Tourism Studies which will equip students with the necessary skills to open their own business or become employed in the tourism sector. It will also give an opportunity to students to further their education in tourism

studies. This measure is expected boost the tourism sector by increasing business and jobs in the tourism industry.

New schools

The Government is allocating money on a three-year programme for the maintenance and upgrading of schools. Furthermore, Government is also allocating money for the building of five new schools.

Providing Stipends to students repeating their scholastic year

The Government will continue to deliver its promise of providing stipends to students repeating their scholastic year.

Providing Stipends to students undertaking Veterinary Courses

Stipends will be offered to students undertaking veterinary courses abroad.

Increasing Stipends with COLA on a pro-rata basis

The Government will institute a regular increase in stipends for students according to the annual Cost of Living Adjustment (COLA) on a pro-rata basis as from 1st January, 2014.

Grants for post-doctoral students

The Government is going to provide grants for post-doctoral students.

Sabbatical for Teachers

The Government intends to begin consultation with teachers' union in the future regarding how to provide a year's Sabbatical to teachers. This Sabbatical will allow teachers to benefit from leave without pay while they undertake courses intended to further their professional development and attainment.

Diversification and Competitiveness

In the area of diversification and competitiveness, the Government will strengthen new and existing investment with foreign countries including China, United States of America, Russia and Germany. Furthermore, it will also provide budgetary allocations which will encourage more investment from local SMEs, family businesses and other businesses. Other measures will be directed towards

making existing enterprises more competitive and profitable.

Tax deduction for entrepreneurs who offer apprenticeship placements

Government is committed to assist prospective workers in every way to ensure they have the necessary skills required for a future job. To this end the apprenticeship system is being revamped to make it more relevant to the current labour market needs. Apprenticeship placements are made with both the private sector and public sector organisations. Entrepreneurs who are willing to be part of the system will be given a tax deduction of €600 for every apprenticeship placement (capped at 800 placements). Apprenticeship placements give students the opportunity to learn by doing. They will also be given exposure to the work environment which is often considered an asset when seeking permanent employment.

Tax deduction for entrepreneurs who offer work placements

The lack of work experience is often a barrier that stands between inexperienced workers and a job. Employers tend to prefer workers who have a proven track record rather than employing workers without experience. In this regard, Government is offering an incentive to entrepreneurs in the form of a tax deduction of €600 for every work placement they accept (capped at 400 placements). This will give such entrepreneurs an incentive to give due consideration to inexperienced workers. This measure will give inexperienced workers a better possibility to find a job by giving them the necessary work exposure. It will also give entrepreneurs the incentive to evaluate a prospective worker.

MicroInvest and Jeremie Scheme

Micro enterprises and self-employed will be supported through a 45 per cent tax credit on eligible expenditure and 65 per cent tax credit if based in Gozo. In addition, the Jeremie scheme is going to be continued. These measures will encourage micro enterprises and the self-employed to invest in their business, increase their workforce, innovate, expand and implement compliance directives and aiding in its continued growth by reducing their tax amount payable to the Government. In turn, this would help increase economic activity.

Business Promotion and Incentive Framework

In order to increase employability, Government will be providing a budgetary allocation for the launching of a for Gozo.

Managed Seed Capital Fund

An application for the European Social Funds programming period 2014-2020 will be prepared to set up and co-manage a Managed Seed Capital Fund to finance Knowledge-Intensive start-ups. The ESF funds requested will amount to €11 million over a five year period. It is expected that €10 million will be directly available as start-up grants and will help finance between fifty and one hundred Knowledge-Intensive start-ups. The rest of the funds will be used to finance the setting up of the Fund itself. In relation to this, Government will commit €300,000 over a period of three years as a Proof Concept Fund needed to ensure that promising final year and Master student projects emerging, among others from Faculties of Engineering, Science & ICT, as well as Medical & Health Sciences can be given the opportunity of being developed further post-graduation with an eye to creating viable prospects for eventual business incubation. This measure is expected to encourage the creation of more Knowledge-Intensive start-ups in Malta.

Providing training and/or employment to employees who are between 45 and 65 years of age

The private sector will be incentivised to provide training and/or employment to employees/jobseekers between 45 and 65 years of age. Government will offer a tax deduction of €5,800 as an incentive to employers to hire persons within this age group who have been unemployed for the previous three years. This would translate into a saving of €2,030 for each hired individual in this category. The deduction applies for the first two years of employment. On the other hand, companies will benefit from a tax deduction on their income or corporate tax of 50 per cent of the training (up to a maximum of €400) for training undertaken by a training provider officially accredited by the Malta Qualifications Council upon the provision of a VAT receipt. This initiative is intended to increase employability and skills of middle-aged and older workers.

Family Business Act

Family Businesses are the backbone of the Maltese economy. Around 70 per cent of local businesses are family businesses. Furthermore, in total, there are around 31,000 small family businesses that employ more than 38,400 people. However, only 30 per cent of businesses which complete the successful transition from the first to the second generation survive for the long-term. Less than 10 per cent of such family-run businesses make it through to the third generation. To address this challenge, the Government will enact the Family Business Act which aims to ensure the continued existence of family businesses by facilitating the transition from one generation to another.

Il-Monti Valletta

The “Monti” in Valletta will be moved to “Triq l-Ordinanza”. This measure will be of benefit to both the buyers and sellers as this shift will make this market more accessible.

Expansion of NSO Services

Government is committed to extend NSO services to Gozo. In this context, a new NSO branch will open in Gozo.

Creative Digital Hub in San Gwann

As part of its commitments of achieving a diversified and balanced economy, the new Government is continuing with its plan of establishing a Creative Digital Hub in San Gwann. This will boost the information and communications technology sector by providing jobs and accommodating investment in the digital field.

Research and Innovation

At present the Malta government is spending 0.72 per cent on research and innovation, the aim is to increase this to 2 per cent of GDP by 2020 to ensure that Malta continues to be competitive in the global economy. To honour this commitment, the new Government is implementing the National Strategy on Research and Innovation 2020. The Government is going to contribute more than €3 million annually to the Hybrid Venture Capital Fund. Furthermore, the Government is also going to launch the ‘Innovation Voucher Programme’ as well as post-doctoral research and innovation courses and foreign placements for both Maltese and Gozitans researchers to give them the opportunity to pursue their studies in international research institutions. In addition, the Government is going to invest €8 million to initiate works on an Interactive Science Centre.

New ID and eID cards

The Government will be issuing new ID and eID cards.

International Individual Investor Programme

The Government is committed to attract Foreign Direct Investment for Malta to remain competitive in a global economy. It is in this context that this Government is determined to establish the International Individual Investor Programme which is a programme of citizenship that will put us on the same

level with Canada, Portugal, Belgium and Singapore in attracting high-quality investors. One of the aims of the programme is to create eventually a National Fund for development where our country can start to save again.

White Paper on the possibility of extending opening hours of retail outlets

The Government is going to initiate discussions by issuing a white paper where all the relevant stakeholders will give their opinions and suggestions on the possibility of extending opening hours and increasing the number of opening days of retail outlets. Furthermore, the Government also wants to discuss the possibility of introducing retail outlets that are open during the night.

Feasibility Study on Transport

A feasibility study on transport will be undertaken to evaluate the possibilities of underground and monorail services.

Other Capital Projects

The Government is planning to build a breakwater near the hardstanding facility as well as restoring the existing one near Delimara power station and tal-Veccja in San Pawl il-Bahar. Another landing site will be development in Marsa and a marine hatchery project will be undertaken by the Government and the private sector. Government is allocating money for capital sports projects including the Waterpolo and football pitches in Birzebbuga, Canopy in Sports Pavillion in Kordin and the upgrading of the National Pool. Furthermore, Government is also investing further in sports studies to enable more athletes to pursue a professional career in this area. The Government is providing a capital injection to Air Malta. The Government is also committed to improve the state of the Maltese roads and hence it will provide a budgetary allocation for road projects.

Making Work Pay

The Government aims to reduce the current poverty trap by introducing incentives to ensure that being in work is always better than being dependent on social benefits. To achieve this objective, the following measures are being proposed:

Encouraging People to Work

The Government will be reducing the income tax rate for those income earners who earn between €19,501 and €60,000 from the current 32 per cent to 29 per cent.

Revenue Measures

The excise tax on cigarettes and tobacco, fuel, alcoholic drinks and beer, cement, bunkering fuel and car licences is expected to contribute to an increase of €21.4 million in revenue. In spite of this, the price of diesel is guaranteed to continue remaining stable until the end-of March 2014. Negotiations are taking place regarding the price of petrol and up till now the price will only go up by 1c per litre from January 2014. Licences for cars that were registered after 2009 with CO₂ emission of 0 to 100 grams will remain the same while the other car licences will increase.

Tax Refund on Vehicle Registration

The Government will fulfil its pledge to refund tax paid on vehicle registration. For this purpose, the Government has allocated the sum of €2.5 million so that, as from next year, all persons who paid this tax receive a refund. The process will be carried out over a period of seven years, and the ex gratia payment will be provided to those persons who registered a vehicle for personal use between 1st May 2004, and 1st May 2008. The details of the measure will be announced shortly.

Abolishing the tax on auctions

The tax on auctions is going to be abolished.

More Disposable Income for Families

So as to ensure that households have access to more disposable income, the Government will broaden the tax band for Parent Computation from €9,300 to €9,800. In this way, households will benefit from an increase of income of €75 per week.

Helping the long-term unemployed to join the labour market

The Government is going to help the long-term unemployed to join the labour market by ensuring that those entering the labour market will not lose benefits at the rate of 100 per cent. Extension of 15 per cent self-employed contribution

to pensioners. Currently the pro-rata 15 per cent self-employed contribution is only available to self-employed part-time women whose annual earnings from self-employment do not exceed the minimum earnings threshold. This measure is intended for part-time self-employed pensioners who will be given the option to pay a 15 per cent pro-rata self-employed contribution given their earnings from self-employment do not exceed the minimum threshold pertaining to the lowest contribution due. This measure will target a group of pensioners who remain in self-employment and who are paying contributions with no additional return given that payment of contributions after a person becomes eligible to and starts drawing a pension are not considered for pension/benefit purposes. Furthermore, this measure will encourage active ageing.

Helping single parents to find employment

Single parents on social assistance currently are not incentivised to improve their employability prospects or go to work other than the fact that the first €54 per week from employment are not taken into consideration when calculating the means of single-parents to determine their right to and rate of social assistance. Through this measure, single parents on social assistance who choose to enhance their employability prospects by undergoing intensive training or full-time education will be given credit, ranging from €200 per annum for vocational basic training to €1,000 per annum for full-time education. Parents may also benefit from free childcare if needed.

Self-employment Transition Scheme

The preferential rate of 15 per cent will increase from a present threshold of €7,000 to €10,000 for those working part-time, and from €7,000 to €12,000 for those who work part-time as self-employed. For those businesses that employ two part-time workers, the 15 per cent rate will still be applicable. With this Scheme, the Government intends to correct the situation as it exists within the current system as it exists at present, as this does not allow for business to employ part-time employees and therefore to expand their business. The scheme will be providing further growth opportunities to self-employed individuals, encourage entrepreneurship and create more jobs.

Reduction in income tax for unemployed women who are over 40 years of age

From 2014, principle breadwinners whose wives are over forty years of age and have been inactive for more than five years but are going to start employment earning a tax-exempt wage, will benefit from reductions in income tax as the income of the wives will not be considered when using the joint tax computation.

This measure will encourage more women to enter in the labour market and hence it will contribute towards the Government's commitment to increase the female labour participation rate.

Better regulation to reduce precarious work

The Government is committed to introduce measures to reduce precarious work.

Strengthening the Foundations of Healthcare

The Government is introducing a series of health reforms that ensure better use of community care facilities to release pressure on the national public hospital including the continuation of the health reform of moving patients from social beds to residential homes utilising capacities in both the private and public sectors, reforming the medicine procurement process and centralising the storage of medicines.

Patients Charter and National Health System Strategy

The Government is going to establish a Patients Charter and National Health System Strategy which will stay in effect until the year 2020.

Primary Healthcare

The Government's main aim is that all healthcare centres offering primary care are all equipped with the necessary resources including modern sophisticated equipment to give the best quality primary care possible. Extension of the opening hours of health centres starting from the health centres situated in Birkirkara. Furthermore, the health centre in Rabat Gozo will be modernised and located near the General Hospital in Gozo. In addition, clinics are going to be devolved to Local Government. A Lifestyle clinic and an Outreach clinic will also be opened.

National Strategy on Obesity and Sexual Health

The Government will continue to strengthen further the National Strategy on Obesity and sexual health. It is also going to launch a National Plan on diabetes while revising the Food and Nutrition Policy.

New IVF Programme

The Government will introduce the new IVF programme.

Two new wards for acute cases in Mater Dei

The Government is planning to build 2 new wards for acute cases in Mater Dei that will accommodate 68 patients by 2015. This project will be a new co-financed project. During next year, the Government will embark on a programme to increase clinical services in Mater Dei hospital with the introduction of new services for sexual therapy and gender re-assignment.

Dermatology Department

The Dermatology Department is going to be relocated to Mater Dei.

Extension of the range of treatments available abroad

Government will be extending bilateral arrangements with various countries including Italy and Israel with a view to extend the range of treatments available abroad. In this regard, the Government will be extending the payments of air travel to cover both parents.

Travel reimbursement scheme for cancer treatment

Government is proposing a travel reimbursement scheme for Gozitan children undergoing cancer treatment at Mater Dei Hospital.

Dar il-Kenn

For the first time, Malta will be offering specialised treatment for eating disorders and obesity conditions with the opening of 'Dar il-Kenn' which is a centre specialising in these areas.

Oncology Hospital

Preparations are currently underway so that the new Oncology Hospital at tal-Qroqq will start operating.

Gozo General Hospital

Government will proceed with the reform underway at Gozo General Hospital by upgrading the outpatients' wards, performing the necessary infrastructural works, the opening of a new kitchen and the maintenance of the electrical system. This year, Government will introduce chemotherapy treatment services in Gozo. Government will also be opening a Day Care ward in Gozo and will also be offering new services such as the pain clinic, the rheumatology and

the urology. The Government will be reducing the current waiting list with the opening of an eight-bed orthopaedic ward.

Improving mental health services

Patients that suffer from mental illnesses will be treated in the community enabling these patients to continue with their social life under the supervision of healthcare professionals specialised in this sector. The Government will be modernising Mount Carmel, strengthening a Young People's Unit (YPU) and improving mental health services in the community.

New medicine

This year, Government will be allocating funding for the purchase of new medicine that are not available at present for dealing with conditions such as Multiple Sclerosis (MS), Attention Deficit Hyper-Active Disorder (ADHD) amongst children and widening the choice available of medicines including the treatment of diabetes.

Food Supplements

A public consultation is being held to develop a White Paper on food supplements.

Emergency Vehicles

A new investment programme on emergency vehicles will be undertaken.

Medicine Management and Implementation of Pharmacy Of Your Choice

The Government will be issuing a White Paper on medicine management and the implementation of Pharmacy Of Your Choice.

Other Health Measures

The Government will also be investing in research on immunohematology, blood cell and tissue banking. Furthermore, new equipment to freeze blood will also be purchased. In 2014, the Human Blood and Transplant Act will be amended with a view to strengthen the legislation on the donation of organs. In addition, the Ministry for Health will be working with other ministries on issues such as female genital mutilation, non-therapeutic circumcision and gender re-assignment services.

Reducing Tax evasion and avoidance

Government is committed to tackle tax evasion and avoidance and to enhance efficiency in revenue collection. In this regard, Government is proposing the following measures:

Investment Registration Scheme

Government will be launching an Investment Registration Scheme, whereby individuals residing in Malta who hold eligible assets without the necessary exchange control permits and/or, without declaring the relevant income (including capital gains) for the purposes of the Income Tax Act, will be given the opportunity to regularise their position.

Auditing of construction values

The scope of this measure is to reduce VAT evasion in the construction sector. If the developer does not have available the VAT receipts to substantiate the estimated valuation of works he will be liable to pay the VAT due. This measure has been implemented by the majority of Member States. This measure will create a level playing field and promote transparency in the construction industry.

Tax evasion awareness campaign

This initiative aims to improve taxpayers' compliance by increasing their awareness of how the money collected from taxes is being used by the Government and what each citizen receives in return from the state in terms of infrastructure, services, health, education, and social security. The public campaign would also highlight the initiatives which Government plans to take to address tax evasion and tax avoidance. The campaign will be launched in the first quarter, 2014.

Tax Avoidance

Currently, interest paid on duties due by the transferee causa mortis is not capped and hence can exceed the amount of duty due to be paid. The Government will put a ceiling on such interest rates whereby they cannot exceed the amount of duty which is due.

Pensions Reform

Following the election of the new administration in March 2013, Government has expressed its commitment for the continuation of the pension reform process in Malta. In this regard, it is committed to undertake the following measures:

Third Pillar Pension

This will create an additional voluntary pension, thus increasing the quality of life for senior citizens. The actual measures will be introduced after the consultation process with interested parties will be concluded.

Evaluating Measures to reduce Pensions Anomalies

An evaluation will be carried out with a view to address the pension situation of those persons who were performing duties with Government Departments before 1979 but were employed directly with Government after 1979. In the near future, the Government will also be studying other anomalies in the social security pensions.

The Family and Housing

The Government is committed to improve the quality of life of Maltese families. The following measures will be implemented to fulfill this aim.

COLA for 2014

For the year 2014, the COLA payment will be €3.49. With an inflation rate below 2 per cent, this represents a real increase for all families.

Tax-exempt COLA on minimum wage and pensions which are currently not taxed

Persons on the minimum wage who receive the COLA will be exempt from paying tax on the increase. This will apply equally to pensioners who at present are not paying tax.

LEAP Project

The Government is actively working to launch the LEAP project which is an EU initiative to tackle poverty. The aim of this project amongst others is to support and further strengthen voluntary non-governmental organisations (NGOs). It

will contribute to the National Strategy against poverty and social exclusion. The Government intends to produce a Green Paper on Poverty during the first week of December 2013 which will be sent out for further consultation with the aim of producing a final policy document in February 2014. The Leap project is co-financed under the European Social Fund.

Single means-testing mechanism

The Ministry for the Family and Social Solidarity set up a group with the aim of making recommendations to Government in order to establish a single means-testing mechanism applicable to a person or family eligible for social benefits from various Government entities. The Government will introduce this mechanism next year.

Extension in tax credit for parents sending their children to private childcare centres

The Government is going to extend the limit from €1,300 to €2,000 in tax credit for parents sending their children to private childcare centres. This will make private childcare centres more affordable and will therefore give working parents a wider range of childcare centres from which to choose.

Tax Allowance for Parents with children in tertiary education

At present, the age limit is set at 21 years old. This will now increase to 23 years old.

Extension of Widows' Pension Entitlement

Under the current legal provisions of the Social Security Act, a widow who is in employment or self-employment earning more than the national minimum wage and whose children attain their 21st birthday will lose out on the widow's pension entitlement. This measure is intended to remove the children's age capping as well as the wage/salary capping and as a result thereof, widows falling in this category will continue to receive a full widows' pension irrespective of their earnings from employment or self-employment and also of their children's age. This measure will mainly target a cohort which is more at risk of poverty. It should also encourage more widows (the majority being female) to remain active in the labour market.

Service Pension

To date, the amount of service pension not taken into consideration for Social Security pension assessment purposes is €1,266. As from 2014, this amount will be increased by €200 to €1,466. The number of pensioners who will benefit from this measure is estimated to be in the region of 5,500. This measure will improve the standard of living of these pensioners.

Revision in the way claims for non-contributory medical assistance are calculated

At present, the assessment for a claim for a non-contributory medical assistance from a separated person who is maintaining his spouse takes into consideration his total income including the share of maintenance. Hence, a number of cases may be rejected for exceeding the threshold when in reality, the claimant is not benefitting from the total income. With the implementation of this measure, Government will be ensuring that in such cases the income taken is net of any maintenance given to the spouse. Therefore, such claimants, who may be at risk of poverty, will not be penalised for maintaining their spouse and will benefit from a better standard of living. It is to be said that the maintenance received by their estranged spouses is taken into consideration for the means test if the latter apply on their won right. So, this proposal would be ensuring that the same amount of maintenance is not taken into consideration twice for different claimants. This measure will enhance the standard of living of these persons, especially those at risk of poverty, by increasing their spending power.

Out of Hour Service

This service will provide crises intervention and other support beyond the normal working hours to persons and families in need. It is envisaged that the said service will be linked to Supportline (SPL) 179, which offers assistance over the telephone on a 24-hour basis, 7 days a week. Interventions and support to families in need are provided when the need arises irrespective of time, thus ensuring that family support is provided when required and without delay. This will prevent situations from escalating.

Consolidation of APPOĠĠ's existing measures in order to address the waiting list and high caseload issues

It has always been APPOĠĠ's priority to try to keep waiting lists as low as possible. In order to continue with its efforts in this regard, which is also in line with the Government's commitment to address the waiting list issue, the

Agency has prioritised the most urgent new vacancies that need to be filled in. In addition, the Agency has also conducted an exercise to identify the resources required to address all the waiting lists and to reduce the caseloads of the social workers. Through this measure, persons requiring APPOĠĠ's services are dealt with without delay. This will prevent critical situations involving child abuse, children in care and domestic violence from escalating which can result in undesired incidents of harm on the persons concerned. Persons in need and those who are at risk or living in poverty will also be given priority.

Further development of APPOĠĠ's community-based services

As with other community-based services, this measure will provide a platform of resources with the ultimate aim of increasing the quality of life of all residents within that community. It will also address social problems at an earlier stage which renders the outcomes including integration more positive. This measure is perfectly in line with the proposal made in the Electoral Manifesto relating to the setting up of Family Resource Centres. Furthermore, the implementation of the Government's Anti-Poverty Strategy will be partially channelled through such initiative. Through this measure, major service providers and other stakeholders will provide more comprehensive services whilst increasing their efficiency and effectiveness. Services will be led by the real needs of the community and will be relevant to the present day situations.

Siblings Project 2014

Most of the current services and facilities are structured by age and gender and hence necessitate the separation of siblings at a certain age. Therefore, this pilot siblings project envisages the creation of a residential, community-based facility accommodating the siblings together. This measure is expected to keep siblings together and offering them a family-like environment. Hence, this will have significant psychological benefits on the minors concerned, reduce stigma and the sense of social belonging will increase.

Arrest Referral Scheme and the setting up of an Extra Judicial Body

This proposal combines an Arrest Referral Scheme (ARS) with a diversionary form of proceedings to an Extra Judicial Body (EJB) for the hearing of cases of first time offenders (possession for personal use of a dangerous or psychotropic substance held in breach of Chapter 31 and Chapter 101 of the Laws of Malta). Arrestees who are being investigated by the Police for possession for personal use will be given the option to join the ARS, or alternatively follow the regular route of arraignment in court. Taking the EJB route will necessitate

an admission to the facts of the case. If the individual fulfils the criteria for diversion to the EJB, the police shall not proceed with prosecution. After hearing the case, the EJB will ascertain that the person concerned follows instructions and interventions that are deemed fit by the EJB. Effective breach management is crucial for the credibility of the scheme. The diversion from the Criminal Justice System for first time offenders may halt the progress of addictive and criminal careers among young people. This will result in more effective procedures relieving the burden both from the Police Force and the Courts. It will also reduce the time between arrest and contact with service providers, thus contributing to a higher rate of success in relation to desistance from substance use.

Freedom from Fear and dealing with Sexual Assault

This measure will improve the provision of and access to services in order to meet both the immediate and the longer-term needs of victims of sexual assault and human trafficking in Malta. This team shall provide a sensitive, efficient, specialized, interdisciplinary service and also ensure the collection of accurate evidence in order to bring the perpetrators to justice. This team will enable sexual assault survivors to benefit from a compassionate and innovative system of care-giving as well as helping in the collection of high quality evidence.

Public Private Partnerships to build more affordable apartments

The Government intends to enter into agreements with the private sector in order to be in a position to build more affordable apartments by issuing expressions of interest to build designated plots of land. This measure will target the provision of 300 units and it is envisaged that the contractor will be obliged to engage a facilities company to take care of the day-to-day maintenance of the project after it is completed and the tenants settle in.

Housing Authority to issue a number of shell/semi-finished apartments for sale at a subsidised price

The Housing Authority will be putting up for sale a number of shell or semi-finished apartments from its own housing stock at a subsidised price. Agreements with the successful applicants would normally be signed after a year, following means testing and verification of assets. The Authority would dispose of its current housing stock and offer it as an affordable alternative to the property offered in the open market, thus increasing home ownership. Young couples looking for their first residence will also benefit from subsidised prices.

Incentivising Landlords to put Vacant Property on the Market

Government will also be incentivising landlords to put their vacant property on the market by taxing rental income from residential property at a flat rate of 15 per cent.

Regulations to review and revise social rents

The Housing Authority will be outlining a series of regulations to review and revise social rents.

Opportunity for tenants residing in Government-owned apartments to become owners of their residence

The Housing Authority will again be offering the opportunity to tenants residing in Government-owned apartments to become owners of their residence following means testing and verification of assets. The Housing Authority would continue encouraging home ownership and thus transferring the responsibility of such property to the current tenants. It would also generate income which would be ring-fenced to fund other initiatives and schemes.

Embellishment works in Housing Estates

The Housing Authority will undertake a Catch-Up Repairs & Embellishment (CURE) programme to upgrade the housing estates in collaboration with the Local Councils and the Ministry for Transport and Infrastructure (MTI) over and above the other repair and embellishment programmes already being undertaken. The current upkeep programme will be enhanced and widened to other estates and surrounding areas. The upgrade would have a positive social effect on the communities living in Government Estates. The Government will be revising the existing property valuation system which currently only permits Government appointed architects to carry out such valuation, to start accepting valuations from private architects. In this regard, Government will be introducing the necessary safeguards so as to curb abuse.

Financial support to first-time buyers

First-time buyers that have never owned an immovable property before 1st of January 2014 and that are going to finalise their contract in 2014, will be exempt from paying the 3.5 per cent duty on the first €150,000 of the property bought. This one-time measure is expected to support the property market and enhance the ability of first-time buyers to access the property market as the latter will save up to €5,250 on their first residence.

Care and Support for Senior Citizens

Government is committed to encourage senior citizens to continue residing in the community. This is a win-win situation as senior citizens are able to spend time within their own familiar community, while relieving the demand on long-term care beds. In addition, the Government is committed to continue giving a full pension to pensioners who choose to carry on working after their retirement age.

Studying the feasibility of buying-back years in pensions

In addition, it is studying ways for women without sufficient pension contributions to be able to buy-back years and therefore be able to retire on a minimum pension.

Exemption of social security contributions paid by the elderly/ disabled employing a live-in carer

In recent years, hundreds of elderly people have started to employ live-in carers (mostly foreign) enabling them to continue to reside at home. This same scenario is gradually emerging also in the case of disabled persons. This measure is intended to exempt elderly people and disabled people from paying their share of the social security contribution as employers and hence this would help them to mitigate the expenses they incur to employ live-in carers.

Grant to Elderly over 75 years of age

The €300 grant to the elderly will be extended to also cover senior citizens over 75 years of age

Ameliorate the structure of St Frances Wards 3 and 4 in St Vincent de Paule Residence

The aim of this measure is to ameliorate the living conditions of residents in St Frances Wards 3 and 4. These two wards were last refurbished in 1992 and can accommodate the needs of 73 residents. This measure will improve the daily arrangements and facilities for clients, thus contributing to better quality of life. The infrastructural upgrades will also improve health and safety.

Extension of the Home Help Service Scheme

Government, through the Department for the Elderly and Community Care, currently provides assistance to the elderly and entitled beneficiaries in their

home. Assistance is provided to over 3,700 beneficiaries with 209 pending applications for the service. In view of such demand, this service shall be extended. The Department will issue a call to prospective bidders who are willing to provide the service. By providing assistance to beneficiaries in their own home, the latter will be able to remain within their community and therefore in a familiar environment. This will reduce the demand for long-term care beds.

Opening of two new Day Centres in Vittoriosa and in Balzan

Government is constantly striving to open new Day Centres to provide care and shelter to beneficiaries during the day. As part of this continuous effort, the Department for the Elderly and Community Care is planning the opening of new centres in Vittoriosa and Balzan. Day Centres provide care and shelter during the day to beneficiaries who are thus able to spend time within their own familiar community. The provision of such services is expected to prolong the stay of the beneficiaries in the community, thus relieving the demand on long-term care beds.

Modernisation of the Telecare Service

The Government's wish is for the elderly to keep on living within the community. For this to happen, existing services need to be strengthened. The Government intends to drastically improve the Telecare service through the implementation of newer, more modern technologies to bring the service up to date and able to meet contemporary needs. The Government intends to do this through partnerships with the private sector.

Caring for people with disability and special needs

Government is responsive to the current developments in the disability and special needs sectors as this ensures the quality of life of these individuals. Government is committed to the improvement of the rights of persons with a disability, as well as the monitoring, safeguarding and engagement of disabled people in society. To this end, Government will be implementing the following:

Increase Day Centre placements from the present 400 to more than 600

For many years it has been impossible for a person with disability with a chronological age of 18-24 to 'graduate' into a Day Centre. Currently, the State only provides 400 places for a cohort of over 2,000 (merely mentioning the

intellectually-challenged) who ought to be benefitting from such continuing education and training. Transition programmes for identified clients, need to be designed and implemented, while programmes have to be redesigned to meet the operational restructuring.

Renovation works at SAPPORR residences

Various renovation and maintenance works are required at the SAPPORR residences in Fgura, Kirkop, Mtarfa, Marsascula and Cospicua. These residences are in use 24/7 by over 50 intellectually disabled young adults, over 50 per cent of whom have somewhat challenging behaviour. Clients living within the residences of SAPPORR will benefit from these renovation works.

Provide more community-based residential homes for persons with a disability

SAPPORR will strive to continue expanding its Residential Services through Semi-Independent Living for Persons with Mild/Moderate Disability. Currently, the residential services offered by SAPPORR are not adequately equipped to cater for such cases. The target is to set up semi-independent houses in the community which can adequately cater for individuals with mild/moderate disabilities so that they can live a fuller life and be more able to reach their individual potential. Residential Service for Minors at Risk Experience is showing that a considerable number of disabled minors have ended up or are at risk of ending up in institutions. This is due to parental breakdown, family burnout or an abusive family environment. It is therefore crucial for the wellbeing of such minors to set up a residential unit to accommodate their needs. More persons with disability, given all the necessary support, reclaim their right to equality, choices and opportunities, and to live independently in the community.

Increase in Disabled Child Allowance

The current weekly rate for a Disabled Child Allowance is €16.31 per eligible child. The measure is intended to increase the weekly rate entitlement to €20 per eligible child. This would continue to enhance the necessary financial support to such families to mitigate for such contingencies while addressing one of the pledges made in the Government's programme. This measure will mainly target a group that requires financial assistance to meet the demands imposed as a result of the disability suffered by their children.

Provision of guardianship to persons with a disability through the setting up of a Guardianship Board

The mechanism we had so far entailed that persons with an intellectual disability, if unable to take certain decisions themselves (partly or completely), would end up interdicted and/or incapacitated. Persons with an intellectual disability may now be subject to guardianship. Their guardian will take care of affairs such as certain decisions for the person in question if the latter is seen as unable. Guardians will be appointed by applying to the Guardianship Board. The Board will be appointed in November 2013 and it is planned to recruit staff, raise awareness in collaboration with KNPD and carry out the necessary legal amendments by June 2014. To this end, the Board is expected to be fully operational and start accepting new referrals by July 2014. This measure responds to current disability trends and will improve the quality of life of persons with an intellectual disability. It also aims to improve the implementation of the Convention on the Rights of Persons with Disabilities.

Increase in respite services in order to support parents/families and reduce the risk of poverty

Government will be increasing respite services so as to support the parents and families of disabled persons, in particular those with challenging behaviours. Respite services will provide the main carers some time to regain their energies in order to continue supporting the individuals concerned, thereby reducing the risk of family breakdown, unwanted institutionalisation and poverty. Persons with a disability and their families will benefit from periods of respite. This measure will also reduce the risk of poverty faced by these families.

Eliminating Tax on transfer causa mortis for disabled persons

The Government will be abolishing completely the tax on transfer causa mortis for every property inherited by disabled persons.

Offering a service to young persons who exhibit significant challenging behaviour

This programme aims at offering a service to young persons who exhibit significant challenging behaviour and need particularly intensive and structured interventions to address their behaviour. It will also strive to direct these young individuals to embrace sustainable employability as they would normally find it difficult to infiltrate into the labour market due to their troubled background, stigma and lack of employability skills which all create a disadvantage when seeking employment. This programme will create positive bridging between

the already existing services and the needs of this particular cohort which the current available services do not cover. This programme will not only address the challenging behaviour but also facilitate the integration of these young persons into the labour market.

Environment

Government is committed to green initiatives and to the reduction of CO₂ emissions. In this regard, a number of measures will be taken in order to continue with Government's drive in this area. These include the Wild Birds Regulation Unit and a sponsorship for the United Nations Environment Programme/Mediterranean Action Plan (UNEP/MAP) meetings, as well as updates to the Waste Management Plan and to the National Sustainable Development Strategy. Government will also provide a budgetary allocation for the launch of an Environment Upgrade Campaign. In addition, investment is underway on making public buildings energy self-sufficient.

Scrappage Scheme

A new scheme will come into effect whereby a one-time grant will be given to every person who scraps an M1 vehicle with an age of 10 years or older and registers a New M1 passenger vehicle with a CO₂ of not more than 150g/km and having a length of not more than 4460mm. The grant will be on a first come first served basis and will be higher for those vehicles which pollute the least. A grant of €900 will be given for cars that emit up to 100g/km of CO₂, €700 for cars that emit between 101 and 130g/km of CO₂ and €500 for cars that emit between 131g/km and 150g/km of CO₂. Vehicles registered must be for private use only and the scheme will be applicable as from the 1st January 2014. This measure will incentivise the purchase of vehicles with lower CO₂ output thus having a positive impact on the environment.

Autogas vehicle conversion

The vehicle conversion scheme, initially introduced in January 2013, is being extended with slight technical modifications. The first 500 vehicle owners who apply for the scheme will still be given a €200 grant to convert their vehicles to LPG. This grant is subject to a number of conditions and standards which the conversion process must adhere to and is limited to two cars per household. The use of LPG will contribute to the reduction of both greenhouse gas emissions and other tail-pipe emissions normally associated with petrol and diesel. The grant to fuel stations is expected to boost the supply of LPG in Malta and as a result encourage more vehicle owners to convert their vehicles to LPG.

Public consultation campaign to support the development of a National Water Management Plan

The development process of this plan will involve a wide public consultation and engagement exercise to ensure that this plan will find as wide a consensus as possible with the general public. This entails the planning, organisation and funding of a number of actions to support of the National Water Management Plan. This measure is expected to increase the level of awareness of the general public on the issues being addressed in the National Water Management Plan, thus generating a wider acceptance of the measures which will be proposed within.

Restoration and usage of domestic cisterns

The thrust of this measure is in line with Malta's National Water Policy and the Water Catchment Management Plan and is intended to facilitate to use of alternative resources of water. It is an extension of a similar scheme launched earlier this year and entails a fiscal incentive for beneficiaries to restore and use domestic cisterns. The availability of an alternative source of water will reduce the demand on existing water supplies. In the long-term, this campaign will also create awareness on the need to harvest rainwater. It is to be noted, that the Water Resources Review for Malta undertaken by the FAO estimated that a 25m³ cistern or equivalent in every household would result in the collection of about 45hm³ of storm water runoff.

Assessment of the spatial distribution of water demand by the agricultural sector

This measure is intended to focus on the required volume of irrigation water as well as its quality requirements in relation to the main crop typologies being cultivated in particular areas and regions. A survey on cropping and irrigation patterns in Malta will therefore be undertaken, and the results will eventually be presented on a geographic information platform. Government has allocated funds for this proposed EU co-financed project. This measure will eventually increase the feasibility of the introduction of alternative water resources to support the water demand of the agricultural sector. As a result, water demand maps will be produced to possibly help guide/plan further developments in the wastewater re-use sector such as dedicated distribution networks for irrigation water and disaggregated water further-polishing facilities.

Abatement of Noise Pollution

The Government is committed to implement the Green Economy Strategy.

Water Management Studies

This measure will incorporate the generation of regular data on both the qualitative and quantitative status of groundwater in the Maltese Islands. These form part of an ongoing groundwater monitoring programme adopted over a six year cycle which will come to an end in 2014. In line with the Government's Electoral Manifesto, an ongoing public engagement campaign on water conservation issues will also be developed. A special focus will be the organisation of an annual national event on water conservation to tie with the World Water Day which is the 22nd of March. Furthermore, Government will be launching a co-ordinated study on the possibility of the use of treated sewage effluent for industrial and agricultural purposes. In fact, national guidelines will be developed to ensure that the use of treated wastewater does not result in an adverse effect on human health or the environment or to the economic sectors utilising these treated waters. It is envisaged that the said guidelines will be issued by mid-2015.

Reduction in Registration tax on motor cycles and non-EU imported cars

The registration tax on motors having an engine equal to or greater than 250cc will be reduced. The registration tax on non-EU imported cars is going to be reduced. The vehicles eligible must not exceed the 150g/km Co2 emission level and must not be older than eight years.

Evaluating the eco-contribution tax

The Government is currently evaluating the eco-contribution tax with a view to take the necessary decision about such tax after consulting with the relevant stakeholders.

Culture, Leisure and the Arts

Manoel Theatre's Spring Festival

Government is keen to show its continuous commitment to culture and the arts and will therefore continue to sponsor the Manoel Theatre's Spring Festival and launch a Baroque Music Ensemble which would be linked to Malta's historical context and musical legacy.

7th World Summit on Arts and Culture

In 2016/2017, Malta will host the 7th World Summit on Arts and Culture of the International Federation of Arts Councils and Culture Agencies. The World Summit will bring together representatives and experts from around 80 countries, attracting national and international media interest to discuss key issues affecting the arts and creativity.

Setting-up Aviation Malta

Aviation Malta within the Ministry for Tourism will serve as the catalyst for Government in serving the industry holistically, economically and efficiently while engaging in a National Aviation Plan. Aviation Malta's main role will be to liaise with all aviation entities. It will be responsible to ensure that all companies are transparent and economically efficient within a secure and safe environment as recommended in Aviation practices. The Government is providing funds as part of Malta's commitment for Valletta's role as European Capital of Culture in 2018. This new investment will facilitate the preparatory work for projects listed in the plan for the cultural infrastructure programme.

The Malta National Celebrations Foundation

Government has set up the Malta National Celebrations Foundation to organise and coordinate festivities marking a number of historical anniversaries set to take place next year, including the 10th anniversary of Malta's accession to the EU, the 35th anniversary of Freedom Day, the 50th anniversary of Independence and the 40th anniversary of the Republic. The Foundation aims to foster a sense of unity in the marking of these activities.

Film Co-production Fund

The Film Co-production Fund is a first for Malta. The main purpose of the fund is to encourage collaboration between Maltese and foreign companies to produce films and TV series for international distribution. The fund aims to grow and further develop the Maltese film Industry. It will also be a boost for the country's economy, since qualifying projects have to be filmed primarily in Malta and make use of Maltese talent. The Government is allocating an amount of money in equity towards this project. This Fund will have a significant multiplier effect and will contribute to economic development.

Digitisation of Cinemas Support Scheme

A support scheme is being launched to facilitate the digital transition of cinemas in Malta and Gozo. In addition, the scheme aims to increase the circulation and viewership of European audiovisual works and seeks to encourage further accessibility of audiovisual works to a wider public. To support the digital transition of cinemas in Malta and Gozo and to increase the accessibility of audiovisual works.

Setting-up the Malta Dance Company

The establishment of a contemporary dance company will be a significant contributor to Malta's artistic growth and international cultural ambitions. The company will act as an artistic mediator that creates and develops partnerships between the creative and economic resources of Malta and the international sector. This will provide further employment opportunities, development of skills, networking opportunities and cross cultural dialogues and collaborations. To establish a national dance company as a strategic partner in the professional development of dance in Malta and as a key contributor to Malta's international cultural profile.

Developing a Culture Hub

Government is committed to invest in the creative potential of young people. The Culture Hub will be a space dedicated to stimulating, nurturing and incubating creative ideas through the development and promotion of young artists, creative individuals and groups. The Culture Hub will focus on talent development, creative entrepreneurship, accessibility and cultural participation amongst youths. To develop a Culture Hub that focuses on the creative potential of young people and their contribution to social, cultural and economic development.

National Aerospace Research Centre

The National Aerospace Centre will provide support to the local aerospace industry and government agencies, thus fostering public-private partnerships. It will act as a showcase of national capacity in aerospace technologies through a focus on high profile research and innovation in the sector and on international cooperation. The setting up of the National Aerospace Centre will contribute to the exploitation of national capacities and will also foster the further growth of aerospace activities in Malta.

Agriculture and Fisheries

Pitkalija Reforms

The Government will implement operational and structural reforms in “Pitkalija” in 2014. These reforms will enable fruit and vegetables to become graded and therefore will ensure that both farmers and consumers are benefitting from quality products at fair prices.

Abattoir

The Government is going to initiate works on the extensive upgrading of the Marsa Abattoir which was left in a bad state. Furthermore, the Government is also allocating half a million to honour the previous Government’s commitment to help farmers who have invested in building and renovating their cow sheds.

National Strategy on Fishing and Agriculture

The Government is going to formulate a National Strategy on Fishing and Agriculture to ensure that this industry will have a favourable and sustainable future. Furthermore, the Government is launching a scheme to help fishermen that have been adversely affected by the closed season of swordfish.

Animal Rights

A white paper is going to be presented with the aim of abolishing animal circuits that tend to abuse certain animal species by 2015 from Malta. Furthermore, as promised in the Government electoral programme, construction works will initiate on the building of an animal cemetery.

GOZO

Back office work in Gozo

Government has reviewed the current work practices with a view to identify work in Government Departments and entities that may be transferred to Gozo. The necessary preparations are being carried out to transfer such work to Gozo.

Gozo Regional Youth Council

The Ministry for Gozo will also be setting up a Gozo Regional Youth Council. This council should create a new framework and give a new voice to Gozitan youths.

New Law Court in Gozo

Government will embark on a project to build a new Law Court in Gozo which is estimated to around €12 million. This project will address the space and accessibility problems of the present Law Court.

Retirement Home

Government has entered into a contract with the Gozo Curia. Saint Joseph Home will be restructured, embellished and expanded, thus creating facilities and recreation opportunities for the elderly. The home will have 70 laid out spacious rooms and 140 beds. This project will contribute to significantly increase the quality of life of residents.