



Ministry of Finance, the Economy and Investment

Budget Speech

2011

The Hon. Tonio Fenech
Minister of Finance, the Economy and Investment
Malta
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1. Introduction

Mr. Speaker,

This is a budget to strengthen our country.

A budget which will give priority to work.

A budget drawn up in difficult circumstances which found us well prepared.

A budget which looks ahead, prudently but confidently.

A budget which will keep us on track towards Vision 2015.

Today I am presenting to this Chamber and to the Maltese people a budget which will allow our country to keep getting stronger with a competitive economy, with a strong environment and people, and with a healthy community where everybody can progress.

Two and a half years ago, the Maltese people chose to work and strive together with this Government to overcome the stormy economic situation which was about to overwhelm the world.

We will never stop working until each Maltese can say: I am healthy, I am educated, I have the ability to work as hard as I can to ensure the best future for me and my children.

Mr. Speaker,

Work. Never as much as today can we appreciate the choice of work as this Government's absolute choice;

We have done, and will continue to do, everything possible to safeguard work, attract more work, and create better work.

Investment in education and in health has made us a people ready to face the huge challenges our country has faced in these past years.

It is only through this choice that our country can continue to create the prosperity we need to sustain all that we have achieved together with so much sacrifice.

A country which continues to invest all it can in the its children's and young people's education: an educated people capable of making necessary choices.

A country which remains capable of sustaining the best health services for everyone.

A country which provides every opportunity and support to the elderly, to pensioners, to those in society who need to be supported; people who care about each other.

A country, or rather a society which supports the weak, because it creates prosperity and uses that prosperity prudently and in solidarity.

Mr. Speaker,

We constantly hear of several countries around us, some neighbouring ones, which are having to make difficult but inevitable choices, austerity measures the like of which the world has never seen.

Frozen or decreased wages.

Pensions and social benefits being cut or decreased.

Hundreds of thousands of public sector workers are losing their jobs.

Substantial increases in taxes.

Increases in university fees.

Decreases in health services.

These are realities of Governments which must take drastic decisions because of the situation their countries are in.

A frightening lesson. A realisation that no Government has unlimited funds.

What we sow, we reap.

If year in year out we register a high deficit, finally our country will reap debt which will bring us to our knees.

Mr. Speaker,

This is a budget which proves that the sacrifices we have done have not been in vain. It is a budget which confirms that the reforms we have carried out have put our country on solid foundations. The storms have hit us too. However, up to now, thanks to the prudence we have all exercised, our country has managed to ride the waves and is still moving in the direction we would like it to – one which generates work.

This is a budget which states clearly that our choice as a Government is to keep ensuring that our country will never be forced to give in to the storms which will overwhelm us, not today and not in the future.

Through solid finances.

Through expenditure that is constantly more focused on that what strenghtens our society.

Through to difficult choices made together and not vain promises.

This is a budget which proves that we can tread different paths, as we have done in the past two years.

We chose the road of increased investment, giving help where it was really needed to protect jobs, supporting those who really need our help.

We will not choose the road which avoids challenges, we will not deceive the Maltese people and say that nothing is happening around us.

Mr. Speaker,

The choices we made in the past two and a half years, and the choices we are offering in this budget have been made after continuous dialogue with all those who wanted to take on these responsibilities with us.

We discussed these choices with the unions and with employers, with various associations and with many individuals who participated in drawing up this budget. What I am presenting tonight is the fruit of your contributions, your thoughts, and your ideas; for this I would like to thank you all.

To dialogue and consult does not mean you will always agree.

Government is there to finally take responsibility for managing, even for making difficult choices.

Therefore tonight, Mr. Speaker, in the name of the Maltese Government I am presenting a budget which proposes an expenditure of 2.9 billion euro, through which we shall invest:

€340 million in the education and training of our children and young workers,

€378 million in our people's health,

€858 million in our country's pensions and social framework,
€440 million in projects and capital investment.

2. The economy and financial sustainability

2.1 The Maltese economy and the international situation

Mr. Speaker,

Despite positive signs, difficulties and uncertainties are still predominant in the international economy.

In the European Commission's most recent economic projections it is estimated that the Eurozone economic growth rate will be about 1.7 percent during the second half of the current year, i.e. less than in the first semester.

The Maltese Economy

This time last year we presented a budget in which we opted to postpone the target of decreasing our deficit to 3 percent given international troubles and their impact on the Maltese economy. So, we could take a number of initiatives leading to our quick reaction against the recession we found ourselves in.

In fact, during the first half of the current year the Maltese economy experienced a rather fast growth rate and the Gross Domestic Product increased at an average rate of 4 percent. This came as a result of the sharp increases in exports, and higher private and public consumption and investments. It is expected that such growth shall continue during the second half of this year.

We have been receiving encouraging signals in the employment sector. Figures published by the Employment and Training Corporation show that in the 12 months leading to June of this year, the number of gainfully occupied persons increased and reached 145,690. This increase was mostly seen in the private sector. In the same period, the number of persons engaged in part-time work

increased by 1,683, and went up to 29,251. Last month the number of registered unemployed persons decreased by 866, compared with September last year.

Mr. Speaker, such encouraging results reflect the wise choices Government made to support employment.

The inflation rate during the 12 months till last September showed a downward trend to hit 0.8 percent, a reduction of 2.7 percent.

The cost of living increase, calculated in accordance with the mechanism agreed with the social partners, will be €1.16 per week.

The Gross Domestic Product is expected to increase at the rate of 3.4 percent, whilst inflation rate is expected to reach 1.4 percent. It is also envisaged that the economies of our country's major trading partners will grow at a more moderate rate. Therefore, in 2011, Malta's economic growth will be expected to maintain such pace, at approximately 3 percent. Inflation is expected to go up to 1.8 percent.

I am tabling in the House a copy of the Economic Survey, which gives a detailed overview of our country's economic situation.

2.2 Economic and financial strategy

Macro-economic stability

Mr. Speaker,

Despite the economic progress that we are experiencing in our country, we cannot ignore what is taking place around us. We have to be prudent and responsible in our decisions so that we give due importance to deficit reduction. Only in this manner can we ensure that our country's economic situation remains stable and credible, so as to maintain investment, the creation of wealth and employment.

We must all contribute, in a prudent manner, towards an economy which is capable of maintaining sustainable growth in our country, creating employment, balancing the security of jobs and wages, and protecting the social security system so as to protect and support those in need.

We must continue to implement the structural reforms needed, whilst addressing our macro-economic deficits. It is important to keep on restraining the structural deficit in public finances and the increasing national debt. Now that the economy has started recovering, it is prudent to keep on supporting it with more investment and more exportation of products and services, and not with more Government expenditure or unnecessary consumption. Prudence requires control over consumption and an improvement in the rate of savings of our people. It is also prudent, where possible, to control price increases so as to retain monetary strength and protect our country's competitiveness.

Mr. Speaker,

The seriousness and prudence of our banking system were crucial in avoiding the worst of the financial crisis. We must continue to protect this advantageous situation by eliminating all threats to its stability. I urge you not to take unnecessary risks, and not to concentrate your investments in sectors that are exposed to risks. If we continue to show seriousness and responsibility, our financial sector should remain a major driving force in the creation of national wealth.

Through a consultation with all stakeholders, we must develop a mechanism which monitors the financial sector in a wider context, and which complements the rigorous monitoring which already exists. Similar mechanisms are being developed on an international level and in the European Union. These should increase confidence in the Maltese markets and reduce crisis risks.

There is also the need to strengthen the saving mentality amongst our people. The Government will develop a national policy and a plan of action in favour of this saving mentality, particularly amongst children and youth. We shall enhance financial education in the National Minimum Curriculum.

Protecting competitiveness and competition in the local market

Mr. Speaker,

Our people must live with all that they produce and sell to other countries. With extremely competitive and wide-open global markets, we can never stop developing our economy and diversifying our productive sectors with prudent choices. We must eradicate all those elements which hinder our competitiveness and dissuade investment. We must keep on reforming to ensure flexibility in our markets and our relevance in the international markets. Inefficiency, unnecessary bureaucracy, and corruption are our foes! We unequivocally declare that we shall continue our struggle to overcome them. Above all, we must ensure a fair income to our workers and entrepreneurs, supported by our country's productivity.

We shall keep on strengthening fair competition in the internal market. All that hinders fair competition is detrimental to economic operators in our country and places unnecessary burdens on our families. We have already made a lot a progress. We have liberalised most of our markets. Competition has increased, work has increased, quality has improved, and the end result has been better prices for consumers. We shall continue to endeavour to remove all obstacles to fair competition. Everyone will ultimately benefit from this.

Mr. Speaker,

Despite all that is happening around us, we shall continue to make prudent choices in our drive towards Vision 2015.

We are opting to invest in healthcare, education, creativity, and cultural awareness of our people.

We are opting to invest more in infrastructure, research, development and innovation.

We are opting to continue improving our country's commercial environment.

We are opting to keep on venturing in new sectors of economic growth and directing our productive sectors towards high value added and quality sectors.

In this manner, Mr. Speaker, we shall continue to strengthen those competitive aspects which are not price-based.

We are opting to encourage more people to keep on working, or to start working.

We are opting to make our economy more efficient in the use of resources so as to increase our economic and environmental sustainability.

We are opting to strengthen our country's productive basis, and to keep on creating good employment opportunities for everyone.

Government has already introduced the practice of rigorously evaluating the country's competitiveness in the pre-budget document. As of next year, Government will ask the competent Authorities to prepare an analytical report on national competitiveness on a regular basis which shall then be sent to MCESD for discussion amongst the social partners.

Financial strategy

Mr. Speaker,

This year, the deficit in public finances is expected to be 3.9 percent of the country's produce. Responsibility and prudence require that during the year, this is decreased to 3 percent, and that with all due prudence, we keep nearing fiscal balance.

We must let prudence, moderation, and seriousness guide us. This will avoid the need for further taxes and the unnecessary increase of national debt. We are doing this to increase the stability, credibility, and the investors' financial confidence in our country.

Mr. Speaker, our strategy in the management of our public finances is clear; we are opting to strengthen the national financial and budgetary framework. We are controlling, and where possible, decreasing public expenditure in a planned and strategic manner. Whilst continuing to maintain the required services and investment, we are ensuring that we do not endanger our country's economic sustainability. We must derive the optimum value and the best results for the money spent by the public sector in the implementation of Government program. We stress on the importance of protecting and enforcing fiscal legislation, and we reinforce our battle against tax evasion.

For this reason, we are insisting that during the coming year, Government departments and entities:

- improve their efficiency by at least 2 percent. Every department and public entity must submit, by not later than the 15th December, a plan of action on how to improve their efficiency;
- improve law enforcement and toughen up the battle against fraud and tax evasion with the underlying aim being that, amongst other things, of reducing the abuse perpetrated by a number of companies which accumulate losses in inactive companies, setting them off against profits of other companies in the same group;
- work towards the reduction of 10 percent in Government arrears. Every department and entity will be requested to prepare a strategy for this purpose by the end of November;
- where practicable, employ one person for every two persons whose employment terminates. The departments and entities are expected to use their human resources in the best possible manner;
- establish a working group to rigorously scrutinise the procurement methods and processes in the public sector, and to propose strategies and measures leading to improved efficiency and value for money. This group will be asked to prepare its report by the end of August of the coming year;
- government transport must be managed in a more efficient manner. Therefore, for a two-year period, Government transport will be analysed, and recommendations will be made on the use, planning, fuel, maintenance and repair of

used vehicles. It is expected that this reform will be completed until 2013; and

- a system of independent auditing shall be introduced, which system will regularly and randomly, scrutinize and evaluate samples of persons who are receiving free medicines. The underlying aim is to combat abuse, whilst ensuring more free medicine to those genuinely in need.

Mr. Speaker, we shall also adopt a Code of Work and Ethics, together with a training program, for all those in the public sector who are involved in public procurement. This will complement the professional training which has already been launched in the management of public finances.

Financial situation

Government deficit for the year 2010 is expected to reach 237.7 million euro, or 3.9% of the gross domestic product.

Although Government revenue is expected to be less than estimated, revenue from indirect and indirect taxation is expected to increase by 133.7 million euro, while other revenue is expected to increase by 105.9 million euro when compared to 2009.

Recurrent expenditure is expected to increase by 40.3 million euro, on estimates for 2010. This includes wage increases, particularly in education and health, programmes and incentives, particularly in tourism, education and social benefits.

Capital expenditure is expected to be at 382.9 million euro.

Government debt is expected to reach 69.1% of the gross domestic product. Government deficit for 2011 is expected to go down to 2.8% of the gross domestic product. I am attaching tables 2.1, 2.2 and 2.3, which I ask the House to consider as read. Further details are available in Appendix B, attached to this speech.

Table No2.1

FINANCIAL POSITION 2009 - 2010

	2009 Actual € '000		2010 Approved € '000		2010 Revised € '000	
Consolidated Fund						
Total Revenue		2,370,770		2,674,937		2,610,365
Tax Revenue	2,130,120		2,331,254		2,263,863	
Non-Tax Revenue	240,650		343,683		346,502	
Total Recurrent Expenditure		2,396,445		2,484,142		2,524,455
Recurrent Expenditure	2,204,421		2,288,521		2,326,334	
Interest Payments	192,024		195,621		198,121	
Recurrent Surplus (Deficit)	(25,675)		190,795		85,910	
Capital Expenditure		271,346		429,595		382,910
Total Expenditure		2,667,791		2,913,737		2,907,365
Consolidated Fund (Deficit)		(297,021)		(238,800)		(297,000)
Financing						
Direct Loan Repayments	(252,464)		(191,242)		(191,242)	
Contributions to Sinking Funds - Local	(7,023)		(7,023)		(7,023)	
Contributions to Sinking Funds - Foreign	(9,945)		(9,177)		(9,177)	
Equity Acquisition	(541)		(100)		(100)	
Loan Facility with the Hellenic Republic	-		-		(30,000)	
Converted Loans' Sinking Funds	0		0		0	
Sale of Assets	2,795		0		0	
		(267,178)		(207,542)		(237,542)
Public Sector Borrowing Requirement		(564,199)		(446,342)		(534,542)
Foreign Loans		0		0		0
Opening balance as on 1 January	(87,891)		(114,776)		(196,297)	
Local Loans	455,793	367,902	550,000	435,224	550,000	353,703
Closing balance 31 December		(196,297)		(11,118)		(180,839)
General Government Adjustments		80,082		5,000		59,282
General Government (Deficit)		(216,939)		(233,800)		(237,718)
Gross Domestic Product		5,749,657				6,134,884
General Government (Deficit) as a % of Gross Domestic Product		-3.77%				-3.87%

FINANCIAL POSITION 2009 - 2013

	2009 Actual € '000		2010 Revised € '000		2011 Projections € '000		2012 Projections € '000		2013 Projections € '000	
Consolidated Fund										
Total Revenue		2,370,770		2,610,365		2,791,700		2,845,092		2,938,184
Tax Revenue	2,130,120		2,263,863		2,393,370		2,502,060		2,588,060	
Non-Tax Revenue	240,650		346,502		398,330		343,032		350,124	
Total Recurrent Expenditure		2,396,445		2,524,455		2,547,222		2,620,565		2,677,280
Recurrent Expenditure	2,204,421		2,326,334		2,338,726		2,405,071		2,461,994	
Interest Payments	192,024		198,121		208,496		215,494		215,286	
Recurrent Surplus / (Deficit)	(25,675)		85,910		244,478		224,527		260,904	
Capital Expenditure		271,346		382,910		440,024		378,987		369,945
Total Expenditure		2,667,791		2,907,365		2,987,246		2,999,552		3,047,225
Consolidated Fund (Deficit)		(297,021)		(297,000)		(195,546)		(154,460)		(109,041)
Financing										
Direct Loan Repayments	(252,464)		(191,242)		(182,014)		(509,702)		(464,783)	
Contributions to Sinking Funds - Local	(7,023)		(7,023)		(6,744)		(4,857)		(4,059)	
Contributions to Sinking Funds - Foreign	(9,945)		(9,177)		(6,758)		(6,758)		(6,758)	
Equity Acquisition	(541)		(100)		(6,100)		(100)		(100)	
Loan Facility with the Hellenic Republic	0		(30,000)		(24,000)		(16,000)		(5,000)	
Converted Loans' Sinking Funds	0		0		9,560		27,986		28,184	
Sale of Assets	2,795		0		0		0		0	
		(267,178)		(237,542)		(216,056)		(509,431)		(452,516)
Public Sector Borrowing Requirement		(564,199)		(534,542)		(411,602)		(663,891)		(561,557)
Foreign Loans		0		0		0		0		0
Opening balance as on 1 January	(87,891)		(196,297)		(180,839)		(22,441)		13,668	
Local Loans	455,793	367,902	550,000	353,703	570,000	389,161	700,000	677,559	550,000	
Closing balance 31 December		(196,297)		(180,839)		(22,441)		13,668		2,111
General Government Adjustments		80,082		59,282		13,913		8,513		7,013
General Government (Deficit)		(216,939)		(237,718)		(181,633)		(145,947)		(102,028)
Gross Domestic Product		5,749,657		6,134,884		6,478,437		6,802,359		7,142,477
General Government (Deficit) as a % of Gross Domestic Product		-3.77%		-3.87%		-2.80%		-2.15%		-1.43%

Table No.2.3

STATEMENT OF PUBLIC DEBT

	€ '000				
	2009	2010	2011	2012	2013
Malta Government Stocks	3,224,184	3,612,942	4,054,504	4,244,802	4,330,019
Treasury Bills	474,137	378,679	220,735	194,166	227,682
Ex-MDD Loans	56,391	55,689	2,113	2,113	2,113
Foreign Loans	101,038	87,744	74,609	62,082	62,082
EBU's / Local Councils	63,643	65,291	65,291	65,291	65,291
Currency	37,154	40,000	40,000	40,000	40,000
General Government Public Debt	3,956,547	4,240,345	4,457,252	4,608,454	4,727,187
<i>Gross Domestic Product</i>	5,749,657	6,134,884	6,478,437	6,802,359	7,142,477
Debt as a % of GDP	68.81%	69.12%	68.80%	67.75%	66.18%

3. Creating more jobs

Work is an activity which brings dignity to man.

Through work, man can better his own situation, as well as that of his family and of his country. Work and enterprise are the driving forces of the economy and of our country's development.

Mr. Speaker,

We chose work as a priority and we shall continue investing in this choice.

We want work, and fair remuneration for it, to be everybody's natural and proud choice. Thus we will minimise the culture of dependence and the risk of a low standard of living, and strengthen social inclusion. In these times when the world is facing an economic crisis, Government has chosen to keep investing in all Maltese in order for them to have the opportunity to move forward.

The most recent Eurostat statistics confirm that in the past year, of all the European Union countries, ours was the one that most successfully reduced unemployment. We reduced the rate of 7.2 percent to 6.2 percent. We achieved this success when all the other countries are facing uncertainties, and many are implementing austerity measures. We have drawn up several prudent measures, through which we have been able to guard ourselves against this crisis with the least possible impact on our families. I would like to thank all those who worked with the Government in this regard.

Despite this success, Government believes that everyone seeking employment is a challenge. We will not stop before these can find suitable employment.

3.1 Investing in the creation of jobs

Mr. Speaker,

There are certain trends in the labour market to which we need to pay attention:

- the continuous change in the nature of work can lead to discrepancies between the skills of our workers and those required by industries;
- owing to this discrepancy, our industries will face an ever-growing challenge in finding and keeping the required talent;
- our markets and clients are becoming increasingly sophisticated and competitive. Our enterprises therefore need to continuously think about better and more innovative ways of working, so as to be able to give greater value to the products and services they offer;
- developments in the field of technology are constantly changing the way we work.

Responsibility calls for us to address these trends in the development of our policies and of our choices. Our enterprises require hard-working and flexible workers who are able to constantly adapt themselves. This includes constant training for them to improve their skills. Therefore, constant investment in skills and in education is an essential choice for our workers to keep their places in the labour market and to improve their situation.

Mr. Speaker,

More people need to enter the labour market if the Maltese economy is to continue its development. It is for this reason that the Employment and Training Corporation, through its several schemes, is training people who are encountering difficulties in the employment sector.

We have gradually introduced a scheme through which those who have been unemployed for many years are now carrying out work in the community. This scheme is providing 160 people with the opportunity to be active in society, while offering financial incentives and experience in the employment sector.

We will continue to support training schemes for workers. The Training Aid Framework which to date has already offered incentives to 1,140 enterprises in order to provide training opportunities to nearly 10,000 employees. The Employment Aid Programme aims at the integration of persons with disabilities or persons from disadvantaged backgrounds, for them to enter the labour market. 900 people benefited from this scheme up to mid-September. In this year's Budget we are allocating the amount of three million euro.

We will keep supporting the initiatives we have launched so that your workers will continue to receive training. Among these, the Apprenticeship Scheme helped 741 students, the Work Trial Scheme 288 persons, and the programme for employers of persons with disabilities benefited 43 people. 62 people took part in the scheme to assist persons between 16 and 20 years of age, who are unemployed or not receiving any training.

This is not enough. We believe in work of a better quality and we intend to invest in a training programme for all those who are working on the minimum wage. Those participating in this training

programme will be given a weekly allowance of 25 euro. We wish to give those earning the minimum wage the tools in order to better their situation and their prospects for earning a better wage.

The relevant Authorities will be expected to draw up reports regarding the labour market and the necessary skills on a regular basis. This report will also be presented to the Malta Council for Economic and Social Development for discussion.

We intend to establish a National Council for Skills, which will serve to bring together the authorities and all the educational operators and social partners for regular and strategic discussions regarding the development of skills in the context of the dynamics of the labour market.

Women in the labour market

More needs to be done in order to attract more women to the labour market.

Up to now, 6,566 women have benefited from the one year tax credit scheme for each one of their children, amounting to 5.8 million euro. This scheme will be effective again during the coming year.

We have heard of women who are discouraged from working to improve their families' financial means, even on a part-time basis, since their husbands receive social assistance. This is due to the fact that their income from such a part-time job would be considered in their means test for social assistance, and so the social assistance they receive would be reduced or even discontinued should they decide to seek employment.

Therefore, as from next January, part of the income from work for people who are receiving social assistance will not be considered in the financial means test for the family to qualify for social assistance. The amount of wages which will be exempt from the means test will

be equal to the difference between the national minimum wage and the full social assistance rate applicable for two people.

The weekly €26.37 obligatory contribution for self-employed people is resulting in a number of women either choosing not to enter the labour market or to work in the informal market to their own detriment in the event of sickness or injury at the workplace.

Government is of the opinion that this situation should change so that these women can be encouraged to enter the labour market workforce and declare that they are employed. Therefore, self-employed women working on a part-time basis, as in the case of employed persons, will be given the opportunity to choose to pay a 15 percent pro-rata contribution on their income instead of the minimum currently stipulated by law. This pro-rata contribution also grants pro-rata rights for some social benefits.

Mr. Speaker,

As promised in our Electoral Programme, we intend to address abuses of workers. Government will establish a Unit to check that all workers employed by contractors providing services to Government, like cleaners, carers and security personnel, are receiving all the wages and benefits owed to them. Contractors who are caught employing workers illegally, or under conditions inferior to those stipulated by law, or conditions which are not in accordance with the tender, will have their contract terminated.

Government will not tolerate discrimination against foreign workers, or that these be exploited by being given low wages. This exploitation also goes against the interests of Maltese workers since it creates unfair competition. Government will establish a structure for these people to be registered and engaged during the time they are working in our country, so as to ensure that they are being given

all they are due while they are paying the contributions they are bound to pay.

3.2 Industry and economic development

Direct investment in local enterprise

Mr. Speaker,

The contribution of the services sector to our economy continues to grow. This applies to financial and intermediary services, as well as to the larger ICT sector, consultancy, back office and others. The manufacturing sector is going through continuous restructuring, which is required for it to remain competitive and increase its added value. At the same time, we are witnessing the development of a sector which links this field to the services sector, among which one finds the aeroplane maintenance sector.

The European Investment Fund MicroCredit scheme has now reached the final phase of its implementation, with the call for financial institutions set to close in mid-November. The fiscal benefits brought about by the MicroInvest and Create schemes also apply during the current year. This means that companies employing up to 10 people will still have access to 40 percent tax credit on costs incurred, up to a maximum of 25,000 euro of tax credit, on the investment and the new jobs they create.

Mr. Speaker,

This Government believes that the key to the development of local enterprise lies in internationalisation. The Single Market, with 500 million consumers, provides us with great opportunities. Our country's competitiveness is crucial to success in this market. Together with the Chamber of Commerce, Malta Enterprise has

launched a training and consultancy programme in the franchising field, with the aim of exporting Maltese firms to foreign markets. We will allocate one million euro to the implementation of the 'Gateway to Export' program, which will help and train companies to export to foreign markets.

In order for us to be successful in this field and fulfil Vision 2015, built on excellence, our country must continue investing in an economy built on quality. Only thus can we excel in what we do, strengthen our efficiency, and improve international competitiveness. If we cannot ensure quality in all we do and offer, we will lag behind.

For this reason, we will be launching a Quality Improvement Programme to increase awareness about the different aspects of quality and offer help to our enterprises to strive for it. This programme should also facilitate the franchising of Maltese products and services abroad. Government is assigning 250,000 euro for this programme.

We are also granting a reduction of 150 percent, for a maximum of 10,000 euro, to those who invest to improve the quality of the product or of the service they provide, thus improving their competitiveness.

For the first time ever, we will be participating in Eurostarts, a funding programme for research and development aimed at the small and medium-sized sector. Eurostarts is a Fund of around one hundred million euro per annum, and Government will allocate half a million euro for it. Maltese companies will thus be able to team up with foreign companies for research and development programmes.

We are doing all this in order to keep supporting the micro sector and SMEs. We believe that this sector should continue to develop

and grow, even through diversification, restructuring and new markets.

Mr. Speaker,

Expansion of the business sector brings about logistical challenges that can stunt the possibility of development. Often small companies wishing to expand encounter problems related to space, especially if they operate in residential areas.

For this reason, Government had teamed up with the private sector to create industrial areas for small and medium-sized businesses, and preparations have started to build a Micro Business Park in Gozo. Plans in accordance with the Eco-Gozo concept have been completed. This eight million euro project will begin next year, and will accommodate 39 businesses in an area measuring 7,800 square metres.

We will redevelop the Hutment area in Kordin. We will also invest 10 million euro in creating an area measuring 18,000 square metres to accommodate 66 SMEs.

After the issuing of all the calls for tender for works at the Kordin, Ħal-Far, Xewkija and Bulebel industrial estates, an improvement programme costing 16 million euro will be soon be underway. This includes the rebuilding of three ChildcareCentres in Mosta, Xewkija and Kordin. We have also invested seven million euro in the Safi Aviation Park, which is set to be completed by next March and will give a new boost to our country's aviation sector.

As from next year, Malta Industrial Parks will work together with the private sector to manage and maintain industrial estates. The process for the granting of a licence for facilities management at the Ħal-Safi Aviation Park and at the Bulebel industrial estate will soon be underway. We will be presenting legislative amendments in order to introduce a just and fair service charge system for the

tenants of these industrial areas, which will go towards the needs of the common areas of the industrial estates.

Mr. Speaker,

Our country's economic development is tied to foreign investment and exportation. Although the international situation did not give world business much space for expansion, the first nine months of this year saw a 33 percent increase in exportation. Various foreign investors have announced that they are expanding their operations in Malta, thus investing over 30 million euro and creating over 300 jobs. During the coming year, Malta Enterprise will be increasing its activity in the international markets through a programme of activities and through the presence of Commercial Consuls in markets such as China, South Africa, India and Australia.

We are allocating nine million euro for Malta Enterprise to keep implementing various schemes offering incentives to industry. We are helping the manufacturing industry and related services, and we are incentivising the commercial sector to invest more in renewable energy, among other things.

Mr. Speaker,

Last week we launched a public consultation process regarding the Small Businesses Act. We want this Act to continue creating a climate which facilitates the lives of our entrepreneurs, through:

- the introduction of the SME test, which every law having an impact on SMEs must pass;
- the establishment of a College of Regulators which can advise Government regarding the regulatory policies for this sector;
- the establishment of an Advisory Body which will assist government in the formulation and the implementation of the policies regarding enterprises; and

- the encouragement of organisations representing SMEs to adopt a code of ethics, among other things.

The public sector as support for the business sector

Mr. Speaker,

The public sector, together with its departments and authorities, has a major role in the creation of an adequate environment, in which individuals, enterprise and the business sectors will be able to develop, work and grow in a climate of certainty, and without constraints. The public sector has the duty to help these reach their aims, while ensuring the protection of the common good.

Additional burdens are hindrances to one and all, but especially to small businesses. Therefore, Government insists on a smaller and more efficient public service which is able to respond quickly to business needs, and which can make it easier for our enterprises to grow in size, in their skills and capabilities with regard to innovation.

Mr. Speaker,

We have implemented several measures in favour of enterprise and the business sectors in our country. This is not enough, and therefore:

- With the aim of continuing to encourage more businesses to use the Government's online services, we have decided to support those who make use of the electronic services by amending the VAT legislation so that those businesses which send in their VAT return together with online payment are given an extension of a maximum of seven days after the closing date stipulated by the declaration. Thus, business cash flow is granted an added advantage, and local business is helped;

- As from 1 January next year, we will remove registration obligations for categories of people with an annual turnover not exceeding seven thousand euro;
- We will establish a fund for Training in Entrepreneurship, through which our colleges will be able to finance educational projects;
- We will create a clearing house for all surveys carried out by the public sector in order to avoid requests for the same information from our businesses;
- Regulation should only come into force where it is essential, while it should be removed where it is not needed. Where possible, we request that a sunset clause be inserted into every new regulation; and
- We will introduce a set of Guidelines regarding Consultation in order for consultation to be carried out in an effective manner.

Government believes that the cooperative model in the business sector can offer many people the opportunity to take control of their own future by joining forces with others so that together they can create work for themselves and for others. They can do this by establishing a business offering a democratic management, with autonomy, with commitment to education and training within a viable business framework which is more ethical and socially just.

Government remains committed to ensure that the country has a social, economic and legislative environment which favours the creation of new cooperatives, and strengthens the unity of those already established. This can be done through the revision of existing legislation and incentives in order to ensure a level playing field in the sectors within which these operate. For Government to better help Cooperatives, the Impact Assessment for all legislation

will be extended to cover even the cooperatives sector, apart from SMEs.

The Development, Research and Training Centre within the Civil Service will train its employees to better understand the particular needs of businesses and to nurture a culture of support for business among all employees of the public sector. This will happen through an investment of 800,000 euro.

Protection of the consumer's best interests

The establishment of the Malta Authority for Competition and Consumer Affairs

Mr. Speaker,

This Government has always given priority to the consumer. The new law we have drawn up will establish the Malta Authority for Competition and Consumer Affairs. This law will be published in the near future.

We want this Authority to:

- strengthen competition policy, as well as consumer policy;
- adopt the role of national standards body;
- ensure that the adoption of technical regulations is not obstructed; and
- protect public health through the regulation of medicinal products and pharmaceutical activities.

Thanks to this exercise and to amendments in the Competition Law, we want to have markets which function better for the benefit of the consumer and for that of business owners.

Our citizens deserve the best services. Legal metrology, by which all equipment through which bills are issued to consumers will be verified on a regular basis, will be introduced as from next year. This includes petrol pumps, taxi meters, speed cameras, CVA cameras, gas cylinder bottling machines and scales used in commercial outlets. Nobody must pay more than he or she should.

We will also implement new tailor-made regulations regarding credit, in order to protect the consumer's interests.

Mr. Speaker,

Information is the consumer's best weapon. We are therefore starting an empowerment campaign for the consumer and we will be launching a specialised publication containing information for Maltese and Gozitan consumers regarding their market rights.

Reduction in medicine prices

As we promised in last year's Budget, we are working to guarantee a reduction in medicine prices. We have reached agreement regarding a number of medicines. Up to now, we have announced reductions in more than 90 medicines used for various illnesses and conditions.

We will not stop here. We are still holding talks with importers and with pharmaceutical companies which provide the local market with various medicines.

We will continue working in order to ensure more reductions in a wider range of medicines as we want to guarantee that medicine prices in our country are on European levels.

3.3 The tourism sector

Mr. Speaker,

After the turmoil in the international tourism sector in the second half of 2008 and 2009, this year we have started to recover and we are getting closer to the best results which our country has ever achieved in this sector.

The movement of passengers in the Maltese international airport in September has increased by 15.4 per cent, in comparison with the same month of the previous year. Therefore, for the third consecutive month, we had once more a record number of tourists.

We are achieving the best results amongst our competitor countries in the Mediterranean. Whilst we had an increase of 12 per cent in the number of tourists who visited our country, our competitor countries had only small increases.

We would not have achieved these results had we not worked to achieve more air routes, in order to strengthen the marketing and intensive advertising, and in order to improve our product.

Today our country has air services scheduled non-stop with 76 airports. The increase in the routes from and towards Italy, Spain and the Scandinavian countries led to our substantial increase in the number of tourists from these three destinations.

Mr. Speaker,

This year we are allocating a record sum of 35 million euro to the Malta Tourism Authority to continue its work, and so that we will keep our pace. We will continue to improve the Maltese touristic product, whilst continuing to help the operators of hotels, restaurants and agencies related to the tourism sector. Therefore:

- By means of a fund of 10 million euro, we will help businesses in the tourism sector to develop their product;
- We will continue with the project of the Pembroke Gardens and the Aquarium in Bugibba, by means of an investment of 11 million euro;
- We will continue to provide incentives in the towns and villages in order to attract tourists towards these localities as well;
- We will invest further in touristic zones by means of an investment of 6.5 million euro;
- We will continue with projects of embellishment in rural zones, by means of an investment of 1.6 million euro;
- We will continue with the project of 3 million euro for the improvement in the capacities and qualifications of people who work in the tourism industry at management level;

The history and culture of our country are also a means of giving the tourist that added value which he does not find in other destinations. Therefore, in the past years we have invested in this very important sector. And this is what we intend to continue doing.

After launching last September the project of the Visitors' Centre and the protective tents in Ħaġar Qim and Imnajdra, through an investment of 4.7 million euro, now it's time to build a nature trail, in the natural scenery as a background to the Archaeological Park of Ħaġar Qim and Imnajdra.

We started working on the projects of Ġgantija in Gozo, the temples of Ħal Tarxien, the Catacombs of Saint Paul in Rabat, the Roman Baths in Għajn Tuffieħa, and the Catacombs of Bistra in Mosta. This work is expected to be completed towards the end of 2013, by means of an investment of 14 million euro.

This was done during our commencement of the work on Fort St. Angelo, and we are making plans, in future, to implement a wider project for the restoration and rehabilitation of this Fort.

We will continue to help the hotels and restaurants by means of the subsidy scheme on interests, for projects of the upgrading and improvement of the touristic product. We have already allocated approximately 1.7 million euro to 35 establishments in order to implement conservation projects and projects for the supply of clean air. We believe that we must still continue to aid this sector to remain competitive. Thus, we will launch a scheme of soft loans targeting the hotels and restaurants sector for projects which diminish the dependence on traditional energy, and in order to generate clean air.

In the Budget of two years ago, we had declared that, by means of an agreement with MHRA, we were going to increase the funds to the MTA by four million euro in order to strengthen the tourism sector in our country. We had agreed to introduce a 50 cent tax on every night which a tourist spends in our country. Eventually, the MHRA requested that the introduction of this measure be suspended and that another alternative method for the collection of

this tax be found. During 2010, the Government continued to discuss with MHRA in order to find the best formula. We do not believe that the proposal for travel tax is the best solution. This substantially applies to Maltese citizens and affects Air Malta.

In view of all this, from the first of January, the Government will increase the rate of VAT on the collective and private accommodation from 5 to 7 per cent. It must be clarified that the other products and services which to this day were 5 per cent will remain the same. From this measure, the Government estimates to generate six million euro a year.

Mr. Speaker,

The success we had in tourism during this year is also a clear indication of the radical changes which are currently going on in the area of travelling due to services offered by low cost carriers. This is having a significant impact on Air Malta and is strongly affecting the company's income. This reality subsists even if we had to shut out low cost carriers because the price for the journey is crucial in the choice of the tourist. Apart from the fact that such a decision hinders tourism since a fourth of the tourists are arriving by means of these aircraft.

This is a reality which we cannot avoid. The responsibility means that we must address the challenges ahead of us wisely.

For the past few months, the Government was discussing with the European Commission how to find the best path to support Air Malta. The Government is seeking the European Commission's approval to make a substantial injection of capital by means of an investment of more than 100 million euro.

Our country cannot afford not to have its own international airline. But acting responsibly means that we must recognise the radical changes which are currently taking place. During the coming days the Government must work together with all the unions and stakeholders, including the Opposition, in this regard.

If we choose not to recognise this today, we will have to pay a very costly price in future.

4. Infrastructure

The national infrastructure is a basic element in the development of our country and in our efforts to generate work. Our country deserves the best also in this area and therefore we chose to have an infrastructure of the highest standards.

4.1 New arterial and residential roads

Mr. Speaker,

We shall continue with works on the roads which links the ends of our islands with the ports and the urban centre. We will invest 40 million euro in the construction of the roads between Ċirkewwa and Torri l-Aħmar, between Marsa and Luqa, the access from the Menqa in Marsa to the passenger terminal in the Grand Harbour and the road between Xewkija and Victoria in Gozo. We finished the work on two other main roads, those that give access to the communities of Marsascala and Żurrieq. We started the process for the construction of roads in Kappara, the coast road between Pembroke and Qawra and the road between Mellieħa and Torri l-Aħmar.

The Government will invest 15 million euro, a million euro more than this year to continue the extensive program of roads in residential areas as well as major roads. A number of these are being built for the first time. 65 new roads will be built until the end of this year. Then, during the first half of next year we shall build more than 80 new roads. This means that, from the list of roads published here in Parliament, around 100 roads would still need to be built, a number of which are scheduled to be reads by the end of the year.

This year we have adopted for the first time the concept of public private partnership in residential roads by means of a pilot project in three localities. Another amount of more than five million euro was reserved from the financial allocation of the Local Councils

which can only be used for road works. This has led to work currently being done on 475 residential roads in 49 towns and villages with a total investment of 14 million euro. These roads will benefit thousands of Maltese and Gozitan families who live in them and have their businesses in them.

We want to see more local councils benefiting from this scheme so that we continue improving the network of residential roads in our localities.

4.2 Public Transport reform

Mr. Speaker,

Transport has an enormous impact on the air quality and the quality of life. We shall therefore continue a number of initiatives and shall take new ones which should lead to a significant improvement of air quality.

The public transport reform shall continue so that we shall have a reformed high quality service. The whole fleet of service shall be Euro V, the cleanest and most modern technology. All vehicles shall be accessible to wheelchair-bound persons and to those having difficulty climbing stairs. This renewal process shall be done without increasing the cost for regular users of the public transport service and with our elderly and students having reduced prices.

We shall ensure that small and remote villages will be given a transport service even if this is not profitable and that a viable and regular alternative to private cars is created in Gozo.

The public transport reform shall bring direct investment to our country from an operator with experience in several other countries. It will bring competence, experience and training, whilst bringing the service provided in Malta in line with modern practices in other cities and countries. Around a thousand jobs will be created in this

sector which, apart from providing a service, will be contributing towards our country's economy.

Incentives for clean private vehicles

In the last few years, we started a reform with the aim of having cleaner, smaller and new cars on the Maltese roads. In 2009, we reformed the registration tax and licensing of vehicles known as M1, so that now it is calculated on emissions, the length of the vehicle, and its value.

To continue building on this reform, we shall incentivise the public to scrap an old car when a new car is bought. The new car must have a low level of emissions, cause less harm to the environment and be of a stipulated size. When someone buying a new car does not intend to scrap an old car, half of the benefit will go towards removing old cars from the road.

The scheme will come into effect from the coming 15th Novemeber and shall remain in effect for a year, the scope is achieved.

So as to encourage more hybrid vehicles we are amending the law so that in the computation of the registration tax the amount of carbon dioxide is reduced by 30 per cent, from 20 per cent.

Electric vehicles

During the coming years, a significant development is expected in electric car technology, which is a clean technology. Malta has an indicative aim of 5,000 electric cars until 2020 as part of the plan of reduction in emissions. In order to start implementing our program in favour of the adoption of electric cars, we are allocating the initial sum of 400,000 euro.

We need a recharging infrastructure by means of charging points. As from next year a number of charging points will start to be installed in strategic sites and a body which will be operating this chain of charging points.

The Government understands that the price of these kind of vehicles is higher when compared with conventional vehicles. Therefore, apart from the benefit from the scheme for the purchase of new vehicles after the scrapping of an old one which I announced earlier, we are also offering a scheme where a person buying an electric vehicle can benefit from a subsidy up to 5,000 euro for the installation of grid-connected renewable energy sources. Along with this, the annual circulation licenses will be reduced from 75 to 10 euro for all electric vehicles.

We are also offering a reduction on company tax equivalent to 125 per cent on amounts spent by companies on electric cars. In addition to these, the Government will also give grants on training in the area of technical services to workers in this sector.

For commercial vehicles, after having changed the tax in last year's budget to one based on the concept that who pollutes the least pays the least, this year we are also introducing the concept of depreciation, according to the year and the mileage of the vehicle to continue rendering our system more transparent and fair.

Increase in excise duties on fuel

Excise taxes on fuel will increase by three cents a litre. As from the beginning of next year an obligation to use a proportion of renewable fuel will be introduced along with mineral oils already on the market. Therefore, in order to encourage the use of biodiesel, the exemption from excise tax will now be removed. Measures will be taken as well to encourage the use of biological fuel made from recovered and recycled material.

4.3 Investing in the supply of energy

Mr. Speaker,

The economy is linked to security in the supply of energy.

The investment in the extension of the power station in Delimara and the interconnector project with Sicily are two essential projects for more jobs and so that our country's economy continues to grow. The extension of the power station, an investment of 165 million which is expected to be ready in 2012, pays particular attention to the environment. As we announced during the year, the emissions generated by the plant will be made known and continuously accessible and it will be made sure that these are in accordance with all European standards. We are also investing one million euro to modify the boilers and therefore continue to reduce emissions.

The interconnector project will help us address the fact that our country is completely dependent on oil, as well as the risks related to our geographic realities. These projects will help us reach the targets established by the European Union and the environment.

We shall continue investing continuously in the strengthening of the infrastructure of distribution of electricity. Until now about 32,000 smart meters have been installed. The rate of installation is increasing and our target is that all smart meters are installed by the end of 2012. With this project, our families should be able to control their consumption better and to limit the theft of electricity which is ultimately paid for by honest families and businesses.

More clean energy and water conservation

Mr. Speaker,

The environment will remain one of the main pillars in this Government's agenda. The environmental challenges are not overcome with discussions but with the choices made.

Our country need to generate more energy from clean sources so that our children will enjoy better health.

With satisfaction I state that more than 2,000 applications for incentives for the purchase of photovoltaic panels announced in the last budget have been submitted. We shall continue with the process to install photovoltaic panels on 67 thousand square meters of public roofs.

During next year we shall reopen the aid scheme for the purchase of solar water heaters to complement the existing scheme. For this reason we are allocating the sum of 800,000 euro and will give a subsidy up to a maximum of 400 euro on the price of this equipment. Around 2,000 other families are expected to benefit from this scheme.

We shall be investing a million euro for the continuation of environmental studies and other studies on the feasibility of windfarms on land and at sea according to the application that the Government has lodged with MEPA. We shall also be investing to obtain clean energy from waste.

The sewage plant project in Ta' Barkat, an investment of around 60 million euro, will continue to improve the quality of the water we discard and therefore reduce the impact on our environment. Good progress has been made and it is expected that to be ready by the end of this year. In addition, we shall finish the pumping station in

Għarb. This will mean that, as from next year, we will be treating all drainage generated in our country.

Preparations on the €56 million National Flood Relief Project, are underway. MEPA has already issued three permit and presently, an EIA is underway on other aspects. It is estimated that works on four localities will start next year.

4.4 Maritime infrastructure

Concerning maritime infrastructure, we will be starting repair works on the breakwater of the Grand Harbour. This will finally be again linked by a bridge for the first time since the Second World War. With an investment of 10.6 million euro in the next three years, works will be carried out on the Deep Water Quay and facilities for cruise liner passengers along the shores of Valletta and Senglea.

Following approval by MEPA, a lift will be built from the Harbour to Upper Barrakka which will allow important and comfortable access to the thousands of people who visit us on cruise liners. This should also encourage those interested, to restart a regular ferry service between Valletta and Cottonera.

5. Gozo

Mr. Speaker,

For us Gozo has great potential and unique opportunities. Our policy is directed at:

- developing the potential of this island;
- sustaining Gozo's distinct economy; and
- continuing investment in its economic and social sectors.

Therefore, next year we shall be allocating 73.4 million euro, an increase of 2.3 million from this year.

Mr. Speaker,

The Eco-Gozo Vision protects Gozo's specific interests, by promoting continuous and integrated improvement in its economic, social and cultural development. For this Vision, Government has voted 25 million euro to be spent on projects in three years.

Tenders have been issued for infrastructural works in the Government farm in Xewkija, for this place to be developed into a Centre for Research, Development and Innovation in Agriculture, while work is ongoing on the fortifications restoration project.

We are cleaning the stormwater reservoirs in Wied ta' Żejta, and in Marsalforn valley, and we are improving the stormwater storage facilities for the winter months.

We are rebuilding the roads in Xlendi, and Ta' Pinu, while we are issuing tenders for works on Triq Frangisk Portelli, Triq San Lawrenz u Triq il-Ġebbla tal-Ġeneral.

We have inaugurated the new Rabat boys' secondary school which is offering educational services to about 750 students, and a number of structural works are ongoing in schools all over Gozo. We have launched a resource package for teachers, on themes connected to sustainable development and the identity of the island of Gozo.

At the Gozo General Hospital, we have invested in new facilities which should improve services for our patients. Among others, these include the installation of a new Radiology Unit and the refurbishment of the operating theatre.

This year, we have commissioned a study which will establish the best method of protection for Marsalforn bay by means of the reconstruction of the breakwater. The Mġarr yacht marina has been privatized, while work on the promenade along the seafront has started.

Next year we shall:

- close down the last drainage outfall;
- provide more recreational spaces for families and afforestation and embellishment projects around the island, including a new public garden in Marsalforn.
- develop a human resource strategy so that industry needs are better fulfilled;
- launch an international advertising campaign worth five hundred thousand euro to promote Gozo as a separate destination;
- begin research on wind potential as a source of alternative energy in Gozo;

- use the water which is being produced by the drainage purification plant for secondary use, for example in the agricultural sector;
- start building a covered pool now that the necessary permits have been issued;
- continue the refurbishment works in the Dentistry Department in the Gozo General Hospital; and
- continue the work on projects already started on roads, while tenders will be issued for other roads.

Above all, we are determined to keep working for Gozo to meet the challenges it is facing, and keep moving ahead.

6. Education and the creative economy

6.1 Education a priority for our children's welfare

Mr. Speaker,

Education is the strongest economic policy, the strongest social policy, and the strongest environmental policy which a country can embrace. Education is the guarantee of our country's success.

We believe that everyone should have every opportunity to develop his maximum potential. Our country's competitiveness also depends on how much we invest in the education of our children and of all our people.

We have made massive strides. We are investing millions every year for each child, youth and more mature person, to grow in their capabilities and have every educational opportunity.

We must do more. No matter how much we do in this sector it is never enough.

The investment we are proposing in education next year is of 330.1 million euro.

Early, primary and secondary education

Mr. Speaker,

Investment in early education has now taken off. Childcare Centres are offering a quality service for children at an early age while these children's parents are being offered the opportunity to keep training and working. In recent years we have set up a number of Childcare Centres in different localities. After helping a number of centres attain established levels, we are now offering incentives to

registered centres and to parents. Next year we shall be setting up a number of other centres, among them in St Venera and Floriana.

The reform in the way children progress from Primary to Secondary education is moving as planned. As from this year, children in Year 6 will be following a programme which focuses more on their individual needs rather than on exams. This is an important reform highly supported by the college system which we began a few years ago.

Through this reform, we are revising the Minimum National Curriculum and Syllabus, and soon a public consultation about this will be inaugurated.

Now we must also address the path from Secondary to Post-Secondary. We shall study MATSEC, aiming at continuing to offer standards of the highest quality while encouraging more students to carry on their studies. This exercise will include an analysis of the impact that exams and other assessment methods have on students and their families, of the educational structure and of the labour market. Students must all terminate compulsory education with a lifelong learning capacity.

In 2011, Government will commission a new system of elearning by which we shall continue updating our children's education by electronic means. We are already very advanced in the electronic equipment of schools. Even children in Kindergartens have computers, and we have initiated a pilot project whereby primary school children are using netbooks for their studies.

We are increasing facilities for teaching music, drama, art and sport. This year we have also started to offer teaching and information about music in different localities, so that we can reach other students. In fact, the number of applicants has increased substantially. At the same time we are considering the restructuring

and renovation of the Johann Strauss School of Music, for it to become the music academy we would like to have in our country.

Mr. Speaker,

I have no doubt that all the House agrees with me when I express Government's special appreciation of the principal actors in our children's education. Every day hundreds of teachers work and strive with such dedication for our children to obtain the best education and formation. A few weeks ago we concluded a new agreement with the Malta Union of Teachers. This new agreement is clear proof of the great trust Government has in our educators. It is an agreement which provides the necessary tools for our teachers to reach the highest standard in their profession.

We shall continue implementing our choice to inaugurate a new school each year. This year we shall have inaugurated the boys' Secondary school in Rabat, Gozo. Next year we shall completely finish the school at taż-Żokrija, Mosta, and in 2011 we shall commence in order to complete in 2012 the new girls' secondary school at Saint Ignatius College in Qormi. In 2013 we shall complete the new girls' secondary school at Saint Benedict's College.

Mr Speaker,

These are our choices for our children.

At the same time, maintenance work on schools which today are fulfilling our needs will continue at the same rhythm. We want the best environment, equipped for our children's educational needs.

Another important sector in our country's educational infrastructure is the church and independent school sector. These schools provide a choice of the highest quality education while operating within the framework of the National Curriculum. Government is investing 43.2 million euro in 2011 for the financing of Church schools. At the

same time, independent schools are also facing significant challenges to achieve sustainability.

Government would like to increase its support of those parents who decide to send their children to private schools. Therefore, the maximum amount given in tax deduction to parents who pay school fees for their children who attend government schools will increase: in the case of children in primary schools or in kindergartens, the maximum deduction shall rise to 1,200 euro, and in the case of private secondary schools this will rise to 1,600 euro.

Besides, Government is involved in discussions with the Private Schools' Association to study areas of cooperation which, while guaranteeing the independence of these schools from the State, will ensure their viability as much as possible. Government will give a refund of 15.2 percent of eligible expenses connected to new construction which these schools will undertake.

Advanced and higher education

At the post-secondary and tertiary level, we have continued working to offer more courses which fulfill the needs of society and of our students. The number of students at University and Junior College, MCAST, ITS and the Higher Secondary School is constantly increasing, and has now reached a total of 23,597 students.

At University alone, this year we have 3,370 new students in 31 Faculties or Institutes with 28 new courses. Investment in research by academics is continuing. Next year, we shall increase the allocation for University by 3.5 million euro, aiming to sustain last year's expansion of the University. Work on the building of the ICT Faculty is ongoing, with an investment of several millions.

Mr. Speaker,

The University of Malta is of strategic importance for the development of our country. Government believes that this sector requires more investment. Capital as well as recurrent investment is required which is higher than the one we are allocating to it. Therefore we need to examine close new sources of financing for this sector, mainly by the creation of private investment opportunities for the development of this institution which is crucial for our country.

The opportunities for students who wish to carry on their studies after obtaining their first degree, in Malta as well as abroad, have increased substantially thanks to the STEPS and MGSS programmes, which offer scholarships at Masters and Doctorate level. In the past five years 1,100 student have benefitted from a Government scholarship. I would like to remind you that financial assistance is also being given to those students who are reading for their first degree on a full-time basis in other recognized universities. The bands of students who receive a stipend have increased with the aim that more students will choose to continue their education after completing compulsory education.

Even at MCAST, we have seen an increase in the number of students and the number of courses. As from this year, the process of incorporated learning has also been initiated for those students who require additional help in their studies. MCAST is offering new opportunities for those who previously used to terminate their studies for various reasons. In a few weeks' time work will start on the new campus which should provide a much more spacious college with the facilities required in a modern environment and well equipped with the best facilities.

At ITS we should also see ever more focused action on students' development in relation to the tourism industry's needs. This institution is attracting a number of foreign students which appreciate its worth. ITS is receiving 2.5 million euro per year.

Interactive science centre

Mr. Speaker,

The success of our country will also depend on how far we manage to achieve the highest level of talent in research and innovation. Therefore it is crucial for us to nurture education and scientific training from a young age. To reach this strategic objective, Government will invest in the development of a National Centre for Interactive Science in Villa Bigghi, Kalkara.

This National Centre for Interactive Science will comprise more than 4,500 square metres. It will serve as a means to introduce an active interest in research and innovation at every age, while we will encourage students to embark on a career in science and technology. The Centre for Interactive Science will offer visitors an exciting experience, completely interactive and educational. There will be exhibits of the best and most recent quality, which will involve active participation to arouse curiosity and innovative thinking.

The National Centre for Interactive Science will also serve as an entertainment and education platform for students, parents and professionals and will expand an interest in science, engineering and technology.

6.2 Sport

Mr. Speaker

We believe that by investing in sport, we will also be investing in our country's economic and social growth. Government's policy remains one of nourishing a sports culture, and of promoting sports participation in the whole of society. We are doing this through the Malta Sports Council, and by introducing various initiatives, for Local Councils and sports clubs.

Mr. Speaker,

We are committed to keep supporting sports clubs, as well as individuals wishing to pursue physical training. Therefore:

- We are creating a Fund for the assistance of promising quality athletes employed within the private sector and who, in agreement with their employer, opt for a reduced working week to get better training;
- Together with the institutions for tertiary education, we shall see how promising quality athletes undertaking studies could strike a better balance between their needs as athletes and those as students;
- Sports organisations, recognised by the Malta Sports Council, will be able to benefit from grants equivalent to 15.25 percent of the cost of sports equipment purchased in support of the development of their athletes. This scheme does not include companies purchasing sports equipment for commercial use;
- There will be the re-introduction of the scheme of a 15.25 percent refund of the price of bicycles, up to a maximum of 150 euro;

- The registration tax of 6.5 percent on sports vehicles that may be used on racing tracks and other sites authorised by Transport Malta will be repealed;
- The unique licence plate concept will be introduced for collectors of classic vehicles. So, one licence will be paid, along with a small processing fee, for all vehicles in these collections;
- We shall reallocate, for another year, 250,000 euro in assistance to clubs in order to attract foreign clubs and associations for training sessions in our country, and to organise international competitions. This year, this scheme created more than 39,000 bed nights; and
- We will invest, over a period of three years, in the funding necessary for the construction of a football and a waterpolo pitch at Birżebbuġa.

6.3 The creative economy

Mr. Speaker,

We have to further strengthen the cultural and creative sectors. Not only will creativity revitalise our identity, but it will also contribute a high added value to the economy. It is estimated that these sectors, including the arts, the media, and other enterprises offering creative services, such as architecture, design and the advertising industry, are contributing more than four percent of the Gross Domestic Product. We shall allocate 1.1 million euro to continue to continue strengthening this sector.

We must continue to invest in these sectors. The national strategy for the creative economy, which we shall launch in a few months, embraces four priorities:

1. The educational aspect and professional formation in the cultural and creative sectors;
2. Market access and enterprise development in the sector;
3. Malta's promotion as a creative hub , with emphasis on the international markets; and
4. The strategic strengthening of governance structures in the creative sector.

To pave the way for this strategy, during the coming year we shall be introducing three new initiatives, with an investment of 430,000 euro. For this reason, we shall:

- create a scheme whereby all students in the first three years of secondary school will be granted a credit of 15 euro to be spent on artistic and cultural activities, and historical sites;
- initiate a pilot programme by means of which teachers, students and creative professionals may join primary and secondary school projects, for the purpose of establishing an innovative collaboration between schools and the creative industries; and
- ensure assistance to children and youths who have the potential to develop their talents, and assistance will also be granted to children and youths for creative projects having a social objective.

In order to strengthen innovation and competitiveness, training in these fields should remain a priority. Therefore, we are allocating funds for a training programme in films, as well as in culture management. These initiatives are being taken within the preparatory framework of a development plan so that our country's educational institutions may provide further vocational training in the cultural and creative fields.

An important project, which should improve market access for the creative enterprise, is that of creative clusters. Therefore, the development and sustainability of such clusters will be examined, with a focus on the digital media, performing arts, and design, sensitive to the social fabric, and the historical value of the areas and buildings identified for this purpose.

Mr. Speaker,

A number of nongovernmental organisations and cultural enterprises are working at national level so that our country may attain its cultural policy objectives. To further incentivise the professional work of these organisations in the fields of art, cultural heritage, and the audiovisual sector, we shall introduce a fund of 150,000 euro.

A new initiative will also be introduced so that, in 2012, we shall present the first showcase of the best artistic and creative work produced in Malta and Gozo, to attract international producers, curators and agents, and assist them in further reaching international markets.

Mr. Speaker,

Our investment in these sectors must be used in a sustainable manner. So, we shall establish a Creativity Trust comprising contributions by the public and private sectors, which will step up investment in existing schemes, and other new ones. We shall also be giving fiscal incentives to whoever contributes to this Fund.

These initiatives, along with other initiatives announced in the past, and the inclusion of these sectors in Government's Vision 2015, confirm our commitment towards the creative industries. In view of the preparations for the European Cultural City 2018, we must keep strengthening this investment, not only by restoring and rehabilitating historical buildings, but also by means of a sound investment which reflects a long-term vision for the potential of every individual, so that we can make of Malta a centre of cultural and creative excellence.

Invest further in a healthy society

7.1 The social aspect

Mr. Speaker, This is a budget which focuses on work and economic growth. At the same time this is equally a budget which strengthens the network of social benefits and services and healthcare in our country.

This is being done at the same time as other countries are decreasing their social services, healthcare services, and pensions to address their economic problems.

Mr. Speaker,

We are choosing to sustain them cautiously, as a result of the way in which our country has resisted the economic turmoils.

We want to incentivise work and enterprise, we want to reward industry.

Every Maltese family recognises the value of the network of services and benefits created by our country in order for everyone to participate in the creation and distribution of wealth created by enterprise in our country.

This Government firmly believes in an inclusive society, where each person contributes actively in society.

In the context of a budget which reduces deficit, drafted in difficult economic conditions, and focused on ensuring the best environment for the creation of jobs, Government is addressing specific sectors which require most attention.

Increase in supplementary assistance

We want to keep on assisting the weakest. For this reason, the supplementary assistance will be increased to a weekly maximum of €4.57 for single persons, and to €8.13 weekly for married couples. This measure is expected to cost 800,000 euro yearly.

Adjusting the means test

So far the means test, for those benefits which depend on such means test, has not been adjusted following the cost of living allowances. This was leading to cases where certain people were losing more in terms of benefits than they were gaining through the cost of living adjustments. As from the 1st of January, the means test will be adjusted so that the cost of living allowance will not result in a loss in benefits for these people. This applies particularly in the case of pensioners who, through increases in their pension, may forfeit sickness benefits.

Measures in favour of children and the family

Mr. Speaker,

Government is currently working in order to launch a National Policy in favour of Children next year. This Policy will look holistically at the services, the needs and the rights of children.

The biggest challenge facing our country in this sector relates to the residential services for children in need of such services.

In this year's budget we have increased the benefits for foster families. Today we are proposing a new allocation of 400,000 euro so that children and young people, who today cannot enjoy existing residential or fostering services because of their great and specific difficulties, can be given a new alternative in a family environment. This is the beginning of significant changes which will be

implemented in the coming years in the field of residential services for children and young people spurred by evolving realities.

It is important that this measure is read in the light of the significant increase allocated last year for the financing of entities taking care of children facing difficulties, as well as for the services provided by the Aġenzija Appoġġ, Aġenzija Support, and Aġenzija Sedqa. These agencies provide a wide range of personalised social services offering comfort and shelter to children, youths, and families facing difficulties. This budget ensures that the level of services achieved so far can be maintained

The allocation for voluntary organisations is also being increased so that the services agreed on can be given.

Disabled Persons

Apart from the extensive services provided by the Aġenzija Support, and voluntary organisations through financial support from Government, we want to keep on improving the measures intended to help persons with mobility problems. We have already done a lot in this field but we will take further steps in order to keep on, on a practical level, improving the lives of these persons and their families:

- A family unit with more than one person who is wheelchair bound will benefit from the current exemptions for each person, even when it buys one wheelchair accessible vehicle;
- A family unit with one person who is wheelchair bound will benefit from the current exemptions also for the second wheelchair accessible vehicle; and
- The licence payment for wheelchair accessible vehicles will be abolished, even after the fifth year from registration.

The housing sector

In the housing sector, Government is committed to keep administering and financing schemes and initiatives that cater for people's needs. These result in assistance for home refurbishing and improvements, assistance to disabled persons, and assistance to first-time buyers. We are investing one million euro each year in the rent subsidy scheme, which is benefitting more than one thousand applicants. Another successful scheme is that granting assistance to first-time buyers, which is benefitting around 340 applicants yearly. It is our intention to keep developing more schemes in order for more persons to benefit from them.

7.2 The Health Sector

Mr. Speaker,

We are investing 332.3 million Euro in the health sector, an increase of 13 million euro from the previous year.

The majority of the Maltese people using public health services are satisfied with the service that is being provided. In June and July of this year, more than 80 percent have reviewed the service they received at Mater Dei as very good or excellent. Despite all the criticism that is levied by those who try to turn this sector into a political issue, everyone acknowledges the dedication of doctors, nurses, and other professionals. But there are areas in which we aim to make substantial progress. And these do not necessarily depend on new resources. For instance, there is no need for more finances in order for a patient to be given more information to understand better what one is going through.

Government's aim remains that Malta becomes a regional centre of excellence in the medical sector by the year 2015. As we have always maintained, our people deserve the best services in the medical

sector. We are committed to keep developing our services in the medical sector, both in terms of treatment as well as in terms of prevention.

Besides maintaining all the health services provided so far, there are a number of new programs and projects which address specific sectors.

A cure for cancer

The battle against cancer is a priority issue for Government. During this year, construction work has commenced on the Cancer Centre in Mater Dei Hospital with an investment of 14 million euro. Excavating work is currently being carried out. Until this Centre is ready, work is also being carried out in Boffa Hospital, so as to ensure that patients are treated in a more comfortable and worthy environment.

We are in the final stage of developing the National Strategy for the Treatment of Cancer. The Breast Screening Centre, which was inaugurated last year, is delivering results. More than 5,000 women have attended this Centre, with 42 of them being in need of immediate treatment. Our plan is to keep on expanding our screening services to cover other conditions.

Medicines

Mr. Speaker,

This year, we have added 16 new medicines to the Government's formulary list, 11 of which relate to cancer treatment.

We have reached the target established at the last budget that the credit days for the purchase of medicines are reduced to 120 days and the payments to importers are being processed within the stipulated period.

We must now reform the system by which the Government is buying medicines. This reform must address the inefficiencies in this sector, the inconvenience endured by patients and the waste of resources in the distribution of medicines. We want to render the free medicine service provided by the Government fairer and more accessible to those who are truly in need so as to curtail abuses. We also want to include more medical conditions that are prevalent in today's society.

The pharmacy of your choice scheme

The pharmacy of your choice scheme is operating successfully. We have also extended this service to Gozo, Sliema and Iklin. The plan is to further extend this service to other localities. For this purpose, we are allocating a further million, apart from 400,000 euro to strengthen the electronic system.

Primary treatment

In the context of primary treatment, work is currently being carried out in Health Centres, including the Mosta Health Centre, where a digital x-ray machine has been installed thus doing away with the need for patients to go to Mater Dei. A new clinic has been opened in Vittoriosa, whilst further work will be carried out in the various Health Centres and clinics spread around our country.

An increase in operations

As promised in the last budget, we are working towards increasing cataracts operations. Such operations have doubled. In fact, the number of eye operations during the first six months of the year, has increased from 589 in 2008 to 1,160 in 2010. It is worth mentioning that, between January and August of this year, 27,898 operations took place in Mater Dei Hospital, which amount to 4,940 more operations than those which took place between January and

August of the final year of operation of St. Luke Hospital, an average of more than 20 operations everyday.

We shall keep on working to reduce the waiting lists even in other sectors. For this purpose, we are allocating more than 2.3 million euro.

Human resources and IT infrastructure

The Government wants to see a further increase in the level of professionalism amongst workers in the health sector. At this stage, I would like to thank the professors, doctors, paramedics, nurses, and social workers for their hard work and dedication to our patients.

Our aim is not just to make an effort to increase the number of professionals, but also for such professionals to be trained and qualified according to the highest standards. We want to introduce new professionals, who have received training locally as well as in foreign Universities.

During the coming year, we shall continue to renew the electronic tools used in health services, with electronic clinics for doctors and better access to medical records so that the patient receives better treatment.

Contribution to the health bill

To be able to further sustain the health sector, the excise duty on tobacco will increase by 3 and 4 percent, whilst the tax on local beer will increase by slightly less than one euro cent on a 25cl bottle, and 13 percent on spirits. All revenue from this measure will be directed to the health bill.

Mental Health

Mr. Speaker,

In the mental health treatment sector, we have continued our work to further extend the treatment within the community for those who suffer from mental health problems. Today, we have around 130 professionals, including psychologists and social workers, who work within the community in 30 different locations. During this year, two new day centres have opened for persons suffering from mental health problems, one in Żejtun and the other in Paola, which takes the number of such centres to four. Moreover, a clinic for such patients has opened in Imtarfa.

The Government's aim is to ensure that those suffering from mental health problems find the treatment and help within the community. Our experience shows us that when you extend such services within the community, less patients will eventually need to be admitted to Mount Carmel hospital, and when these are so admitted as a result of some crisis, the time spent in this hospital is reduced considerably by sending them home to continue receiving the support they need within the community. This service is being extended to Floriana, Kirkop and Gżira.

We have also started allocating flats to Mount Carmel Hospital under the Housing Authority's supportive housing scheme, with the underlying aim being that of providing housing to patients who are released from the hospital and who have no place where to live.

7.3 The elderly

Mr. Speaker,

The elderly have an important place in our society, and they must continue to contribute to the country. We must keep on offering the opportunity to those elderly persons who want to work to be able to keep on doing so. We must strive so that the pensions system is a sustainable one, which ensures a good standard of living to the elderly. We believe that our elderly should be given the best services and care.

Once again, pensioners will receive the full COLA increase during the coming year.

We shall continue to address the anomaly that exists in the Services pensions. In 2008, we had started this process, where the first 466 euro of every Services pension is no longer considered for the purposes of re-assessment of every pensioner who also receives a Services pension. Around 4,350 pensioners benefited from this measure. We continued this process in 2009, where the amount was increased to 666 euro. We shall increase this amount of reduction by another 200 euro which involves a total expenditure of 1.3 million euro. Around 6,200 pensioners will benefit from this measure.

Investing in care for the elderly

Insofar as care for the elderly is concerned, we are investing millions of euro to ensure that our elderly have the best care possible from specialised professionals.

Until a rehabilitation centre with all the necessary facilities is built for those who are recovering from a serious illness or treatment, we have proceeded with the maintenance of Karin Grech Hospital. The services at Zammit Clapp Hospital have been transferred to this

hospital, so that today the Karin Grech Rehabilitation Hospital is under one roof.

During this year, work on the extension of the Home for the Elderly at Msida has begun so as to accommodate 167 beds, meaning an increase of 105 beds.

Zammit Clapp Hospital will be developed into a nursing home having one hundred beds for the elderly, with an investment of 1.8 million euro.

We have opened the John Paul II Block at St. Vincent de Paule residence. This Block is equipped for patients suffering from dementia and its staff is specifically trained for this condition. Refurbishment work will also commence in two halls and we are thus taking further initiatives for these patients.

The night shelter pilot project in Zejtun has started accommodating the first elderly persons during the night, and in the coming weeks we shall be opening another night shelter in Mellieħa.

Moreover, during this year, a group of multidisciplinary professionals have been trained to be able to provide support to the elderly to enable them, as far as possible, to continue to live within the community. This pilot project will start offering this service in Msida.

This year, we have also opened a Day Care Centre in Mellieħa, and there are also plans to open more centres in various other localities. So far, we have 17 centres spread around Malta, which around 1,400 elderly persons attend.

8. Environment

8.1 Projects

Mr. Speaker,

The investment to achieve a beautiful Malta and Gozo is an investment in the country, in our families and in the tourist product.

During the past years we have invested strongly in projects of embellishment and restoration of our public places and historical sites. We shall continue doing that next year.

The project for a new entrance to Valletta is gathering momentum and the Government aims to complete it by 2013. As we already mentioned in other occasions, the funding for this project falls outside the Government's estimates and will be funded by means of a separate mechanism. The pavement works in the centre of Valletta are also proceeding well and are expected to be ready by next year.

We will continue to invest strongly to give a future to our past.

As we had announced, we have taken up an ambitious project for the restoration of the bastions with an investment of 36 million euro. We are already seeing the results on the bastions in Valletta, Birgu and Mdina. With this project we will have restored, till 2013, approximately six kilometres of bastions, and we would also have given back spaces to the public which it previously had no access to.

Next year, we will start works of embellishment on Number One, Dock Area in Bormla and the historical buildings surrounding it, on Fort St. Elmo, on Number One, Dock Area, in the Pixkerija, and on that which to this day is Sir Paul Boffa Hospital.

We will continue restoring the facades of the Auberge de Castille and the Grand Master's Palace in Valletta, whilst launching an ambitious project in *Collacchio* in Birgu. We will continue working on the Information Centre on the Bastions which is being built in Biagio Steps in Valletta and which should be completed at the beginning of 2012.

We shall continue to give back open spaces to our families, as we did with St. Anne's Square in Sliema, St. George's Square in Valletta, and the Adventure Park in Ta' Qali. We also intend to build a Water Park in Bugibba and to continue working on the National Park in Xrobb l-Għagin, another extension in the Park in Ta' Qali and continue working on the Family Park in Mellieħa in collaboration with the Local Council of Mellieħa.

We shall continue working on the embellishment of the commercial and tourist zone in Sliema where this year we shall also finish a new and bigger garden in Qui-si-Sana. This is linked with other embellishment works of tourist zones in our country like Marsaxlokk, St. Julians, and other places.

8.2 Local Councils

Mr. Speaker,

Another important reform which we started to implement last year is that of the Local Councils. After a wide process of consultation, this Parliament agreed unanimously with the amendments presented by the Government. The majority of the Local Councils worked hard and increased their work in order to provide the best service to their residents.

The increase in the responsibilities of the Local Councils, as a result of the renewal which they underwent last year, brought the necessity of greater resources including the financial ones. In the first two years of this legislature, the Local Councils were awarded

67.2 million euro amongst them. These also include special funds to implement projects in the interest of their residents and to organise particular activities in order to attract visitors.

Apart from that, we have launched various special funds and schemes, which amount to 6.2 million euro and which because of them, the Local Councils were aided in implementing important projects. It is worth noting here that, by means of these special funds, nearly 550 different projects or initiatives were implemented.

Mr. Speaker,

Currently the Local Councils have a form of relief in order to do their work in the best possible way. Whilst receiving millions of euros in funds from the Central Government, we encourage them and help them to apply for European Funds. In these two years, 52 Local Councils received more than 14 million euro from these funds.

This year as well we will allocate half a million euros for the co-funding of projects which are implemented by the Local Councils with European Union funds.

This Government has proved with facts that it has faith in the Local Councils. Therefore, during the coming year the direct financial allocation shall increase to 32 million euro so that the Local Councils will be aided:

- in the restoration of historical sites;
- in the embellishment of urban centres and works in rural zones;
- to increase the accessibility to public places;
- in the implementation of the scheme of projects in small localities;

- to invest in alternative energy;
- to offer more courses of life-long learning;
- so that the local libraries buy more new books;
- in the organisation of cultural activities; and
- to organise more sports activities.

This year, we have widened the principle of subsidiarity when the 16 communities elected their Administrative Committees. Even these will be given the necessary tools in order to work. In the first few months of their work, apart from the direct financial allocation, a scheme of one third of a million euros was implemented so that the Committees could be able to implement a project of their choice.

Also next year, we shall launch a series of initiatives with which we shall aid the Local Councils in order to take care of the common parts of the Government housing; and provide child-minding services for children who arrive early or leave late from the school which they attend.

To continue improving the environment, within the concept of the polluter-pays-principle, an excise duty of €9 is being introduced on every tonne of cement.

8.3 MEPA reform

Mr. Speaker,

The environment belongs to everyone. Everybody must protect it.

For this reason, last March we launched the National Environment Policy which should lead to a new strategy towards the regulation and the management of the environment. The first stage of public consultation was closed last month by means of a national

workshop regarding the Issues Paper. In the second stage, there will be a development of scenarios and options. The draft environment policy will be completed towards the end of next year.

MEPA will be protecting everything that the environment encompasses, which includes both the man made and the natural. MEPA will be implementing a 4.9 million euro project in the field of environmental monitoring with regards to five elements: water, air, radiation, noise, and soil.

Whilst the Government continued its work in the implementation of the Reform of the Authority, this Parliament approved, on all stages, the Environment and Development Planning Act, which will take effect in the coming weeks, together with a number of Legal Notices which regulate different aspects of planning and the environment.

Amongst other things, this Act shall:

- establish two full-time Environment and Planning Commissions;
- establish a full-time Environment and Planning Review Tribunal to deal with appeals from decisions by MEPA;
- introduce a screening process of not more than four weeks. Subsequently, applications in areas of development classified as simple, and in conformity with the policies, must be decided in 12 weeks time from the date of validation;
- lead to a decision, in 26 weeks' time from the date of validation, regarding non simple applications in areas of development and the simple ones in ODZ areas;

- lead to a decision, in 52 weeks' time, regarding applications in non-scheduled areas which involve other complex processes;
- lead to a decision between MEPA and the applicant on the stipulated time for complex applications of large projects;
- lead to electronic communication between the Authority and the architect; and
- establish a Directorate for Enforcement which will focus solely on enforcement.

Also during this year, we have completed the first draft of the National Biodiversity Strategy and Action Plan. Last February, new sites of Natura 2000 were declared and thus our country has around 13 per cent of the territory on land covered by this network, and another four 4 per cent is protected through other instruments. Four new marine protected areas were also approved in the Maltese seas, which will be proposed to the European Union as part of the network of Natura 2000.

8.4 Making the best use of public land

Mr. Speaker,

We have continued the reform in the information technology system of the Government Property Division. This reform, which will cost the Government two million euro, will lead to a radical improvement in the management of Government property, a greater efficiency, accountability, and a better service for the public. The first stage was a detailed analysis of the systems and all the processes in order for more than 160,000 files to be administered and is expected to be completed towards the end of this year. In the second stage, information technology systems will be designed to achieve greater efficiency.

Last year, we paid 10 million euro in arrears for payments for expropriations. There was also a payment of 900,000 euro to the original owners of the land which the Government had expropriated in 1982 and 1983 in the Home Ownership Schemes. These residents were still on a promise of sale. Now, 211 families have become the true owners of their own homes.

Also for next year, the Government is allocating three million euro for the payment of expropriations of land of the Home Ownership Schemes. This is a very costly process and has significant legal complications. However, determined to continue addressing the injustices of the past, we are allocating six million to pay other expropriations.

8.5 Waste management

We shall continue to invest in waste management where in the past years we have given rise to a silent revolution.

During this year, we have made the first revision of the strategy of waste management. This means that we shall continue to invest in more plants in our country so that we will transform waste into an important resource and generate clean energy. We shall continue with the ambitious project to change the landfills of Magħtab and Qortin in Gozo into recreational parks for our families by means of an investment of 28 million euro.

We shall analyse how we can provide further incentives for the collection of recycled waste from our homes. We shall evaluate the possibility that the bags for mixed waste will be customised bags. All this is done with the aim that our families tackle more recyclable waste, and thus leading to a decrease in the amount of mixed waste whilst providing a greater incentive for the separation of waste.

8.6 Agriculture

Never like today has the agricultural sector faced changes which are leading us to address the challenges and transform them into opportunities. We have made the first steps of the reform of the Pitkalija. We shall establish an agency with the aim of implementing this reform after a process of discussion which we had with the farmers and the persons involved in this sector.

Since this year we have given the opportunity to the farmers to sell their products to the consumers in an organised market. Therefore we have not merely given another choice to the farmers, but we have also given another choice to the consumer as to where he can buy the fresh product and a relatively cheaper one from normal sources. During next year we shall organise three other markets of farmers in different areas of Malta and Gozo.

The agricultural sector is undergoing another change. A transition from dependence on subsidies to sustainability. In the past few years, the Government financed some 100 million euro in aid for investments in this sector in order for this to be sustainable. Just this year, this sector has invested around 40 million euro in investments in agricultural agencies.

As support to the full-time farmers and breeders, we shall decrease their social security contributions to 12 per cent. Therefore each farmer and breeder shall pay an average of around 520 euro a year less in social security contributions.

The prices for wheat and cereals in international markets are increasing rapidly. In order to soften the impact of this on our breeders, the Government has allocated a fund of 400,000 euro.

8.7 The protection of animals

Mr Speaker,

Some say that man's greatest friends are the animals. The Government is working towards continuing to give this sector the importance it deserves. In the past two years we had made huge steps ahead in this sector. This year we have opened the St. Francis Centre - a centre which welcomes animals, primarily those abandoned, treats them and also offers a convalescence service. During the coming year, we shall continue to build on the successes which we have achieved, and shall strengthen the services which are being offered to animals.

9. Conclusion

Mr. Speaker,

This is a budget in favour of work. This is what our families expect.

Maltese families want jobs. To work. To succeed.

In this last couple of years we have shared the anxieties of workers whose employment was in jeopardy, the pains of those families whose members lost their employment, and the worries of employers in their struggles not to reduce the number of their employees.

Mr. Speaker,

We are not worried about statistics but about the livelihood of each family.

Together we have made huge sacrifices because we recognized that work is a priority.

But we did not lose two years. The sacrifices made by the Maltese people, the hard work and Government's careful management, are now bearing fruit. We saved jobs. We created new jobs. We supported healthcare, pensions and social benefits. We strengthened investment in education.

This is a budget favouring work. But it is also a budget strengthening what forms the Maltese society in the sectors of education, healthcare, social services and benefits and the environment. Through work we can keep on investing in a healthy society for our children, youths, families, elderly and each and every one of us.

We are again at cross-roads. We have choices in front of us.

We do not agree with those who want to lead us down the road of reckless spending. We do not believe in diminishing essential services. Nor do we agree with those who want to bury their heads in the sand and pretend that there is no stormy weather around us.

We believe we should keep on moving towards the target of a balanced budget. Even if due to the crises which have hit the economies around us this may take some more time.

Government is inviting the Maltese people to make this choice its own. Everyone has an important role in realising their wishes for themselves, for their children and for their family.

We are choosing to work more and generate more wealth, instead of decreasing the quality of the life we are leading today.

We are choosing to further control public expenditure rather than increase taxes.

We are choosing to keep on doing everything possible so that our children will be in a better position than us.

Tonight we are building on the wise decisions of the Maltese people: the choice in favour of Independence, the choice in favour of democracy, the choice in favour of the European Union, and the choice in favour of the euro.

We are building on the solid foundations of these choices in order to ensure that everyone in our country leads the life he/she deserves, has satisfying job opportunities which give him or her a decent living, and a healthy community where one can raise a family, and an environment which attracts and fosters investment.

We are proposing a responsible and prudent budget with clear priorities and which was drafted following hours of dialogue and consultation.

Mr. Speaker,

This budget has made the clear choice of moving on towards Vision 2015 and beyond. In the sectors of information technology, communication and creativity, in education, healthcare, financial services, tourism, added value manufacturing, and in the development of Gozo as an ecological island. This is the Vision of a country. It is a Vision for the success of Maltese families. Our country's success depends on the success of Maltese families.

What we have managed to accomplish together in the past two years of turmoil gives us courage and determination for next year. This is a crucial year for our country. It is a year in which, if everyone plays his part, we can keep on strengthening ourselves.

The more we work together and tow the same line, the more our country will succeed.

Together we can turn challenges into new work opportunities. And we can emerge from the current turmoil as a stronger country and a more cohesive society.

Government is making clear choices.

But our country's success depends on each and every one of us:

- Central Government and local government;
- Social partners;
- Civil society; and
- Us all, the residents of Malta and Gozo.

The Maltese people also look at how we in this House will work together in these special moments for our country. How we will protect jobs, how we will work to create more jobs and better jobs. How we will invest wealth in a stronger society.

Mr. Speaker,

This is a budget built on the conviction that through work we can keep on building a strong society for us and for our children.

Appendix A Proposal for the reform of the system of tax to be paid on the registration of commercial vehicles

Category A: N1, N2 and N3 vehicles, special purpose vehicles and tractor units

N1 vehicles, special purpose vehicles and tractor units

Latest Euro Standard	
vehicles with a maximum authorised mass of up to 1,305 kg	$\text{Kg} \times 0.40 + cc \times 0.45 \times \text{€}1$
vehicles with a maximum authorised mass exceeding 1,305 kg up to 1,706 kg	$\text{Kg} \times 0.45 + cc \times 0.50 \times \text{€}1$
vehicles with a maximum authorised mass exceeding 1,706 kg up to 3,500 kg	$\text{Kg} \times 0.50 + cc \times 0.55 \times \text{€}1$
Latest Euro Standard -1	
vehicles with a maximum authorised mass of up to 1,305 kg	$\text{Kg} \times 1.00 + cc \times 1.10 \times \text{€}1$
vehicles with a maximum authorised mass exceeding 1,305 kg up to 1,706 kg	$\text{Kg} \times 1.10 + cc \times 1.20 \times \text{€}1$
vehicles with a maximum authorised mass exceeding 1,706 kg up to 3,500 kg	$\text{Kg} \times 1.20 + cc \times 1.30 \times \text{€}1$
Latest Euro Standard -2	
vehicles with a maximum authorised mass of up to 1,305 kg	$\text{Kg} \times 6.00 + cc \times 6.00 \times \text{€}1$
vehicles with a maximum authorised mass exceeding 1,305 kg up to 1,706 kg	$\text{Kg} \times 7.00 + cc \times 7.00 \times \text{€}1$
vehicles with a maximum authorised mass exceeding 1,706 kg up to 3,500 kg	$\text{Kg} \times 8.00 + cc \times 8.00 \times \text{€}1$

Latest Euro Standard -3 and older	
vehicles with a maximum authorised mass of up to 1,305 kg	$\text{Kg} \times 25.00 + \text{cc} \times 25.00 \times \text{€}1$
vehicles with a maximum authorised mass exceeding 1,305 kg up to 1,706 kg	$\text{Kg} \times 27.00 + \text{cc} \times 27.00 \times \text{€}1$
Vehicles with a maximum authorised mass exceeding 1,706 kg up to 3,500 kg	$\text{Kg} \times 30.00 + \text{cc} \times 30.00 \times \text{€}1$

N2 vehicles, special purpose vehicles and tractor units

Latest Euro Standard and Latest Euro Standard -1	
vehicles with a maximum authorised mass exceeding 3,500 kg up to 12,000 kg	0
Latest Euro Standard -2	
vehicles with a maximum authorised mass exceeding 3,500 kg up to 12,000 kg	$\text{Kg} \times 5.00 + \text{cc} \times 7.00 \times \text{€}1$
Latest Euro Standard -3 and older	
vehicles with a maximum authorised mass exceeding 3,500 kg up to 12,000 kg	$\text{Kg} \times 12.00 + \text{cc} \times 15.00 \times \text{€}1$

N3 vehicles, special purpose vehicles and tractor units

Latest Euro Standard and Latest Euro Standard -1	
vehicles with a maximum authorised mass exceeding 12,000 kg	0
Latest Euro Standard -2	
vehicles with a maximum authorised mass exceeding 12,000 kg up to 25,000 kg	$\text{Kg} \times 2.10 + cc \times 2.50 \times \text{€1}$
vehicles with a maximum authorised mass exceeding 25,000 kg	$\text{Kg} \times 2.70 + cc \times 3.50 \times \text{€1}$
Latest Euro Standard -3 and older	
vehicles with a maximum authorised mass exceeding 12,000 kg up to 25,000 kg	$\text{Kg} \times 9.00 + cc \times 12.00 \times \text{€1}$
vehicles with a maximum authorised mass exceeding 25,000 kg	$\text{Kg} \times 10.00 + cc \times 13.00 \times \text{€1}$

Tax rate formula:

Following the application of the relevant tables under the heading “The amount of registration tax to be paid on motor vehicles used for the transport of goods (N1, N2 and N3), special purpose vehicles and tractor units”, the total amount of the registration tax shall be equal to the sum total of the maximum authorised mass (kg) of a motor vehicle multiplied by the factor indicated plus the cubic capacity (cc) of the engine of a motor vehicle multiplied by the factor indicated multiplied by €1, multiplied by the difference between 100 percent and the aggregate percentage consisting of the percentage of the total annual depreciation as specified in the table hereunder plus 0.5% for each 10,000 kms showing on a vehicle’s odometer:

$$\{[(\text{kg} \times Y) + (\text{cc} \times Y)] \times \text{€}1\} \times \{100\% - [Y\% \text{ of total annual depreciation} + 0.5\% \text{ for each 10,000 kms}]\}$$

Provided that the maximum depreciated value of a motor vehicle in this category cannot exceed 95%, and once this value is reached there shall be no further reductions.

Depreciation according to age of vehicle

Year	Annual Depreciation	Total Depreciation
0	12%	12%
1	14%	26%
2	19%	45%
3	5%	50%
4 onwards	5%	55%
5	5%	60%
6	5%	65%
7	5%	70%
8	5%	75%
9	5%	80%
10	5%	85%
11	5%	90%
12	5%	95%
13 onward	N/A	95%

For the purpose of registration tax, where a vehicle used for the transport of goods (N1, N2 and N3), or a special purpose vehicle or a tractor unit, whose year of manufacture falls under any of the following years of manufacture, is not accompanied by a certificate showing the emission levels equivalent to Euro standards, the registration tax rates to be paid thereon shall be equivalent to those under the different Euro standards:

	Up to and including Euro 2 / II	Euro 3 / III	Euro 4 / IV	Euro 5 / V and over
N1	Up to and including year 2000	2001 to 2005	2006 to 2010	from 2011
N2	Up to and including year 2000	2001 to 2005	2006 to 2008	from 2009
N3	Up to and including year 2000	2001 to 2005	2006 to 2008	from 2009

Where an importer or dealer or owner of a motor vehicle provides a certificate as approved by an accredited technical service established within a Member State, that the engine of that particular vehicle meets lower emissions despite the vehicle's year of manufacture, that vehicle shall on registration be taxed the rate pertaining to its equivalent euro standard.

“Category F: M2 and M3 motor vehicles whether new or used”

2. M2 and M3 motor vehicles, including trackless trains and amphibious motor vehicles

	Latest Euro Standard -3 and older	Latest Euro Standard -2	Latest Euro Standard and Latest Euro Standard -1
M2	$\text{Kg} \times 12.00 + \text{cc} \times 15.00 \times \text{€}1$	$\text{Kg} \times 1.50 + \text{cc} \times 2.40 \times \text{€}1$	0
M3	$\text{Kg} \times 10.00 + \text{cc} \times 12.00 \times \text{€}1$	$\text{Kg} \times 2.20 + \text{cc} \times 2.60 \times \text{€}1$	0

In respect of the total amounts of registration tax reached using any of the above formulas, there shall be deducted the aggregate percentage consisting of the percentage of the total annual depreciation as specified in the table titled “Depreciation according to age of vehicle” in Category A of the First Schedule hereof, plus 0.5% for each 10,000 kms showing on a vehicle's odometer.

For the purpose of registration tax, where an M2 or M3 vehicle, whose year of manufacture falls under any of the following years of manufacture, is not accompanied by a certificate showing the emission levels equivalent to Euro standards, the registration tax rates to be paid thereon shall be equivalent to those under the different Euro standards:

	Up to and including Euro II	Euro III	Euro IV and over
M2	Up to and including year 2000	2001 to 2005	2006 onwards
M3	Up to and including year 2000	2001 to 2005	2006 onwards

Where an importer or dealer or owner of a motor vehicle provides a certificate as approved by an accredited technical service established within a Member State, that the engine of that particular vehicle meets lower emissions despite the vehicle's year of manufacture, that vehicle shall on registration be taxed the rate pertaining to its equivalent euro standard.

Appendix B

STATEMENT A

REVENUE 2010 : REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

Head	Approved Estimate		Revised Estimate		Variation		Remarks
	€	€	€	€	+	-	
TAX REVENUE							
Direct -							
Income Tax	850,000,000	810,000,000	-	40,000,000			Receipts were lower than originally forecast mainly under Provisional Tax.
Social Security	550,000,000	550,000,000	-	-			
Indirect -							
Customs and Excise Duties	198,700,000	191,400,000	-	7,300,000			Lower receipts than originally expected mainly from Import Duty and Excise Duties on Machine-made Cigarettes and Sprints.
Licences, Taxes and Fines	254,554,000	234,463,000	-	20,091,000			Receipts from Motor vehicle registration tax and Annual circulation licence fees are expected to be lower than forecast. These shortfalls were partly offset by higher receipts from Duty on Documents.
Value Added Tax	478,000,000	478,000,000	-	-			
TOTAL TAX REVENUE	2,331,254,000	2,263,863,000		67,391,000			

STATEMENT A

REVENUE 2010 : REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

Head	Approved Estimate €	Revised Estimate €	Variation + €	- €	Remarks
NON-TAX REVENUE					
Fees of Office	42,695,000	38,609,000	-	4,086,000	Lower receipts than originally expected mainly from Eco-Contribution, partly offset by income in respect of Fees from Searches.
Reimbursements	29,446,000	26,798,000	-	2,648,000	Variance arises through administrative arrangements in connection with the financing of the public transport administration.
Public Corporations	815,000	815,000	-	-	
Central Bank of Malta	37,000,000	45,634,000	8,634,000	-	Bank profits for 2009 passed to Government have been higher than originally forecast.
Rents	21,250,000	31,823,000	10,573,000	-	Higher receipts than projected are mainly due to part payment of agreed encroachment compensation amounts.
Dividends on Investment	9,500,000	11,750,000	2,250,000	-	Higher dividends than originally forecast have been received mainly from the Malta Financial Services Authority.

STATEMENT A

REVENUE 2010 : REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

Head	Approved Estimate €	Revised Estimate €	Variation + - € €	Remarks
Repayment of Government Loans and Interest	82,000	332,000	250,000	- Interest received on loans is expected to be higher than the original forecast due to interest receivable in respect of the Loan Facility Agreement with the Hellenic Republic.
Grants	184,375,000	162,887,000	- 21,488,000	Although reimbursements received under the EU Structural Funds 2007-2013 Programme during the period January - September 2010 were significantly higher than receipts for the corresponding period last year, it is not envisaged that the original forecast will materialise. Reimbursement is to continue throughout the duration of the Programme.
Miscellaneous Receipts	18,520,000	27,854,000	9,334,000	- Revenue under this Head is expected to be higher than originally anticipated due to receipts arising through the shipyards' concession agreements.
TOTAL NON-TAX REVENUE	343,683,000	346,502,000	2,819,000	
TOTAL RECURRENT REVENUE	2,674,937,000	2,610,365,000	64,572,000	

STATEMENT A

REVENUE 2010 : REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

Head	Approved Estimate €	Revised Estimate €	+	-	Variation €	Remarks
NON-ORDINARY REVENUE						
Sale of shares	---	---	---	---	---	
Sinking Funds of converted loans	---	---	---	---	---	
Local Loans	550,000,000	550,000,000	---	---	---	
TOTAL NON-ORDINARY REVENUE	550,000,000	550,000,000	---	---	---	
GRAND TOTAL	3,224,937,000	3,160,365,000	---	---	64,572,000	

STATEMENT B
RECURRENT EXPENDITURE 2010: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

Vote	Approved Estimate €	Revised Estimate €	Variation		Remarks
			+	-	
	€	€	€	€	
1 Office of the President	2,009,000	2,209,000	200,000	-	Approved funds have been duly transferred onto the Personal Emoluments category. Higher expenditure is anticipated under the Operational and Maintenance Expenses category, mainly for <i>Hospitality and Improvements to Property</i> .
2 House of Representatives	3,160,000	3,238,000	78,000	-	
3 Office of the Ombudsman	473,000	373,000	-	100,000	
4 National Audit Office	1,950,000	2,400,000	450,000	-	Higher expenditure is anticipated as a result of recruitment of staff and an increase in fees for Local Councils' audits.
5 Office of the Prime Minister	23,355,000	24,378,000	1,023,000	-	Approved funds have been duly transferred onto the Personal Emoluments category. Higher expenditure than originally forecast is anticipated under the Operational and Maintenance Expenses category. This will be partly offset by savings under the Programmes and Initiatives category.
6 Public Service Commission	519,000	476,000	-	43,000	
7 Armed Forces of Malta	42,112,000	43,059,000	947,000	-	Approved funds have been duly transferred onto the Personal Emoluments category. Lower expenditure is expected under <i>Third Country Nationals</i> .

STATEMENT B
RECURRENT EXPENDITURE 2010: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

Vote	Approved Estimate €	Revised Estimate €	Variation		Remarks
			+	-	
	€	€	€	€	
8 Tourism	33,156,000	37,467,000	4,311,000	-	Higher expenditure is expected under the Programmes and Initiatives category for <i>Route Development</i> and under the Contributions to Government Entities category (subvention to the <i>Malta Tourism Authority</i>).
9 Local Government	32,105,000	32,139,000	34,000	-	
10 Information	1,165,000	1,327,000	162,000	-	Approved funds have been duly transferred onto the Personal Emoluments category to cover staff in post.
11 Government Printing Press	1,386,000	1,419,000	33,000	-	
12 Electoral Office	2,187,000	2,137,000	-	50,000	
13 Ministry of Foreign Affairs	25,105,000	25,119,000	14,000	-	
14 Ministry for Gozo	55,511,000	56,601,000	1,090,000	-	Approved funds have been duly transferred onto the Personal Emoluments category to cover staff in post.

STATEMENT B
RECURRENT EXPENDITURE 2010: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

Vote	Approved Estimate €	Revised Estimate €	Variation		Remarks
			+	-	
	€	€	€	€	
15 Ministry for Infrastructure, Transport and Communications	65,931,000	69,783,000	3,852,000	-	Increased expenditure resulting from payments under the Guaranteed Earnings Agreement with the Public Transport Association is expected to be partly offset by savings in the payment of Pensions under the MDD/MSCL/MSY Voluntary Retirement Schemes/Early Retirement Schemes and the Malta Information Technology Agency subvention.
16 Civil Aviation	2,448,000	0	-	2,448,000	Expenditure of the Department of Civil Aviation has been incorporated within Transport Malta.
17 Land and Public Registry Division	2,535,000	3,185,000	650,000	-	Expenditure has been higher than originally expected due to the taking over of searches formerly made through contracted services.
18 Ministry for Resources and Rural Affairs	93,516,000	93,620,000	104,000	-	Approved funds have been duly transferred onto the Personal Emoluments category. Expenditure under the Operational and Maintenance expenses category (mainly <i>Transport</i> and <i>Incidental Expenses</i>) is expected to be higher than originally anticipated. Savings are, however, anticipated under <i>Recovery Schemes</i> , <i>Motor Vehicles End-of-Life Fund</i> , <i>Solid Waste Management Strategy</i> and other items under the Programmes and Initiatives category.

STATEMENT B
RECURRENT EXPENDITURE 2010: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

Vote	Approved Estimate €	Revised Estimate €	Variation		Remarks
			+	-	
	€	€	€	€	
19 Ministry of Education, Culture, Youth and Sport	150,326,000	156,894,000	6,568,000	-	An increase in expenditure is anticipated under the Programmes and Initiatives category, mainly under the <i>Church Schools, Students' Maintenance Grants</i> and <i>Public Service Obligation - Public Broadcasting Services Ltd</i> items.
20 Education	134,690,000	142,146,000	7,456,000	-	Approved funds have been duly transferred onto the Personal Emoluments category, partly to cover emoluments of staff recruited as a result of Capacity Building undertaken during the year
21 Libraries	1,440,000	1,477,000	37,000	-	
22 Ministry for Social Policy	39,856,000	37,179,000	-	2,677,000	Lower expenditure than anticipated will be registered under the Programmes and Initiatives category.
23 Social Security	189,127,000	189,423,000	296,000	-	Approved funds have been duly transferred onto the Personal Emoluments category. Higher expenditure than originally forecast is expected under <i>Contractual Services</i> .
24 Social Security Benefits	722,500,000	725,000,000	2,500,000	-	Increased expenditure under Non-contributory Benefits was partly offset by savings under Contributory Benefits.
25 Social Welfare Standards	922,000	892,000	-	30,000	

STATEMENT B
RECURRENT EXPENDITURE 2010: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

Vote	Approved Estimate €	Revised Estimate €	Variation		Remarks
			+	-	
	€	€	€	€	
26 Health	289,065,000	293,172,000	4,107,000	-	Approved funds have been duly transferred onto the Personal Emoluments category. Savings are expected to materialise under <i>Materials and Supplies and Repair and Upkeep</i> , as well as under the Programmes and Initiatives and Contributions to Government Entities categories.
27 Elderly and Community Care	53,498,000	55,196,000	1,698,000	-	Increased expenditure under <i>Contractual Services, Residential Care in Private Homes and Home Care/Help Services Scheme</i> will be partly offset by savings under the Personal Emoluments category and other items under the Operational and Maintenance Expenses and the Programmes and Initiatives categories.
28 Industrial and Employment Relations	1,248,000	1,240,000	-	8,000	
29 Ministry of Finance, the Economy and Investment	100,847,000	112,875,000	12,028,000	-	An increase in expenditure is expected under the Programmes and Initiatives category, <i>International Memberships</i> and under the Contributions to Government Entities category.
30 Treasury	9,593,000	33,662,000	24,069,000	-	An extraordinary expense incurred in connection with a <i>Loan Facility Agreement with the Hellenic Republic</i> is being partly offset by savings registered under the Personal Emoluments category.

STATEMENT B
RECURRENT EXPENDITURE 2010: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

Vote	Approved Estimate €	Revised Estimate €	Variation		Remarks
			+	-	
	€	€	€	€	
31 Pensions	87,485,000	86,035,000	-	1,450,000	Savings are expected in respect of payments of pensions, allowances and gratuities paid under the Pensions Ordinance (Cap. 93).
32 Public Debt Servicing	403,063,000	405,563,000	2,500,000	-	Increase in expenditure incurred in respect of interest payable on <i>Malta Government Stocks</i> is expected to be partly offset by savings on interest payable on <i>Treasury Bills</i> .
33 Inland Revenue	6,080,000	6,315,000	235,000	-	Expenditure under <i>Refund of Entertainment Duty, Succession Duty and Stamp Duty overpaid</i> is higher than originally anticipated.
34 Customs	11,756,000	11,595,000	-	161,000	Savings are expected mainly under <i>Allowances and Contractual Services</i> .
35 VAT	6,512,000	6,811,000	299,000	-	Higher expenditure than originally forecast under the Personal Emoluments category and the Programmes and Initiatives category in connection with the Fiscal Receipts Lottery Programme will be partly offset by savings under the Operational and Maintenance Expenses category.
36 Contracts	1,195,000	1,207,000	12,000	-	
37 Economic Policy	1,108,000	1,095,000	-	13,000	

STATEMENT B
RECURRENT EXPENDITURE 2010: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

Vote	Approved Estimate €	Revised Estimate €	Variation		Remarks
			+	-	
	€	€	€	€	
38 Government Property Division	4,215,000	3,762,000	-	453,000	Approved funds have been duly transferred onto the Personal Emoluments category. Expenditure under <i>Charges on Property transferred from the Church</i> is expected to be lower than originally anticipated.
39 Commerce	2,223,000	1,896,000	-	327,000	Expenditure under <i>Contractual Services</i> , the <i>Business Support Fund for Crafts and Food Subsidies</i> was lower than originally anticipated.
40 Consumer and Competition	2,214,000	2,075,000	-	139,000	Increased expenditure is envisaged under <i>Contractual Services</i> . This is being offset by savings registered under the Personal Emoluments category.
41 Ministry for Justice and Home Affairs	16,381,000	16,293,000	-	88,000	Approved funds have been duly transferred onto the Personal Emoluments category. Higher expenditure is expected under the Programmes and Initiatives category (mainly <i>Compensation to Victims of Crime and Third Country Nationals</i>). This is being offset by savings registered under the Attorney General's Office.
42 Judicial	9,860,000	10,397,000	537,000	-	Approved funds have been duly transferred onto the Personal Emoluments category. Higher expenditure is expected under the Programmes and Initiatives category (mainly in connection with <i>Summoning and Expenses of Witnesses, Jurors and Experts in Criminal Court Trials</i>).

STATEMENT B
RECURRENT EXPENDITURE 2010: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

Vote	Approved Estimate €	Revised Estimate €	Variation		Remarks
			+	-	
	€	€	€	€	
43 Police	45,013,000	47,869,000	2,856,000	-	Approved funds have been duly transferred onto the Personal Emoluments category.
44 Correctional Services	8,674,000	8,778,000	104,000	-	Approved funds have been duly transferred onto the Personal Emoluments category.
45 Civil Protection	4,070,000	4,120,000	50,000	-	
<hr/>					
TOTAL RECURRENT EXPENDITURE AND PUBLIC DEBT SERVICING	2,691,584,000	2,761,897,000	70,313,000		
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STATEMENT C
CAPITAL EXPENDITURE 2010: REVISED ESTIMATES COMPARED WITH APPROVED ESTIMATES

Vote	Approved Estimate €	Revised Estimate €	Variation		Remarks
			+	-	
	€	€	€	€	
I Office of the Prime Minister	21,308,000	16,675,000	-	4,633,000	Additional funding will be required mainly under the <i>Armed Forces of Malta - Construction Works and Equipment</i> Item of expenditure for External Border Fund Specific Actions. Expenditure under the <i>EU Structural Funds 2007 - 2013 Programme</i> is expected to be lower than originally anticipated.
II Ministry of Foreign Affairs	746,000	942,000	196,000	-	Higher expenditure is expected mainly under <i>ICT</i> and the <i>Mediterranean Academy for Diplomatic Studies</i> , the latter being partly financed by the Swiss Fund.
III Ministry for Gozo	22,065,000	14,507,000	-	7,558,000	Programmed expenditures under <i>Eco-Gozo</i> and the <i>EU Structural Funds 2007 - 2013 Programme</i> are expected to continue in 2011.
IV Ministry for Infrastructure, Transport and Communications	121,988,000	111,989,000	-	9,999,000	Higher expenditure recorded under the <i>EU Cohesion Funds 2007 - 2013 Programme</i> and the <i>EU Structural Funds 2007 - 2013 Programme</i> are expected to be offset by savings registered under the <i>ICT Core Services Agreement</i> and the <i>Malta Freeport Corporation - Development of Facilities</i> Items of expenditure.

STATEMENT C
CAPITAL EXPENDITURE 2010: REVISED ESTIMATES COMPARED WITH APPROVED ESTIMATES

Vote	Approved Estimate €	Revised Estimate €	Variation		Remarks	
			+	-		
	€	€	€	€		
V	Ministry for Resources and Rural Affairs	50,821,000	50,521,000	-	300,000	Expenditure in connection with <i>Rehabilitation Projects</i> is expected to be higher than originally forecast but will be offset by lower expenditure under the <i>EU Fisheries Fund</i> and various other Items of expenditure.
VI	Ministry of Education, Culture, Youth and Sport	51,132,000	42,240,000	-	8,892,000	Lower expenditure is envisaged mainly under the <i>EU Structural Funds 2007 - 2013 Programme</i> , the <i>ICT Faculty</i> (University of Malta), <i>Restoration of Fort St Angelo</i> .
VII	Ministry for Social Policy	37,696,000	33,023,000	-	4,673,000	Savings registered under the <i>Swiss Fund, Sir Paul Boffa Hospital</i> , the <i>National Blood Transfusion Centre - New Facilities - Construction and Equipment</i> , the <i>New Rehabilitation Facility and Karen Grech Rehabilitation Centre - Upgrading works and equipment</i> Items of expenditure are expected to offset higher expenditure recorded in respect of <i>Construction Works in Government Cemeteries</i> .

STATEMENT C
CAPITAL EXPENDITURE 2010: REVISED ESTIMATES COMPARED WITH APPROVED ESTIMATES

Vote	Approved Estimate €	Revised Estimate €	Variation + - €	Remarks
VIII Ministry of Finance, the Economy and Investment	103,598,000	93,216,000	- 10,382,000	The Contribution towards the Treasury Clearance Fund and expenditure under Investment Incentives and Adaptation Works at the Malta National Laboratory are expected to be higher than originally anticipated. Savings are expected to materialise under EU Projects Co-financing, the EU Structural Funds 2007 - 2013 Programme, ICT Corporate Projects and ICT.
IX Ministry for Justice and Home Affairs	20,341,000	19,897,000	- 444,000	Lower expenditure is anticipated on ICT, the EU Security and Safeguarding Liberties Framework Programme and the Premises for the Judiciary. Expenditure under the Police Capital Programme will be higher than originally forecast, mainly because of commencement of the Prum Project.
TOTAL CAPITAL EXPENDITURE	429,695,000	383,010,000	46,685,000	

