

M A L T A
INLESTU GĦALL-FUTUR



B U D G E T
S P E E C H
2018

EDWARD SCICLUNA
MINISTER FOR FINANCE



Ministry for Finance

Budget Speech

2018

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Minister for Finance
Malta
9th October, 2017

Published by the
Ministry for Finance,
South Street,
Valletta VLT 1102

Tel.: (+356) 25 99 82 59
Website: www.mfin.gov.mt

Cataloguing-in-Publication Data

Malta. *Ministry for Finance,*
Valletta - Budget Speech 2018 / Edward Scicluna.
Ministry for Finance, 2017

ISBN: 978-99957-58-24-0

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

This publication is available from:

Department of Information
3, Castille Place
Valletta VLA 2000

Tel.: (+356) 22 00 17 00

Printed at the Government Press
Price: €2.00

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1. INTRODUCTION

Mr Speaker,

We are now at the start of a new term of office following last June's election when the people of Malta and Gozo have once again confirmed their trust in the present Government with a greater majority than that of March 2013.

As with every start of a new legislature, it is important to look at the starting point for this Government.

I assure you Mr Speaker, that this start point is that much better than that of 2013.

From a financial perspective, we managed to turn a deficit of €300 million in 2012 to a surplus of over €100 million in 2016 and according to the latest data for the first eight months of the current financial year; another surplus will be registered in 2017.

Today there are 5,000 less unemployed persons than in 2013. Today we have around 22,000 more gainfully occupied persons.

We have around 11,000 more women in employment than what we had at the beginning of the last legislature.

In 2017, we have 28,000 more people working in the private sector than we had in 2012. This reflects the robust economic growth achieved by the present Government.

Today, the number of individuals on social benefits, including single parents, is approximately 3,000 less than in March 2013. The number of persons on unemployment benefits is approximately 3,500 less than what we found at the beginning of our first term of office.

These results were achieved because of reforms in the benefit system including the 'tapering of benefits' and the 'in-work benefit' both of which provided pathways for social benefits claimants to enter the labour market.

In 2017, the Maltese economy has continued to show consistent progress. In the first 100 days of this term in office, we managed to achieve

- A credit rating upgrade for our economy from Fitch Ratings from A Stable to A Positive.

- DBRS credit rating agency changed the economic outlook from A Stable to A Positive.

- S&P credit rating agency changed our economic outlook from Stable to Positive. In addition, all this came just one year after they had upgraded our economy from BBB+ to A- .

In the first 100 days of this legislature, Malta was rated to have had the best economic growth within the European Union and to have had the best increase in the creation of jobs within the EU.

Furthermore, we have also seen major reductions in poverty.

Latest statistics show that the number of people at risk of poverty decreased by 9,000. We have also managed to drastically reduce the number of people who are unable to make ends meet, from 17.0 per cent in 2012 to 6.6 per cent in 2016.

All this was made possible because of a succession of budgets, which were well planned fiscally, economically and socially so that the wealth that was created was also being equally distributed. We achieved much of what was promised in the electoral manifesto in a thoughtful, well-planned, prudent and consistent manner.

Mr Speaker our economic successes have also generated new challenges. The biggest challenge is that of investing and strengthening of our infrastructure to keep the pace with the high rate of economic growth.

Private and public investment in infrastructure, which includes roads and other transport facilities, increasing the housing stock, the generation of energy from waste and waste management, will complement and enhance the continued economic development of our islands.

Mr Speaker, I assure you that we shall be achieving these objectives during this term of office. Thanks to the sensible decisions of our Prime Minister Joseph Muscat in the last four years, we are now in a position to focus on what is best for the future of our country.

This will be the first budget of this term in office where we will start to address the challenges that will take us into the future.

1.1. The economic and financial context

Mr Speaker, during 2016 the Maltese economy grew by 5.5 per cent in real terms, while in the first six months of this year, it grew by 6.3 per cent. This is much higher than the average economic rate of growth of 2.2 per cent being registered by other EU Member States.

During the first half of this year, private consumption grew by 4.4 per cent. In annualised terms, this reflects an increase of €246 million in wages and salaries and €468 million in business profits.

Economic growth continued to be diversified with all sectors, including manufacturing, registering increases in Gross Value Added.

The labour market continued to be robust. In fact, in 2016 we registered a growth of 3.3 per cent in employment while the unemployment rate fell to 4.7 per cent.

In the second quarter of this year, total employment increased by 2.5 per cent over the same period of last year, while female employment increased by 3.1 per cent.

This resulted in a decrease in the unemployment rate to 4.1 per cent with unemployment for young people falling to 10.6 per cent. The number of persons registering for work went down to less than 2,500 in August 2017.

The private sector continued to be the major contributor to the increases in employment. In fact in March of this year, the total increase in employment reached 9,512, where over 8,500 of these were employed by the private sector. This represents 90 per cent of the increase.

It is important to note that although we had a rapid increase in employment and a record decrease in unemployment, the rate of inflation remain subdued. The annual rate of inflation in 2016 was that

of 1.0 per cent according to the Harmonised Index of Consumer Prices (HICP) and of 1.06 per cent according to the Retail Price Index (RPI).

In August of this year, the annual rate of inflation remained relatively low at 1.2 per cent (HICP) and of 1.17 per cent (RPI).

We have seen improvements in our external trade balance, where Malta's current account registered a surplus of 6.6 per cent in 2016. In the second quarter of this year, this surplus increased even further to a record surplus of 16.6 per cent of the Gross Domestic Product (GDP).

This substantial surplus confirmed the increases in the exports of products and services that amounted to 3.5 per cent for the year 2016. These increases were strengthened during the first half of this year with increases in exports of goods and services of 2.6 per cent when compared to the same period last year.

Record increases were also registered in the tourism sector. During 2016 the number of tourists that visited our islands reached the 2 million mark while in the first 8 months of this year, Malta has already recorded the one million and a half tourists. This translates into an increase of 17.3 per cent, which in turn translates into €1.3 billion tourist expenditure.

Malta has increased its' competitiveness which is reflected in the last edition of the GLOBAL COMPETITIVENESS INDEX (2017-2018) of the World Economic Forum. Malta has advanced by three places so that from a list of 138 countries, Malta now ranks in the 37th place.

Mr Speaker, I now would like to move on and discuss in more detail the condition of our country's public finances. (See tables 1.1, 1.2 and 1.3).

Today, our country is longer in excess deficit procedure but rather and I am very proud to say that we have ended the year 2016 with a surplus of over 1 per cent of the Gross Domestic Product, which translates into a surplus of over a €100 million, a first in the last 35 years.

If we take a close look at the fiscal situation and the consolidated fund for the first eight months of 2017, it should be noted that the Government has succeeded in registering a surplus of €31 million. This means an improvement of €110 million when compared to the same period in 2016.

We have succeeded in securing these positive results in the public finances because we have worked prudently keeping our expenditure under control while increasing our revenues so that the additional increases in public spending would always be lower than the increases in revenue.

Mr Speaker, all this indicates that by the end of this year we shall be registering a surplus in our fiscal balance for the second consecutive year.

Let us now have a look at the national debt.

In the year 2012, the national debt, when compared to our GDP, was nearing 70 per cent. Our main objective on taking office in March 2013 was to reduce the national debt to 60 per cent of GDP.

Despite the fact that we called an election a year earlier than the five-year legislature term, not only did we reach our target and reduce the national debt, but we also reduced it even further such that the debt-to-GDP ratio declined to 57.6 per cent.

All this happened in a very consistent way such that it strengthened our credibility with the EU and beyond, including the International Monetary Fund and other international credit rating agencies.

1.2. The economic and fiscal projections

Before I move on to our economic and financial projections, I would like to give a brief overview of the international scenario. Latest projections show that the global economy is expected to grow in the coming years, as developing and emerging countries are expected to gain momentum.

The International Monetary Fund calculates that global growth will reach 3.6 per cent in 2018. Advanced economies are expected to keep growing in moderation. While the United States of America is expected to grow by 2.1 per cent, emerging and developing countries are expected to grow at a faster rate of 4.8 per cent. In the meantime, the European Commission is predicting a growth of 1.8 per cent in real terms for both the EU and the Euro Zone.

Our country's projections compare well with the global context, the European Union and the Euro Zone. Indeed, we are expecting our economy to continue growing robustly with a rate of 5.6 per cent in real terms and 7.6 per cent in nominal terms during 2018. This growth is expected to reflect the increase in private consumption of 4.1 per cent and substantial growth in employment of 3.8 per cent, together with a very low unemployment rate of 4.2 per cent.

Economic growth is expected to be also supported by a 7.8 per cent growth in investment. Meanwhile, inflation is expected to remain moderate at 1.5 per cent.

With regards to the external trade sector, we are projecting a growth in exports of 2.5 per cent for the year 2018. This growth reflects a predicted increase in exports in a number of sectors including the financial, gaming and tourism sectors.

In 2018, a surplus of 0.5 per cent is being forecasted, as the National Debt will continue to decrease to 50.8 per cent of GDP.

Mr Speaker, before I come to the budgetary measures, I want to announce that I will not be introducing any new taxes during this budget, nor will I be increasing any existing tax rates be they direct or indirect. This includes any tax on income or on consumption. According to my information, this is the first time that this has ever happened in any post-election budget. We are able to do this because we can sensibly and responsibly say that our financial situation for 2018 will permit us to do so.

Table 1.1

FISCAL POSITION 2016 - 2020

	2016 Actual € '000	2017 Revised € '000	2018 Estimates € '000	2019 Estimates € '000	2020 Estimates € '000
Consolidated Fund					
Tax Revenue	3,445,972	3,696,898	3,965,935	4,176,910	4,398,110
Non-Tax Revenue	360,990	376,618	384,115	399,565	401,961
Total Revenue	3,806,962	4,073,516	4,350,050	4,576,475	4,800,071
Recurrent Expenditure	3,264,338	3,511,403	3,686,744	3,823,047	3,926,755
Capital Expenditure	310,300	375,574	472,589	527,476	570,016
Primary Balance	232,324	186,539	190,717	225,952	303,300
Interest Payments	223,454	215,539	212,117	212,300	213,700
Recurrent Surplus	319,170	346,574	451,189	541,128	659,616
Consolidated Fund Surplus / (Deficit)	8,870	(29,000)	(21,400)	13,652	89,600
Financing					
Direct Loan Repayments	(485,398)	(372,926)	(391,694)	(437,227)	(461,583)
Early Repayments of MGRSB	-	-	(3,500)	(3,500)	(3,500)
Contributions to Sinking Funds - Local	(3,261)	(3,261)	(1,631)	-	-
Contributions to Sinking Funds - Foreign	(6,465)	(1,663)	(57)	(57)	(57)
Contributions to Special MGS Sinking Fund	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Equity Acquisition	(12,993)	(32,600)	(2,600)	(2,600)	(2,600)
EFSE / ESM Credit Line Facility	0	(4,500)	(4,500)	(4,500)	(4,500)
Repayment of Loans to Government	12,184	2	2	2	2
Sinking Funds of Converted Loans	---	---	90,000	---	---
Sale of Shares / Assets	1,131	889	889	889	889
Public Sector Borrowing Requirement	(544,802)	(464,059)	(363,091)	(496,993)	(521,349)
Foreign Loans	(535,932)	(493,059)	(384,491)	(483,341)	(431,749)
Consolidated Fund balance as on 1 January	(170,138)	(108,168)	(101,227)	(135,718)	(119,059)
Local Loans	597,902	500,000	350,000	500,000	450,000
Consolidated Fund balance as on 31 December	427,764	391,832	248,773	364,282	330,941
	(108,168)	(101,227)	(135,718)	(119,059)	(100,808)
Consolidated Fund Surplus / (Deficit)	8,870	(29,000)	(21,400)	13,652	89,600
General Government Adjustments	104,050	117,000	75,400	43,348	(28,600)
General Government Surplus	112,920	88,000	54,000	57,000	61,000
Gross Domestic Product	9,943,139	10,750,555	11,572,870	12,367,403	13,178,094
General Government Surplus as a % of Gross Domestic Product	1.1%	0.8%	0.5%	0.5%	0.5%

Table 1.2

STATEMENT OF PUBLIC DEBT

	2016	2017	2018	2019	2020
Malta Government Stocks	5,084,012	5,131,840	5,070,836	5,119,545	5,096,426
<i>Malta Government Retail Savings Bonds</i>	---	99,895	96,395	92,895	89,395
<i>Treasury Bills</i>	254,000	270,000	304,656	288,017	269,398
Foreign Loans	19,370	8,953	1,088	965	842
<i>EBU's / Local Councils</i>	126,504	142,636	142,636	142,636	142,636
Currency	72,832	80,937	88,115	95,309	102,523
EFSF (Debt Re-Routing)	171,189	171,189	171,189	171,189	171,189
General Government Public Debt	5,727,907	5,905,450	5,874,915	5,910,556	5,872,409
Gross Domestic Product	9,943,139	10,750,555	11,572,870	12,367,403	13,178,094
Debt as a % of Gross Domestic Product	57.61%	54.93%	50.76%	47.79%	44.56%

Table 1.3

FISCAL POSITION 2016 - 2017

	2016		2017			
	Actual € '000		Approved € '000		Revised € '000	
Consolidated Fund						
Tax Revenue	3,445,972		3,542,304		3,696,898	
Non-Tax Revenue	360,990		345,299		376,618	
Total Revenue		3,806,962		3,887,603		4,073,516
Recurrent Expenditure		3,264,338		3,434,868		3,511,403
Capital Expenditure		310,300		361,927		375,574
Primary Balance	232,324		90,808		186,539	
Interest Payments		223,454		219,108		215,539
Recurrent Surplus	319,170		233,627		346,574	
Consolidated Fund (Deficit)		8,870		(128,300)		(29,000)
<i>Financing</i>						
Direct Loan Repayments	(485,398)		(372,926)		(372,926)	
Contributions to Sinking Funds - Local	(3,261)		(3,261)		(3,261)	
Contributions to Sinking Funds - Foreign	(6,465)		(1,663)		(1,663)	
Contribution to Special MGS Sinking Fund	(50,000)		(50,000)		(50,000)	
Equity Acquisition	(12,993)		(32,600)		(32,600)	
EFSF / ESM Credit Line Facility	0		(4,500)		(4,500)	
Repayment of Loans to Government	12,184		2		2	
Sinking Funds of Converted Loans	---		---		---	
Sale of Shares / Assets	1,131		889		889	
		(544,802)		(464,059)		(464,059)
Public Sector Borrowing Requirement		(535,932)		(592,359)		(493,059)
Foreign Loans		---		---		---
Consolidated Fund balance as on 1 January	(170,138)		(288,232)		(108,168)	
Local Loans	597,902		600,000		500,000	
		427,764		311,768		391,832
Consolidated Fund balance as on 31 December		(108,168)		(280,591)		(101,227)
Consolidated Fund Surplus / (Deficit)		8,870		(128,300)		(29,000)
General Government Adjustments		104,050		78,300		117,000
General Government Surplus / (Deficit)		112,920		(50,000)		88,000
Gross Domestic Product	9,943,139		9,835,660		10,750,555	
General Government Surplus / (Deficit) as a % of Gross Domestic Product	1.1%		-0.5%		0.8%	

2. DISTRIBUTION OF WEALTH

Mr Speaker, everyone is benefitting from the wealth being generated.

Although this gives us great satisfaction, we will not stop here. In observing our renewed mandate, we shall continue to strive with more incentives and measures to make our country a more inclusive society.

2.1. The Cost of Living Adjustment

The Cost Of Living Adjustment (COLA) for 2018 will be €1.75 weekly reflecting the adjustment for this year as announced in the last budget.

2.2. An additional day of vacation leave

One of the main measures mentioned in the electoral manifesto was that of giving back to employees the equivalent number of days as vacation leave for public holidays that fall on weekends. We believe that at a time when we are encouraging a better work-life balance and more quality time for families, such a measure is a necessity.

Therefore, in the coming year, all employees will be given an additional day of vacation leave to compensate for those public holidays which fall on a weekend. The employees deserve this additional day of vacation leave since they are the main contributors to our flourishing economy.

We are in discussions with all our social partners for the smooth running and implementation of this measure.

2.3. Salary adjustment of employees earning a minimum wage

The law that regulates the minimum wage is based on what is agreed on the Minimum Wage Standing Order and is adjusted yearly according to the Cost Of Living Adjustment (COLA).

Thanks to the commitment of this Government and the sense of responsibility of our social partners, be it the unions and the employers, we have, during this year, signed a historic agreement on how the minimum wage is to be adjusted further.

This agreement stipulates that employees, getting the minimum wage remuneration, will be given additional weekly increments apart from the COLA, as long as they would have been in employment for at least one year. In such a scenario, they are entitled to a weekly increase of €3 in their second year of employment and a further €3 weekly increase on their third year. Employees who earn more than the basic minimum wage would still be entitled for part of these increases on the second and third year of employment.

This agreement also includes an additional supplement related to COLA.

2.4. Further reduction in taxes for all employees

We shall in this Budget honour another pledge mentioned in the electoral programme. We shall continue to reduce the tax on income. All those who earn less than €60,000 will benefit from this measure. For the first time ever, we are introducing a measure whereby even those who do not pay tax on employment income, will benefit from the 'refund'. Those who earn less will be getting the highest tax refund.

For the coming year, all those individuals who are in employment, whether in full or part-time work shall receive a cheque varying between €40 to a maximum of €68. The tax refund will be worked on the gross income that the employee would have earned the previous year.

Nearly 200,000 employees shall benefit from this measure and it will cost the Government €10.6 million. (See table 2.1)

2.5. Increase in pensions

During these last two years, senior citizens have had an increase in their pensions after a 25-year period during which time no adjustments to the pensions were made.

Pensioners, confidently, and rightly so I say, expect a yearly improvement in their pensions. In the coming year, once again, we will be increasing their pensions.

Mr Speaker, in this budget we shall be increasing the pension for every single pensioner.

Every pensioner shall be benefitting from a weekly €2 increase in his or her pension, irrespective of whether one is receiving a contributory or a non-contributory pension.

Over 90,000 pensioners shall benefit from this measure, which will cost a collective €9 million.

2.6. Increase in the pension tax exempt capping

Mr Speaker, this year we have introduced a fiscal reform to exempt pensioners from paying tax on income received from pensions. Over 22,000 pensioners benefitted from this measure of whom 9,000 pensioners stopped paying tax altogether.

As was announced in the previous budget, this reform will continue next year.

Furthermore, the ceiling on which income from pension is tax exempt will increase to €13,200. (See table 2.2)

2.7. Ex-Service Pensioners

We shall continue allowing for an additional €200 for service pensions. Over 4,500 pensioners will benefit from this measure, which will cost the Government €1 million.

2.8. €300 annual grant

The €300 annual grant given to the elderly aged 75 years and over and are still living in their home, will again be paid in 2018.

2.9. National Insurance contributions for pensioners in employment

Senior citizens of pensionable age, who opt to remain in employment, are obliged to pay their National Insurance Contribution up to the age of 65 years.

We have a situation whereby a number of employees, in particular female employees, who have not paid enough National Insurance contributions from their previous employment; thereby they are getting a lower pension worked on the amount of National Insurance contributions paid.

As from 2018, pensioners who are 65 years or older shall have their pension adjusted to take into consideration the National Insurance contributions paid after pensionable age.

Moreover, pensioners who have retired from work and are not yet 65 years of age and are engaged in a part-time work or are self-employed, will, as of next year, be able to pay the National Insurance contribution pro-rata at 15 per cent rate worked on their net income instead of the full rate, as is currently the case.

2.10. Past injustices will continue to be addressed

Mr President, in the previous budget, I announced the setting up of a special fund to address anomalies due to past changes in the pension systems. These anomalies were the cause of many injustices.

As promised, over 6,000 beneficiaries or their heirs have started receiving monetary compensation. These are mainly former Labour Corps employees from the seventies, former port workers, former employees working at the Malta Electricity Board and police officers.

Mr Speaker, this is another electoral promise we are honouring.

We are allocating €10.5 million for the coming year to address these past injustices.

2.11. Government Savings Bonds for pensioners

After the overwhelming demand for the issuing of the 62+ Savings Bonds reserved for individuals aged 62 years and over, we shall be issuing a similar bond during the coming year. All this against a background of low interest rate on fixed savings being offered by commercial banks.

2.12. Ex-gratia payment

The Government will continue to make an ex-gratia payment related to VAT paid on registration tax to all those that had registered their vehicle during 2007. This measure will cost €4.9 million.

2.13. Exemption of SMEs from charging VAT

The Government is a firm believer that small and medium sized enterprises are the engine of our economy, thereby it will continue to support this sector and for the sector to continue to flourish.

After 18 years of neglect, we are going to increase the threshold below which SMEs will be allowed not to charge VAT while at the same time they will not claim any VAT paid by them. The present capping of €14,000 is going to be increased to €20,000.

2.14. Alignment of excise duty on steel rods and bars

Existing anomalies in the excise duty applicable to steel rods and bars falling under a particular HS Code, shall be eliminated through the alignment of excise duty applicable on the importation of similar products. This is to create a level playing field where importation is concerned.

2.15. Clamping down on tax evasion

This Government intends to continue with its fight against tax evasion. Heavier fines shall be issued for both court and out-of-court cases that deal with tax evasion.

The Joint Enforcement Task Force will strengthen its drive towards companies and businesses that are evading tax.

2.16. Addressing poverty and social benefits dependence

The Government aims to continue with and to strengthen the initiatives introduced in recent years that have had a positive effect in moving individuals off social benefits. These “making work pay” initiatives have provided pathways for claimants especially for women to leave the benefit system and enter the labour market.

2.17. Extension of the In-Work Benefit scheme

When it comes to the In-work Benefit scheme, for this Budget the Government will be focussing on those families where only one parent is in employment.

The highest rate of In-Work Benefit will be increased from €350 to €450 per child, while the lowest will increase from €52 to €75 per child. It will still be more beneficial for the second parent to enter into employment since in such a scenario, the benefit paid for each child amounts to €1,200.

The Government wants to ensure that no family with children under 16 years of age, where at least one parent works full-time and is on a minimum wage, lives in poverty. (See table 2.3)

2.18. Tapering of social benefits

A measure that has been yielding positive results since its introduction in 2014 is the tapering of social benefits. Beneficiaries, who were in recipient of social benefits for at least two years during the previous three years, can have their social benefits tapered down gradually instead of losing all the social benefits on entering employment. Over 3,000 people have benefitted from this scheme where two out of three beneficiaries were females.

A vast majority of the first beneficiaries that started availing themselves from the taper of benefits have stayed in employment as opposed to going back to social benefits dependence.

This initiative is now being modified whereby Government is revisiting the eligibility criteria by decreasing the eligible period for the tapering of benefits' scheme to being on social benefits for a period of 12 months during the previous two years.

2.19. Community Worker Scheme

As of next year, we are going to improve the working conditions of employees in the Community Worker Scheme by increasing their salary by €200 per month.

2.20. Enhancing the Increased Carers' Allowance

This year has seen a total reform where carer benefits are concerned with the aim of encouraging more senior citizens to live in their own homes. Both the Increased Carers and the Carers Allowances have increased substantially.

Given the success of these schemes, we are going to introduce an additional allowance of €8.15 per week for every other family member if the married person loses his or her right to another social benefit when entitled to the Increase Carers' Allowance.

It gives me great pleasure to be able to say that the home carer schemes are a success story. Indeed, the number of carers has increased by 1,500, representing a five-fold increase. This means less pressure on old people's homes and on beds in our hospitals.

2.21. Reimbursement of foreign adoption expenses

The year 2018 will see a maximum of €10,000 given as reimbursement to prospective parents as part of their expenses, including travel expenses incurred in the adoption process.

This grant will also be available to those prospective parents who are at present already involved in the adoption process and have not yet completed the process. More details regarding this measure will be provided during the coming months.

2.22. The Orphans' Allowance

Currently, orphans receive an allowance until the age of 16 years. This allowance extends until the age of 21 (special allowance) only if the person is not in employment. The Government believes that it seems to be unfair that at present the system seems to 'penalise' those young orphans who are in employment. Therefore, as from the beginning of 2018, there will be no such discrimination and all orphans, irrespective of whether they are employed or unemployed, shall be entitled to the special allowance.

2.23. Increase in the Foster Care Allowance

This Government appreciates the dedication of foster parents who give other people's children a better future. These parents need to be helped financially. Hence as from 2018, we shall be increasing the Foster Care Allowance from the present €70 weekly allowance to €100.

This will be the first increase in the last 8 years.

2.24. Allowance for employed widowers

Currently, a person in employment and who receives a contributory pension is not entitled to sickness benefits.

This restriction affects widowers who work and have dependent children under the age of 23 years.

As from next year, widowers who work and receive a contributory pension at the same time shall be entitled to sickness benefits.

2.25. Maintenance allowance will cease to be considered as income

When a husband or a wife pay maintenance allowance, be it to their partner or child, this is currently considered as income where the means testing for the Pink Card is concerned. This being, when the amount supersedes the means testing range, these individuals become ineligible for free medicine.

We are taking steps to remove this anomaly. In doing so, we will be honouring another promise to create more conformity in the evaluation of non-contributory benefits.

2.26. Increase in Allowance for Drug Addicts

After increasing the benefit known as Drug Addicts Allowance (DAD) in 2016, we shall again increase this allowance from the present €30 per week to €40 per week. This is intended to help those pursuing a rehabilitation programme for drug or alcohol abuse.

2.27. More residential homes for disabled persons

Mr Speaker, we shall continue with our programme of opening more homes that are residential for the disabled.

As of next year, we shall see the opening of three more residential homes for intellectually disabled adults, which include people with an autism profile, and challenging behaviour.

At the same time, we shall be working on demolishing and then rebuilding the day Centre in *Qasam tal-Vajrita* in Marsascala. This project will be completed in the next four years.

The Commission for the Rights of Disabled Persons will also set up a section to ensure that the rights and interests of disabled persons and their families are safeguarded.

2.28. St Vincent De Paul Residence

We shall refurbish the interior and exterior facilities at St Vincent De Paul Residence. Such works include the continuation of the three-year project on the Ruzar Briffa Building, which should result in increased space for more patients.

Other works include the refurbishment of a ward for persons with Dementia and the regeneration of the residence's pharmacy.

We shall also be replacing the older residence's transports with new air-conditioned vehicles.

2.29. Long term care for the elderly

The demand for long-term care in elderly people homes will always be a major challenge. This administration continues to deal with this issue. Indeed, every year we have increased the number of beds available in homes and at the same time strengthened services for the elderly within the community. As we have promised, we shall be strengthening our investment in this sector with various projects both in a public private partnership and with the private sector.

2.30. A Centre for Young Girls

During this year, the Foundation for Social Wellbeing worked on the preparations for the opening of a Safe Centre for Young Girls. The aim of this Centre is to help girls with challenging behaviour to lead more fruitful lives.

2.31. Supportline 179

Supportline 179 is the national helpline offering support being run by the Foundation for Social Well Being. In 2017, the help line had to deal with more than 13,000 calls for help and support.

The Foundation is continuously developing and keeping up to date so that its service responds to the needs of a modern society. With this in mind, some necessary changes have been made including a better technological system.

Table 2.1

Further reduction in taxes for all persons in employment	
Computation: Single	
Income	Amount
€0 - €15,000	€60
€15,001 - €30,000	€50
€30,001 - €59,999	€40
Computation: Married	
Income	Amount
€0 - €20,000	€68
€20,001 - €40,000	€56
€40,001 - €59,999	€44
Computation: Parent	
Income	Amount
€0 - €15,000	€64
€15,001 - €30,000	€52
€30,001 - €59,999	€40

Table 2.2

Non taxable income from pensions		
	2017	2018
Computation: Single	€10,500	€13,200
Computation: Parent	€11,500	€13,200
Computation: Married	€13,000	€13,200
Non taxable other income		
	2017	2018
Computation: Married	€500	€1,000

Table 2.3

Extension of the In-Work Benefit scheme		
Income	2017 Rates	2018 New Rates
€6,600 - €9,499	€350	€450
€9,500 - €11,999	€300	€400
€12,000 - €12,999	€250	€350
€13,000 - €13,999	€150	€200
€14,000 - €14,999	€100	€140
€15,000 - €16,500	€52	€75

3. HOUSING AND THE PROPERTY MARKET

3.1. Social Housing and Affordable Housing

The unprecedented growth rates in our economy together with the creation of thousands of new jobs results in increases in the demand for housing. This increase in demand comes from both local and overseas residents.

We are aware that economic prosperity brings new challenges relating to both rental prices and property prices. There are new needs for social housing and for more affordable homes. This Government will be addressing these challenges.

3.2. Social Housing

This Government believes that it is responsible for the provision of social housing. The state must invest in the necessary infrastructure to provide help and housing for persons who are in need. However, it need to be understood that this help cannot be inherited from one generation to the next as that in itself creates new forms of social injustice.

During this year, we shall be investing around €50 million that will see the building of nearly 700 additional housing units.

3.3. Rent Subsidy

In the budget of October 2017, we introduced a scheme where we doubled the rent subsidy for those that have a legal and regular rent contract. In addition, we also broadened the thresholds so that more people would be eligible for this subsidy. This Budget will raise the thresholds so that those aged 65 years and over can benefit from the rental subsidy scheme. The Housing Authority will be issuing new guidelines on the revised scheme.

3.4. Nikru biex Nassistu

The Housing Authority have already received about 200 applications under the scheme "*Nikru biex Nassistu*" that came into effect on the 1st of September of this year , a scheme created to increase the social housing stock.

This scheme which encourages property owners to rent out their property to the Housing Authority for a term of 10 years will still be available until the end of next year. This will result in more housing stock for the Housing Authority to allocate to persons in need.

3.5. Assistance for the regeneration of vacant houses for social housing

In order to attract owners of vacant houses to refurbish their properties and offer them for social housing, the Government is launching a scheme whereby a maximum sum of €25,000 is offered as financial assistance for refurbishment and maintenance. In return, the Housing Authority will enter into a ten-year rent agreement on that property. Under this scheme, 100 residences will be targeted. A time limit of six months will be allowed for the refurbishment of the residence.

3.6. The recovery of vacant social housing from the elderly

It is a known fact that elderly persons who used to occupy social housing and have now been admitted to St Vincent De Paul Home or any other home, for that matter, are still in possession of the social housing that had been granted to them and paying the subsidised rent. They do this for many reasons, which the Government can understand. However, attractive incentives will be given to those who choose to give up their social housing to be taken up by those who really need it.

Hence, elderly persons who are in care be it private or state or any type of care home and who are willing to give up their social housing voluntarily, will have 20 per cent less deducted from their pensions.

In other words, if an elderly person, on a purely voluntary basis, releases his social housing on admission to St Vincent De Paul, instead of the current withholding of 80 per cent of pension, the Government will withhold just 60 per cent. If the elderly person is a resident in a Church or private home for the elderly, he/she will have only 40 per cent withheld from his/her pension. Current elderly persons, who are already residing in a care home and opt to release their government property, will be eligible to apply under this scheme. An elderly person will be benefitting between €1,350 and €2,700 per annum from such a scheme, depending on their pension income.

3.7. Social loans for home ownership

We want more people to be the owners of their own homes. In 2017 the Housing Authority, together with the Foundation for Social Welfare Services (FSWS), entered into an agreement with APS Bank so that social loans were given to 100 prospective homeowners in need. This scheme was so successful that we are now coordinating with the Bank of Valletta to make available a similar scheme to their clients. It is hoped that an additional 300 applicants will be able to make use of such a scheme.

3.8. Installation of lifts in Government and Housing Authority blocks

The Housing Authority is working to install lifts in many Government housing blocks and to embellish them. Some 109-apartment blocks will benefit from this funding thus improving the quality of life of nearly 2,300 residents including 660 elderly citizens and 101 disabled persons.

3.9. Regeneration of housing estates

We are aware that many Housing Estates are in need of maintenance. Therefore, in the coming months, the Housing Authority will continue its work on maintenance or embellishment programme according to what is needed in each particular case.

3.10. Affordable Housing – White Paper

The time has come for an open discussion about the local rental-housing sector. One has to distinguish between Social Housing and the rental market.

Most people who choose to live in rented housing, very often are not in need of social housing. They do not seek social housing, but they are individuals or families who have to face new and different challenges.

We shall publish a White Paper with proposals on this sector. Let us make ourselves clear, the White paper will not aim to re-introduce past

measures such as rent controls, but will focus on the provision of a legal framework that will be fair to both the property owner and the tenant. With this in mind, we shall making appropriate consultations that will aim to provide long lasting solutions for when we have a situation of increasing rental prices, but also in other possible economic cycles, the country might go through.

We are aware that over-regulating this sector could discourage investors and property owners to rent their property. This would in turn increase the demand resulting in further increases in rental prices.

However, the government is also aware that the current situation lacks basic rules and regulations.

The White Paper will seek to deal with the following issues:

- Obligatory registration of every rental contract without which a property owner will not be protected by law.
- Contract must regulate rent increases and how this will take place over the duration of the contract.
- The contract must cover a reasonable minimum rental period; all this while retaining flexibility for the tourism market and 'short lets'.

- The implementation of a deposit retention scheme to minimise abuse where property owners decide to keep the deposit despite the tenant having abided by all the conditions stated in the contract.
- Revision of laws making it simpler and more efficient to take action against tenants who will breach the rules.

These and other proposals will be outlined in the proposed White Paper and decisions will be taken after adequate consultation. We believe that this approach will help in stabilising this sector and effectively help the property owner while at the same time also helping the tenant.

3.11. First-time buyers

Over 11,300 properties have been sold under the ‘First-time buyer scheme’ introduced by this Government in 2014. This measure was set up with the aim of assisting young couples and individuals who are buying their first property.

The stamp duty exemption for the first €150,000 value of the property will be extended for a further year.

3.12. Stamp duty reduction for second-time buyers

In life, circumstances do arise where a family have to sell their home and buy a bigger or smaller one as is necessary. The reason might be a change in the number of people constituting that family, an age issue or a health issue. In these circumstances, where a person is selling his/her home to buy another residential home, households can start benefitting from a stamp duty refund of up to €3,000. Those eligible must not have any other property.

This measure is expected to create more efficiency in the use of the local existing housing stock.

In the case of a buyer with a disability, this refund will be paid by cheque up to the value of €5,000.

Parents who purchase a property suitable for a disabled person can also benefit from this scheme under certain criteria. These two measures will come into effect on the day after this budget speech.

3.13. Refurbishment schemes

The Government wants to attract more individuals to buy vacant property in the town and village cores so that these properties are regenerated.

Thus, it will continue to refund schemes that subsidises restoration works on properties in the UCA (Urban Conservation Area) or on other scheduled buildings in the first or second grade.

3.14. Vacant properties in the UCA

In order to reduce vacant property and in doing so lessen the need to build new property, the Government is extending the scheme whereby stamp duty on such vacant properties is halved from 5 per cent to 2.5 per cent.

3.15. Incentives for buying property in Gozo

The incentive to purchase residential property in Gozo where stamp duty reduction was reduced from 5 per cent to 2 per cent will now be extended for a further year.

3.16. Equity Release Facilities

Many of our pensioners are homeowners. However, they are at present not availing themselves of this resource to enhance their annual financial income and in turn improve on their quality of life.

In many countries, homeowners enjoy the facility to cash in on the monetary value of their home. Such schemes are known as Equity Release Facilities. At the age of for example 55 years, on a voluntary

basis, an individual needing extra income may make use of the value of his or her property by signing an agreement with a financial institution that offers this Equity Release Facility.

This institution sets a maximum amount of money that depends on the value of the property from which, the homeowners can avail themselves with monthly payments that are over and above his or her pension. On this person's death, the heirs are entitled to the remaining balance of the value of the property once the financial institution settles its payment for the services rendered.

It is high time we introduced such schemes for the benefit of pensioners in the planning of their retirement. As a first step, during next year, we are setting up a working party to come up with recommendations for a legal framework needed by our financial institutions so that they can start offering such facilities.

3.17. Leasing of Government Property

The Government will introduce a scheme to collect Government property leases that are coming to term. More details of the scheme will be published later.

4. UPGRADING MALTA'S INFRASTRUCTURE TO REDUCE TRAFFIC CONGESTION

This Government is determined to work hard in tackling the main transport challenges in both Malta and Gozo. Our economic success has brought with it people from many countries to come and work in Malta who together with an ever increasing number of tourists, increase demand on our roads and infrastructure.

In the past months, our Government has committed itself, to enhance the quality and efficiency of our road network, while establishing systems to maintain the infrastructure. Our aim is to improve the roads that are presently leading to traffic congestions, including those roads that had been designed quite inefficiently many years ago and roads that no longer do justice to our country. There are roads that have never been properly built or well surfaced.

However, we must not delude ourselves by believing that our traffic congestion problem can be solved just by investing in better roads.

Our traffic congestion problem is what it is because throughout the years the public has depended much more heavily on private cars when compared to other countries with the same level of development. For a number of years our public transport system was allowed to deteriorate and so people lost confidence in the system.

Today, the most developed countries are urging the public to be more physically active and encourage the use of bicycles and motorcycles, while discouraging the use of private transport.

This approach, helps to reduce air pollution, increases physical exercise and reduces traffic congestion.

The Government is committed to address this problem in a comprehensive way but one has to appreciate that this issue is one of medium to long-term nature.

4.1. The setting up of an Agency

Mr Speaker, we have already started planning how to achieve what was promised in the electoral manifesto, the promise to invest €700 million on a term of 7 years to give our strong economy the road infrastructure it deserves.

We are achieving this by working with all our social partners that operate in this sector to ensure that such projects are completed efficiently and within a specified deadline.

Next year will be a learning curve for us, so that from 2019, we would have increased our capacity to complete a substantial number of roads.

For all this to be accomplished, as already announced, in early 2018 we shall launch the new road agency tasked to oversee the road infrastructure and road maintenance. It will also be responsible for the contracting of such works.

4.2. The launch of road projects

During the past months, more than 25 projects were embarked upon, some of them to improve the efficiency of some roads that are usually congested with traffic, others to maintain arterial roads or the building from scratch of new roads that had to be done urgently.

Table 4.1

Road Works

Current road works, some of them finalised include the strategic roundabouts in Lija, Gudja and Qormi. One can also mention the improvement on various roads amongst them, *Bontadini Street* in Birkirkara, the road in between the *Domus Romana* and Birkirkara Road in Attard. We are implementing other projects such as the widening of Mosta Road that leads from Lija to Mosta, the building of *Triq iċ-Ċawlsli* in Zabbar and improvement works on the Marsa-Hamrun Bypass.

Other Works in the pipeline are the widening of the road from Mistra Bridge to Selmun Junction. The Government is committed to widen *Triq Buqana*, in Rabat, which includes the junction near *Wied il-Qliegħa* (Chadwick Lakes). A good stretch of *Triq l-Imdina* (from Mriehel leading to Attard) will also be revamped. As an extension of the Marsa Multilevel Junction, the Government shall also build an underpass that leads from *Triq Santa Luċija* to *Triq tal-Barrani*. This will help ease congestion at the Santa Lucia Roundabout.

A substantial number of works are already being planned in around 160 residential roads. The Tunnels at Santa Venera, Hal-Kirkop and Regional Road shall undergo major upgrades, including better lighting and other systems to secure more safety. This project will be completed in the next two years.

Another project that is moving at a fast pace is the Kappara Project which has seen the opening of two of its junctions just before the commencement of this scholastic year. Works on this project are expected to be finalised by the end of 2017.

4.3. Public Transport

Our Government aims to ease the transition from one means of public transport to the next. The ferry station, where one takes a ferry from one port to the next, will be extended and include improved facilities. We are also committed to improve the accessibility of our bus stops and new investment is being planned on new bus shelters that meet today's needs.

4.4. Free *Tal-Linja* Card

In a move to encourage the use of public transport for young people we were currently offering free public transport to all 18 year olds by means of the *Tal-Linja* Card (bus pass) for a year. From next year, those

between the ages of 16 to 20 years will be given the same opportunity that is, to use the public transport for free.

This should lead to more responsible choices in favour of public transport instead of private cars especially by students who are at the age of choosing their means of transport.

4.5. Free collective transport to and from schools for Church and Independent schools

In the coming year, the Ministry for Education will be researching and discussing with all stakeholders involved in school transport so that they will come up with a plan whereby children from Church and independent schools can enjoy free transport to and from their schools. This will come into effect from scholastic year 2018/2019.

4.6. Car-Pooling

The Government will be working to strengthen car-pooling initiatives currently making use of bus lanes.

4.7. A grant on the purchase of bicycles, electric bicycles (pedelec bicycles) and motor cycles

The Government is extending the scheme (a refund of 15.25 per cent on the price) on the purchase of bicycles and electric bicycles for another

year and as from next year, companies purchasing these types of bicycles for rental purpose, will benefit from this scheme.

Apart from all this, for the first time, the Government is extending this initiative on the purchasing of motorcycles, scooters and motorised bicycles by giving them a grant of up to €400. Furthermore, cyclists using a bicycle with an electric motor will also be exempted from paying VAT.

4.8. Low VAT rate on bicycle rentals

To encourage further the use of bicycles as means of transport, even by tourists, we are lowering the VAT rate on bicycle rental from 18 per cent down to 7 per cent.

4.9. 'Share the road' with cyclists

We shall also introduce another concept called 'share the road'. For this purpose, two urban paths have been identified mainly, one from Valletta to St Julian's and another from Mosta to the University of Malta, whereby roads in this path will be improved to include more safety for cyclists and pedestrians.

For this purpose, this scheme will see the installation of CCTVs and the lowering of the maximum speed allowed together with electronic notifications that warn drivers to give priority to cyclists.

4.10. Investing in alternative transport

We are also extending the grant we introduced over the last two budgets whereby Local Councils are encouraged to install bicycle racks to encourage the use of the bicycle.

4.11. Incentives for the purchasing of environmentally friendly vehicles

Following the measures taken as early as 2014, the Government is committed to continue encouraging those who invest in electric cars and hybrid cars (plug-in), and this includes individuals, NGOs, Local Councils and commercial companies. In order to continue encouraging this type of technology, for next year, the Government is strengthening these incentives by the issuing of grants. Furthermore, for the first time, electric cars, hybrid cars and their derivatives, with a battery of not less than 80 km, will be completely exempted from the registration tax.

As of 2018, they will also be exempted from the road license tax for a period of five years. Commercial cars will also benefit by up to €200,000, if there are no state aid issues. In the coming year, the Government will once again issue incentives for the purchasing and installing of apparatus for vehicle charging stations.

4.12. Other schemes

For another year, the Government shall be extending the scrappage schemes and the grants given to those who change their cars to a gas-powered car instead of a petrol-powered one.

4.13. Wheelchair Accessible Taxis

The Government shall be introducing a grant up to a maximum of €10,000 when a Wheelchair Accessible Taxi (WAT) is purchased. These taxis are more expensive than the usual taxi as they are accessible for wheelchairs.

For this purpose, a fund of €100,000 has been set up.

5. INVESTING IN OUR ENVIRONMENT

Our environment remains a principal challenge. The Government is convinced that investment in the environment will have a positive effect on the enhancement of the quality of life of each one of us.

This Government has the necessary credentials to upgrade the quality of our environment.

5.1. Waste separation

Despite a major effort, that included an educational campaign on waste separation, we still have a very low percentage of the population who are at present separating their waste. If we continue on this path of doing nothing our country will need around 80 acres of land every ten years to discard its waste.

That will not be very sensible. We need urgently to get to that next stage to decrease the dependence on landfills and thus, save acres of pristine land.

This is the reason behind Government's recent decision to invest in an infrastructural project costing over €150 million to create energy from waste. Meanwhile, the Government has set up a committee of professional experts to provide advice on the best-suited technology for this project.

This is how important and sensitive the Government deems such a sector. I therefore do urge the Opposition, at this delicate and sensitive moment for our country, to be involved on this committee and make their contribution for the collective good of the Maltese and Gozitan people.

5.2. Collection schemes for organic waste and plastic bottles

During our last term, we launched a pilot project where organic waste was collected in white plastic bags. From next year, this will be extended to all localities in Malta and Gozo.

The Government will also begin discussions with the private sector to operate a depositing system whereby the consumer deposits plastic and glass bottles against a refund.

5.3. The setup of an environment agency 'Ambjent Malta'

Preparations are underway this year to set up an environmental agency 'Ambjent Malta' to safeguard and care for our natural environment.

Through this agency, we would be focusing on the management of Natura 2000 sites while making our countryside more accessible to the

public. This agency will also be promoting a green infrastructure for urban zones.

To continue with the objective of making our county cleaner we shall also strengthen our enforcement processes and introduce heftier fines for those who degrade the environment.

5.4. More Trees

To further embellish our environment, as from next year, the Government will be planting a tree in the name of every child born in Malta. This measure will increase our trees by around 4,000 every year.

5.5. Energy and water

The Government is currently working on the National Energy and Climate Plan for the 2020-2030 period in conformity with the EU's targets for 2030. The Government will remain committed to promoting renewable energy and energy efficiency and will encourage the conservation of water in the domestic sector through a number of schemes.

5.6. Energy

Substantial progress has been made during the last four years in the energy sector. Today we generate more electricity from cleaner sources,

with a new power station and the interconnector. We no longer use heavy fuel oil and we have closed down the old power station in Marsa so that now we can regenerate its surroundings.

Our national Energy Policy will move forward on the principles of secure provision, sustainability and affordable energy for everyone with special emphasis on clean energy generation. The Government is committed to continue strengthening the electrical distribution system at a faster rate and improving services for the consumer.

The Government shall be commissioning a new distribution centre in Ricasoli to cater for the demand of energy. Another capital project will be the improvement of the high voltage network to the Hal-Far industrial estate.

The Government will also be extending the 11kV automation project with the aim of diminishing the frequency and length of electricity interruptions for consumers.

The dismantling and demolition of the Marsa Power Station is progressing quickly. Besides this, the dismantling of the heavy fuel oil plant at the Delimara power station continues to progress.

Automatic meter-management systems will be improved in order to simplify meter reading and calculation of consumption. During the year

2018, ARMS Ltd, will work on improving its' service to the consumers by upgrading its' call centre and the iSmart Utilities Portal. It will also be increasing its presence in the Government's one-stop shops and extending its service to other localities.

The Government will also continue with its work on the implementation of the gas pipeline between Malta and Sicily. This pipeline will connect Malta to the EU gas network, will increase the security of our natural gas provision and should substitute the Temporary Floating Storage Unit in Delimara. During the coming year, the Government will proceed with its environmental and technical study including maritime research on the path of the pipeline.

The Government will continue with the implementation of the national Plan for Energy Efficiency. Schemes will also be launched to aid families and industries on the efficient use of energy. The Government will continue providing free audits aimed at helping family reduce their water and energy consumption.

5.7. Water

The year 2018 will see an improvement in our existing water infrastructure. This is the result of three polishing plants (two in Malta, one in Gozo) which have been commissioned and successfully tested. These plants treat waste water of the third grade to produce 'new

water' (clean water) for agricultural and industrial purpose. The Water Services Corporation will extend the distribution of this water to a wider range of customers. This should lead to an increase in national water resources through the provision of seven million cubic metres of 'new water' (clean water) and will result in less extraction of water from the water table.

After the success achieved with the commissioning of the first communal solar farm, the Government will commission two new solar farms above the roofs of water reservoirs no longer used by the Water Services Corporation. It is projected that each of these solar farms will generate a provision of 1 megawatt of alternative energy for a period of 25 years.

The Government is also committed to strengthen investment in improving the reverse osmosis plants (RO) to continue producing an adequate supply of drinking water especially when demand is high, especially during the summer months. Apart from this, we will be building a new Reverse Osmosis plant in Hondoq ir-Rummien, Gozo that will produce around 9,000 cubic meters of water daily. This will reduce the dependency on the RO in Cirkewwa and on the pipeline that joins the two islands.

The Government also plans to adopt a better strategy involving the extraction of underground water. We shall be refurbishing two pumping strategic pumping stations at Ta' Kandja and Ta' Bakkja.

For a better and more efficient use of our water resource, the Government will be launching a national campaign aimed at consumers. It will include practical advice on the use of water.

In order to assure the best use of our aquifer systems, the Government will be also increasing technological monitoring.

6. STRENGTHENING COMPETITIVENESS

6.1. Maximising opportunities arising from Brexit

The Government will be working very thoroughly to take up opportunities arising from Brexit. In order to do so, the Government has set up a working group to come out with a strategy to plan a framework that focuses on how Malta can attract businesses that are at present operating in the United Kingdom.

Where financial services are concerned, we have already started attracting insurance companies that will relocate to Malta. An example of this is Starr. In addition we are looking at proposals that seek to incentivize particular industries such as aviation and maritime to relocate here.

The finance services sector will continue to grow and broaden its services in the digital economic sector, payment services and institutions that operate in the transactions of electronic currency.

6.2. A strategy for Blockchain Technology

Mr Speaker, our Government is committed to make Malta a centre of excellence in Blockchain technology. We believe that this technology

will open up new markets for Malta and be a principal motor to our economy. Some weeks ago, a taskforce was set up to evaluate proposals for the implementation of a national strategy for Blockchain. In the coming months we will be investing on a Blockchain laboratory within MITA. A programme about the use of this technology will also be provided for civil servants.

The Government will create a web portal, to be used by those interested in the blockchain and cryptocurrencies.

The Government will be also providing the necessary support to start-ups that work on this technology. A Blockchain hub will be created.

6.3. Sustainability in the gaming sector

Next year will see the introduction of a new regulatory framework to attract and broaden the gaming sector and increase the value added whilst strengthening the safeguards for responsible gaming.

This project involves a new law that will introduce the concept of VAT Grouping for the regulated financial services and the gaming sectors. By means of this concept, legal independent entities which have fixed establishments in Malta and which have financial, economic and organisational ties between them, can register as a single person for

taxation purposes. This will result in VAT exempt provisions and acquisitions by members of the group.

6.4. Tourism

2017 is expected to be another record year for our tourism industry and for the coming year, the number of tourists is expected to rise, thanks to new routes being established.

We need to continue to improve on our touristic products. With this in mind, we are embarking on new projects during next year. The Malta Tourism Authority shall identify zones, not traditionally touristic and regenerate them into tourist attractions.

In the last four years, there was a record number of tourists from cruise-liners. This record is expected to be sustained during next year. We need to continue to make the most of these opportunities. We are conscious of the impact such a number of tourists are having on our infrastructure.

After completing research, action is being taken to improve amongst other things, the traffic situation, accessibility, directional signage and parking spaces. Action is also being taken on the maintenance and embellishment of our waterfronts.

Keeping all this in mind, our national airline Air Malta will remain one of the major pillars of the Maltese economy. This Government is therefore committed to put Air Malta on a sound financial position just as it did in the case of Enemalta.

The Government is launching a new entity that will be responsible of researching, managing, protecting and preserving our underwater Cultural Heritage.

6.5. The Manufacturing Sector

The manufacturing sector still contributes about eleven percent of our full-time employment, is also a contributor to our country's economic continued prosperity. Thanks to the incentives established by Malta Enterprise, 14 foreign investment projects, 10 existing factory expansions and 55 planned projects by Maltese investors were approved. These projects, when finalised, will create about 1,500 new jobs while investment in manufacturing is projected to reach around €200 million.

Increasing our country's competitiveness is an ongoing process. Malta Enterprise is continuously improving existing incentives and coming up with new ones that cater for both current and future needs of businesses.

The corporation has continued to work on new initiatives on innovative sectors such as those of disruptive technology and data management, green projects, new industrial technologies research and the life sciences sector.

A Malta-UK Business Promotion Task Force with representatives of various businesses has been set up and has started with its work.

At the same time, an ongoing cooperation has been established with the Ministry for education in specialised training such as in the aviation, advanced printing and nursing sectors.

Furthermore, businesses are to enjoy more services after the setting up of Business First Centre.

The Microinvest and the Business Start schemes will undergo changes in the coming months. About Microinvest, we are increasing the monetary assistance from €30,000 to €50,000 for Malta based industries, whilst for businesses based in Gozo the assistance will increase to €70,000. If in a business, the majority of the shares belong to women and in the case where a woman is self-employed, the assistance will also go up to €70,000. This scheme will also be open to businesses that employ more than 50 employees on a full-time basis.

6.6. Strengthening the Pharmaceutical sector

In the Pharmaceutical sector, the Government has established a number of initiatives that have increased by 25 per cent the number of operators registered with the Medicine Authority. In the meantime, Malta continues to strengthen its position in the European Pharmaceutical Activity Register.

The branch of Research, Scientific Activities and Innovation within the Authority, is in the process of launching a number of initiatives aimed at improving the competence of the regulatory science and the safety of medicine.

By means of its branch of Medicines Intelligence and Access Unit, the Authority will be in dialogue with the industry sector to decrease the prices of medicinal products in favour of the consumer. The effect of this can already be felt with the decrease in prices of 171 products during the last four years.

At the same time, The Malta Laboratories Network is working to assure the highest level of service, to minimise duplication of apparatus that is not necessary and to obtain the highest level of contribution from all scientists. The network is launching a training programme for all laboratories to get a better return on investment in this sector.

6.7. Individual Investor Programme

After the success of the Individual Investor Programme, the Government is renewing the Programme to attract more investment to our country in order to increase national income.

At the same time, we have introduced an act for Maltese Citizenship of Merit given to individuals who have the potential to give our country exceptional service in the sectors of research, sports, science, art and culture.

6.8. Strengthening investment in Gozo

From 2012 onwards, the number of residents on a full-time basis in Gozo increased by 2,106. The greater part of this increase was in Gozitan places of work. During the last four years, the number of full-time jobs in Gozo increased by 4,181.

This confirms the Government's commitment and promise to create jobs in Gozo for Gozitans.

We shall launch incentives to create new jobs in the Gozitan private sector amongst others, by giving a refund to the employer of 30 per cent on the average wage of an employee (up to a maximum of €6,000) who is offered a contract of three years or more.

We will be setting up funds for a specified scheme to Gozitan entrepreneurs in the tourism sector to improve their touristic venues.

New initiatives are also being launched to promote Gozitan culture with thematic festivals. This initiative has the aim to stimulate another touristic niche with artistic productions.

Another initiative to attract more work in Gozo for Gozitans is the launching of a project, a hub for ICT research in the former MDP building together with other projects that will provide more office spaces in the industrial zone at *Tax-Xewkija*.

Other capital projects that were initialised in our last term in office, such as *The Steps of St Francis* and an elderly home are in the tendering process.

Amongst the new projects for next year, one finds the experimental farm with new facilities for farmers and fishermen, the reorganization of the Yacht Marina with extended facilities and the restoration of the *Jordan Lantern* and other ancillary amenities with the aim of putting Gozo on the touristic map in this field.

Works are ongoing on the planning of masterplans for the holistic embellishment of Xlendi and Marsalforn.

We will also be strengthening the transport to and from Gozo. The coming year will also see the start of the installation of the second fibre optic between the two islands.

As is the case in Malta, the road infrastructure in Gozo will be included in this extensive programme.

Regarding the underwater tunnel proposed between Malta and Gozo, there are ongoing seismic investigations in the path between the two islands. The results of these investigations will be used to obtain underwater geological information with particular emphasis on the various rock layers. These investigations shall go on until a geological model of the zone under investigation is produced and used as a basis for the tunnel design.

6.9. Striving towards less bureaucracy

A robust economy such as ours has its challenges and detriments such as the shortage in workers of particular competencies and the length of time and extra expenses incurred to open up a business on our Islands. All this hinders growth. Consequently, the simplification and mitigation of unnecessary bureaucracy are important in sustaining the economic growth rhythm of our country.

While substantial progress has been achieved, we are committed to reduce bureaucracy by a further 30 per cent during this legislature.

6.10. Offset of payments

During 2018 we shall implement, where possible, an offset system between payments due by Government to a private company and payments owed to Government by the private company.

This measure will help in improving the cash flows of those businesses that sell a service or product to the Government.

One has to appreciate that there might be circumstances both legally and administratively where this might not be possible.

6.11. Online Social Security and VAT Return forms

The facility for businesses and companies that employ more than 30 employees to submit their social security and VAT Returns on-line will now be offered to those businesses that employ 10 employees or more.

Over 36,000 businesses will be benefitting from this facility.

6.12. Strengthening the Justice Reform

The recent launch of a Justice Department has made it possible for para-legal work and other services to be processed. It can also adopt simplified processes that have led to a more efficient judicial system that is also more transparent and countable.

New court experts from various fields have been employed with the Justice Department in order to facilitate the processing of pending cases.

During the coming year, the Justice Department will strengthen its commitment to assist the Judiciary, the Court Administration and the Ministry, by providing updated statistics and analysis of data to assure a strategic picture of the level of efficiency of our judiciary system.

Further investment in the Legal Agency office will continue to assist and offer the best services to the vulnerable in our society, in particular, in those cases related with the family court and the civil courts together with some criminal cases.

6.13. LESA reform

The setting up of the Local Enforcement Service Agency (LESA) had a regulatory role in local enforcement. During its operational period, after

due training for local wardens, a system of warning tickets was introduced on 6 offences, where, an individual is warned and given time to regulate himself according to the law before being issued with a ticket. The environmental enforcement has also moved under the watch of the local guardian.

LESA is also launching an educational campaign, which will also target students, in order to instil a sense of discipline and observance to laws from an early age.

As promised in the electoral manifesto, a new section incorporating all local wardens will be set up. It will concentrate on education and enforcement that is more equitable.

6.14. The strengthening of our national security

Our National security continues to be a major priority for this Government. The role of the government is ensuring the safety of all its citizens.

Besides security, where the Police Force can defend the public, the Government wants to assure the public that our Civil Protection Department is well equipped in the eventuality of a natural disaster, or any another emergency on a national scale.

The Department of Civil Protection is about to strengthen their fleet by purchasing new fire fighting vehicles including those used on high-rise buildings in order to meet new challenges in today's construction industries. Furthermore, works on a new fire-fighting station in Santa Venera will commence shortly.

For the Police Force, new investment for the modernisation of police vehicles, new investment in information technology, the building of a new police station and the refurbishment and maintenance of old ones and the improvement in the infrastructure of the forensic section and that of the cybercrime, are all underway.

We shall strengthen the Armed Forces of Malta by purchasing armour, equipment and other apparatus for the Special Operations Unit, while doing maintenance on the patrol boat P62 and the construction of a new boat for the AFM.

6.15. More humane correctional facilities

Work will start on the National Strategy on Criminality to ensure that the strategy to bring together the victims of crime and the aggressor is strengthened from within the department that is managing it.

The rehabilitation programme for inmates to be trained academically and given extra-curricular training to ensure that the inmate faces the

realities of today's society, shall continue with its work. A multi-disciplinary team will be set up with the aim to give psychological, social, educational and financial help to inmates after they have completed their term in prison. A dialogue will be set up with private enterprises so that inmates can integrate well in the world of employment as soon as they leave prison. This way they can earn financial independence and start building new lives.

Investment in the Kordin Correctional Facility will go on, with the refurbishment of two divisions, the installation of scanning machines, the setting up of a new kitchen and new quarters for professionals who give their service in the facilities.

The installation of a new security system, which incorporates a good number of CCTV cameras, will be completed.

7. TOWARDS A BETTER LIFESTYLE

7.1. Strengthening our children's education

Mr Speaker, this Government is a firm believer that education, is not only the main key to social mobility for every individual, but that it is also the backbone of our progress as a nation. Because of such a belief, we shall strengthen this sector so that our children will get the best possible education they deserve.

7.2. Enhancing our investment in teachers

The Government is determined to improve the working conditions and offer more opportunities to all teaching grades. Therefore, the Government is working with the Malta Union of Teachers (MUT) to come up with a new sectoral agreement that will benefit all teachers.

7.3. Education and Work

As from next year, we will establish the National Board for Compulsory Education with a consultative function. This will include representatives of State, Church and Independent schools, the Malta Union of Teachers, the council of the teaching profession, parents and industry.

This will work on secondary schools and other educational institutions, such as the University of Malta, MCAST and others which offer

education beyond 16 years of age, to set up partnerships with the industry so that teaching is broadened from the traditional classroom. This will have the function of changing work places into educational venues even for employees.

7.4. Inclusive education

Mr Speaker, we shall see to the strengthening of services for children who need support and assistance in their education. We shall be introducing a pilot project where we offer new services to those with a profile of Autism.

We shall make sure that the classroom environment meets the needs of children with an Autism profile to make them safer and more at ease when they are at school.

Learning Support Assistants, the teachers and the staff will be given training in psychosocial services so that they are prepared for the realities in schools.

More State Colleges will be equipped with multi-sensory rooms.

7.5. Elimination of examination fees

Mr Speaker, as from next year, this Government will be honouring one of the main measures of this term in office. Payments for SEC and MATSEC exams shall be partially waived.

All those applying for SEC and MATSEC exams in the coming year will be paying half of what was expected to be paid for these exams.

With this measure, we shall be diminishing many obstacles that might have kept some students from sitting for these exams because of a precarious financial situation within the family.

Fees for SEC and MATSEC will be completely waived the following year and with that, we would have honoured another electoral manifesto promise.

7.6. Four new schools

The Government will continue with its project of building new schools and embellishing existing ones. Next year we would be inaugurating a new Primary school in Marsascala and works expected to continue on the building of new schools in Qawra, Msida and Victoria Gozo.

These schools will have new facilities such as multi-purpose halls, childcare centres and air conditioning systems.

7.7. Vocational and applied subjects

As part of the broadening of our educational system, we shall invest substantially in the teaching of more vocational and applied subjects in secondary schools.

Furthermore, based on: *My Journey: Achieving through different paths*, we shall invest in laboratories and new workshops in at least nine vocational subjects.

At the same time, we want to make sure that our teachers receive the training they need. We will be doing so in collaboration with the faculty of Education at the University of Malta, with the Educational Institute, with MCAST and with a Finnish University, Haaga-Helia University of Applied Science.

7.8. New services in schools

The Minister for Education will be strengthening the school ancillary services by strengthening and broadening the cleaning and hospitality service in schools. We shall aim to standardise the services provided by state schools to eliminate different practices of the same service. This

means that parents and students will benefit from the same level of service.

7.9. Technology in education

From this scholastic year, the Government shall continue broadening the initiative of *One Tablet Per Child* by giving the tablet to all the children in the fourth and fifth grade in State, Church and Independent schools.

Malta will be the first country to make use of the Blockchain technology in education. This year we will be making use of this technology to offer more safety and accessibility for certificates issued by MCAST, NCFHE and ITS.

7.10. Apprenticeship

We shall continue to research on how to help more students develop their talents and improving their employment prospects. We shall do this by helping students gain experience from apprenticeship while at the same time, benefit from an additional remuneration during their apprenticeship period.

7.11. Encouraging more individuals in pursuing a post-graduate course

Mr Speaker, whilst retaining scholarship programmes, those individuals who are not yet 40 years and who pursue a post-graduate course equivalent to the level of MQF7 and MQF 8, that is a Masters or a PhD, will not pay any income tax up to a maximum of two years from when they graduate and enter into employment.

The system will work as follows.

First, the course chosen must not form part of the curriculum of the individual's profession needed to exercise such profession.

For those pursuing a Masters or MQF 7, a year's income tax will be deducted whilst those reading a PhD or MQF 8, have a tax exemption of two years on income up to a maximum of €60,000 by means of tax credits. The individual has to work for a minimum of three years in Malta.

This benefit will be given in full to those pursuing the course on a full time basis while those on a part-time basis will benefit from this tax deduction pro-rata.

This benefit will come into force for those who commence their course from this academic year 2017/2018 onwards.

Individuals who have already benefitted from a similar scheme related to a study such as the 'Get Qualified' scheme will not be eligible for this scheme.

7.12. Club 3-16

The Government is committed to open more centres that offer club 3-16. The extension of this service shall make more children experience this type of education and recreation, while at the same time we shall be facilitating the lives of many women who are in employment and those who are entering the labour market.

7.13. Youth

Work in favour of our young people shall be strengthened, including offering assistance and support to the young in places of entertainment such as Valletta.

We shall continue to work to strengthen their skills with the scheme 'get into'. This effort will complement the Prince's Trust XL Programme, which offers them the opportunity to earn experience on their place of work while still training thus increasing their employability chances.

7.14. Health and Primary Health care

Mr Speaker, I am convinced that the Maltese and Gozitan people do appreciate the many improvements we have made in the Health sector.

The Government is convinced that the success of an accessible, sustainable and high quality health care lies in the Primary Health Care. It is for this reason that this sector will continue to be given priority during 2018 with investments in two new Regional Health Centres, one in Kirkop and the other in Paola.

Work on the new Health Centre in Kirkop will begin this month while the project in Paola is moving at a successful pace. Next year works will intensify on the refurbishing of other Health Centres with particular attention given to the refurbishment of the Health Centre at Gzira, which was left in a dilapidated state.

7.15. Medicine, treatment and prevention

During the previous legislature, the Government introduced four new medicines for the treatment of cancer. It will now work on the setting up of a National Cancer Research Foundation, with the aim of incentivizing research that can help in the continuing fight against cancer.

At the same time, we shall proceed with our work on a National plan on Cancer with particular investment in prevention, innovative campaigns, focusing with particular attention on our lifestyles and which will help in reducing the incidence of particular types of cancer.

During 2018, the Government will provide additional investment in the fight against diabetes, particularly by extending the programme of 'glucose monitoring sticks 'and with the access of analogue insulin.

We will be updating our HIV treatment while launching a new programme for the treatment of Hepatitis C that should see the number of cases of Hepatitis C falling during the next five years.

The Government will also invest heavily in more vaccines with the introduction of Pneumococcus Vaccines included on the National Vaccination plan. This vaccine will greatly diminish a large number of infections for children under five years of age amongst them, meningitis and blood infections.

After the introduction of new screening programmes for early intervention on babies with problems, the Government is now committed to work on children with an Autistic Profile.

7.16. Extension of IVF treatment

After a number of families benefitted from free IVF treatment and had their much-awaited child, the commitment in favour of life is ongoing. The broadening and extension of such a service will be greatly assisted with a strengthening of the law that would reflect better today's technological development as more couples will benefit from this opportunity.

7.17. Initiatives from the agreement between the Government and Vitals Global Healthcare

While medical care in Gozo will remain free, as in the case of Malta, by means of initiatives stemming from the agreement between Government and Vitals Global Healthcare, new investment will be spent on a new hospital, a state of the art hospital with 350 beds. Not only will this be the biggest ever hospital in Gozo, but will offer Gozitans the best free medical care. Gozitans will no longer need to come to Malta to receive medical care.

A new Primary Healthcare Centre is being planned together with a Medical Research Centre. The investment by Barts Medical School is expected to attract around 300 students to Gozo, with a potential of around €4 million contribution towards the Gozitan economy.

The investment in St Luke's Hospital will see a new rehabilitation hospital including an orthopaedics and a prosthetics centre, together with another new one specializing in dermatology. In this same way, former Karen Grech Hospital will be regenerated into a modern geriatric centre that will be a first of its type in Malta.

7.18. The construction of an outpatients block and parking in Mater Dei

By means of a programme of new investment in our hospitals and new specialised centres, we will be broadening and improving the quality of services for our patients.

The building of a new outpatients block at Mater Dei continues to progress. Once completed this will include more clinics where Specialists can see to more patients.

We shall start preparing for a new underground car park that will serve the needs of patients, visitors and staff.

Both these projects will involve Private Public Partnerships.

7.19. More investment in Sport

A new Commission on Commercialisation of Sport Facilities is being set up with the aim of helping sport associations to invest and capitalise on their facilities. A new shooting range is being built which will be

completed in time for the international championships being hosted in Malta during 2018.

We shall also start work on the first phase of an indoor swimming pool in Cottonera. The road in Imtahleb used for car racing will also be refurbished with new asphalt.

We will also be investing in a new football pitch and a new swimming pool in Marsascula.

7.20. Culture

In the Cultural sector, The Malta Arts Council (ACM) will continue managing the Government's investment in broadening all cultural and creative sectors. We are making certain that Valletta 2018 will emerge with full honours as the European City of Culture. The events and festivals directorate (ACM) is monitoring the artistic content of the festivals being held, while ensuring that everything is accessible to the foundation, which will include them in its cultural programme. This is not making sense.

7.21. Addressing irregular migrant issues

The Government will continue to make itself heard in international fora and European ones about migration issues. We have to ascertain that

the influx of irregular migrants and human trafficking is controlled, all this based on persuasion policies based on the existing European laws and the concept of solidarity and burden sharing.

7.22. Human rights and integration

After a series of inter-ministerial meetings between the civil society and the Ministry for European Affairs and Equality, it was decided that during the next year they would establish their first strategy and action plan for the integration of migrants that live in our country. All of this with the aim that migrants will no longer be marginalised but gradually integrated within our society.

7.23. Commission against Domestic Violence

The year 2018 will be recognised as the year, which brought about great achievement in the protection against domestic violence. All this will be strengthened with the help of legislation that will pass through Parliament and give the Commission more strength while broadening its remit.

The Commission against Domestic Violence will be given the go ahead to strengthen its work and continue working closely with non-governmental organisations for the benefit of those who experience domestic violence.

7.24. Job conditions enhancement

After various meetings with the social partners about changes in work legislation in our country, we believe that the time has come for these laws, which affect the majority of our population, to be reviewed to reflect more the needs of today's society and the lifestyles of Maltese families. Proposals emanating from these discussions will be discussed in Parliament and will come into effect as from the coming year.

7.25. More Reforms

Mr Speaker, this Government has always been a reformist Government that was given a clear mandate to make the necessary important changes under the leadership of the Prime Minister.

During the coming year, consultations about new reforms will start. These reviews will include the use of cannabis for medical practices, the debate on human trafficking, parliamentary reform, women quota: and the possibility of the extending 'Vote 16' to General Elections and those of the European Parliament.

7.26. Voluntary Organisations

In the coming year, we will be publishing a national strategy on the voluntary sector. We will introduce training in administration for these organisations and training in the management of volunteers.

7.27. Social Dialogue

Social Dialogue is of priority to the Government. In order for the Malta Council for Economic and Social Development to be better equipped to take on the challenges and opportunities in its way, the Government is allowing the sum of €100,000 as additional investment.

In the case of MEUSAC Agency, the Government will also increase its investment in it substantially with the aim of strengthening social dialogue within the agency.

8. CONCLUSION

Mr Speaker,

The good decisions we took during the last four years, made it all possible for us to look to the future as opposed to the need of having to solve past problems.

The decisions we took together with the implementation of courageous measures during our first term to increase employment and develop our economy have borne fruit. We are proud to be in a situation where work now pursues the individuals and not the other way round.

The changes we have made within our social security system means that thousands of people have been weaned off dependency on social assistance and found employment. The taxpayers have also benefitted from the fact that millions were saved from recurrent expenditure. For the first time in a generation we have increased pensions by more than the cost of living increase.

All of this has led to less poverty, an increase in wages and a decrease in precarious work so that people have a better standard of living and a higher quality of life.

We will not stop but rather we shall focus to continue to improve the quality of lives of our families, pensioners and businesses so that everyone experiences the wealth that is being generated. By means of this Budget, we are focusing on the long-term, on the new challenges brought about by the progress made and the wealth generated effects on the property market, traffic congestion, and increases in waste and environmental challenges.

Today, the state of our country is much better than what we found in 2013.

It is for this reason that this budget is not introducing any new increase in taxes. The Government believes it can take up the new challenges with confidence.

The solutions are not all in one budget. Nevertheless, we have to start taking the decisions now today before tomorrow, so that we can continue to be among the top performers in Europe.

This is why the Government is saying to the Maltese and Gozitan people.

Malta – Inlestu għall-Futur.

(Let us be prepared for the future)

STATEMENT A
REVENUE 2017 : REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

HEAD	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION		REMARKS
			+	-	
	€	€	€	€	
TAX REVENUE					
Direct -					
Income Tax	1,316,350,000	1,433,000,000	116,650,000	-	Owing to enhanced enforcement and as a result of economic growth, an increase in Income Tax is expected to materialise by year-end.
Social Security	841,000,000	862,000,000	21,000,000	-	Higher receipts under Social Security contributions than originally anticipated at the time of budget preparations reflect also the increase in gainfully occupied persons.
Indirect -					
Customs and Excise Duties	307,000,000	305,430,000	-	1,570,000	Higher receipts are expected to materialise from this heading owing to increased activity under <i>Petroleum</i> and <i>Non-Alcoholic Beverages</i> , whilst lower revenues are expected from <i>Import Duty</i> , <i>Excise on cigarettes</i> and on <i>Spirits</i> .
Licences, Taxes and Fines	303,124,000	321,468,000	18,344,000	-	Increases over the original estimates are expected mainly under <i>Duty on Documents</i> and <i>Motor Vehicle Registration Tax</i> , although lower revenue is expected under <i>Gaming Taxes</i> and <i>Annual Circulation Licence Fee</i> .
Value Added Tax	774,830,000	775,000,000	170,000	-	
TOTAL TAX REVENUE	3,542,304,000	3,696,898,000	154,594,000		

STATEMENT A
REVENUE 2017 : REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

HEAD	APPROVED ESTIMATE €	REVISED ESTIMATE €	+	VARIATION €	-	€	REMARKS
NON-TAX REVENUE							
Fees of Office	53,740,500	88,617,500		34,877,000		-	The increases over the original budget forecast arise mainly from the <i>Individual Investor Programme</i> and the <i>Residency and Visa Programme</i> .
Reimbursements	33,887,000	46,094,100		12,207,100		-	The variance when compared to the original budget is mainly due to higher receipts from <i>Infrastructure Fees</i> collected by the Planning Authority.
Central Bank of Malta	50,000,000	50,000,000		-		-	
Rents	33,140,000	33,170,000		30,000		-	
Dividends on Investment	47,800,000	47,800,000		-		-	

STATEMENT A
REVENUE 2017 : REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

HEAD	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION +	REMARKS
Interest on Loans made by Government	2,201,146	2,201,146	-	
Grants	91,933,000	81,000,000	-	10,933,000
				The indicated variance this year is due to timing issues until certification is carried out and reimbursement of European Union funded expenditure is received.
Miscellaneous Receipts	32,597,000	27,735,000	-	4,862,000
				Lower receipts than originally anticipated at time of budget preparation are expected to arise mainly under the <i>Sale of Government Lands</i> and <i>Concession Fees</i> items.
TOTAL NON-TAX REVENUE	345,298,646	376,617,746	31,319,100	
TOTAL REVENUE	3,887,602,646	4,073,515,746	185,913,100	

STATEMENT A
REVENUE 2017 : REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

HEAD	APPROVED ESTIMATE €	REVISED ESTIMATE €	+ €	VARIATION -	€	REMARKS
NON-ORDINARY REVENUE						
Local Loans	600,000,000	500,000,000	-	100,000,000		The decrease when compared to the original budget reflects actual borrowing requirements.
Repayment of loans made by Government	2,000	2,000	-	-		
Extraordinary Receipts	889,000	889,000	-	-		
TOTAL NON-ORDINARY REVENUE	600,891,000	500,891,000	-	100,000,000		
GRAND TOTAL	4,488,493,646	4,574,406,746	85,913,100			

STATEMENT B
RECURRENT EXPENDITURE 2017: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

VOTE	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION		REMARKS
			+	-	
	€	€	€	€	
1 Office of the President	4,345,000	5,328,000	983,000	-	Additional funding is projected mainly under the <i>Travel and Training</i> items of the <i>Operational and Maintenance Expenses</i> category.
2 House of Representatives	10,034,000	7,539,000	-	2,495,000	The reduction under this vote is expected to occur mainly under <i>Rent</i> due to the timing of the new Parliament building handover.
3 Office of the Ombudsman	1,100,000	1,200,000	100,000	-	
4 National Audit Office	3,150,000	3,150,000	-	-	
5 Office of the Prime Minister	34,357,000	37,172,000	2,815,000	-	Higher expenditure is expected under the category of <i>Programmes and Initiatives</i> to cover <i>State Visits</i> and <i>Dues to Malita Investment plc.</i> , owing to timing of the new Parliament building handover.
6 Public Service Commission	653,000	653,000	-	-	
7 Information	1,246,000	1,246,000	-	-	

STATEMENT B

RECURRENT EXPENDITURE 2017: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

VOTE	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION		REMARKS
			+	-	
	€	€	€	€	
8 Government Printing Press	1,393,000	1,399,000	6,000	-	
9 Electoral Office	2,267,000	7,992,000	5,725,000	-	Higher expenditure than was originally forecast is due to the General Elections which were held in June.
10 Energy and Projects	70,463,000	74,240,000	3,777,000	-	Higher expenditure is expected under the <i>Personal Emoluments</i> category to cater for staff in post. Higher expenditure than originally budgeted is also anticipated under <i>Programmes and Initiatives</i> (mainly <i>Energy Efficiency Support, European Gas Network Distribution, Hotel Energy Efficiency Scheme and Joint Innovation Centre</i>) and under <i>Contributions to Government Entities</i> (mainly under the <i>Projects Malta Ltd</i> and <i>Projects Plus Ltd</i>).
11 Ministry for European Affairs and Implementation of the Electoral Manifesto	44,989,000	46,889,000	1,900,000	-	Additional funds under <i>Heads of Government Events</i> within the <i>Programmes and Initiatives</i> category and under <i>National Development and Social Fund</i> of the <i>Contributions to Government Entities</i> category, need to be provided, to cover expected expenditure up to year-end.
12 Ministry for Foreign Affairs	32,728,000	32,728,000	-	-	

STATEMENT B

RECURRENT EXPENDITURE 2017: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

VOTE	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION		REMARKS
			+	-	
	€	€	€	€	
13 Ministry for Education and Employment	268,222,000	271,666,000	3,444,000	-	Savings are expected to be registered under the <i>Personal Emoluments</i> category (<i>Salaries and Wages</i>) whilst additional funds under <i>Professional Services</i> in the <i>Operational and Maintenance Expenses</i> category, <i>Learning Support Assistants in Private Schools, Assistance to Mariam Albatool School and Childcare for All</i> in the <i>Programmes and Initiatives</i> Category and under <i>Foundation For Educational Services</i> in the <i>Contributions to Government Entities</i> Category, need to be provided.
14 Education	225,241,000	225,269,000	28,000	-	
15 Ministry for Transport and Infrastructure	96,077,000	94,406,000	-	1,671,000	Part of the savings expected under the <i>Personal Emoluments</i> category (<i>Salaries and Wages</i>) will be utilised to compensate for an expected shortfall under the <i>Scrappage Scheme</i> in the <i>Programmes and Initiatives</i> category.
16 Ministry for Gozo	30,903,000	30,694,000	-	209,000	Savings are expected under the <i>Personal Emoluments</i> category (<i>Salaries and Wages</i>).
17 Ministry for Social Dialogue, Consumer Affairs and Civil Liberties	14,087,000	14,059,000	-	28,000	

STATEMENT B

RECURRENT EXPENDITURE 2017: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

VOTE	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION		REMARKS
			+	-	
	€	€	€	€	
18 Industrial and Employment Relations	1,585,000	1,590,000	5,000	-	
19 Ministry for the Economy, Investment and Small Business	18,867,000	19,904,000	1,037,000	-	Additional funds are required under the <i>Contributions to Government Entities</i> category to cover expenses of the <i>Malta Residence and Visa Programme Agency</i> .
20 Commerce	2,072,000	1,936,000	-	136,000	
21 Ministry for Finance	152,603,000	141,192,000	-	11,411,000	The decrease in the <i>Programmes and Initiatives</i> category under <i>EU Own Resources</i> was partly utilised to cover <i>Compensation Payments</i> occurring during the year.
22 Treasury	13,643,000	14,943,000	1,300,000	-	Part of the savings under <i>Expenses</i> in connection with <i>Malta Government Stocks</i> will be utilised to compensate for the increase in expenditure than originally forecast under <i>Interest Expenditure/SEPA Banking Charges</i> within the <i>Programmes and Initiatives</i> category.
23 Public Debt	646,957,000	643,388,000	-	3,569,000	The reduction under this vote is expected to occur under <i>Interest (MGS and Treasury Bills)</i> .

STATEMENT B

RECURRENT EXPENDITURE 2017: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

VOTE	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION		REMARKS
			+	-	
	€	€	€	€	
24 Inland Revenue	8,381,000	8,557,000	176,000	-	
25 V.A.T.	6,225,000	8,225,000	2,000,000	-	An increase in the <i>Programmes and Initiatives</i> category, mainly under <i>Refunds under the VAT/CET Acts</i> , is anticipated by year end.
26 Customs	11,514,000	11,009,000	-	505,000	Savings are expected to be registered under the <i>Personal Emoluments</i> category, owing to lower recruitment actually expected to materialise.
27 Contracts	1,716,000	1,570,000	-	146,000	
28 Economic Policy	1,384,000	1,471,000	87,000	-	
29 Ministry for the Family and Social Solidarity	69,228,000	72,045,000	2,817,000	-	An increase in expenditure is expected under the <i>Programmes and Initiatives</i> category mainly under <i>Support-Independent Community Living</i> and under the <i>Contributions to Government Entities</i> category mainly the <i>Housing Authority</i> .

STATEMENT B
RECURRENT EXPENDITURE 2017: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

VOTE	APPROVED	REVISED	VARIATION		REMARKS
	ESTIMATE	ESTIMATE	+	-	
	€	€	€	€	
30 Social Policy	288,009,000	295,509,000	7,500,000	-	The anticipated excess is mainly due to an increase in the <i>State Contribution</i> under the <i>Programmes and Initiatives</i> category in reflection of higher social security contributions expected to be received in 2017.
31 Social Security Benefits	927,730,000	940,730,000	13,000,000	-	Savings are expected under the <i>Contributory Benefits</i> category, mainly <i>Invalidity Pensions</i> and <i>Short-Term Bonus</i> together with savings under <i>Non-Contributory Benefits</i> category mainly <i>Children's Allowance</i> and <i>Social Assistance</i> . It is expected that additional funding will be required under <i>Retirement Pensions, Bonus</i> and <i>Widows Pensions</i> under the <i>Contributory Benefits</i> .
32 Pensions	93,193,000	102,418,000	9,225,000	-	An increase in the <i>Programmes and Initiatives</i> category, mainly under <i>Pensions, Allowances and Gratuities</i> and under <i>Allowances under Act XVII of 1966 (Members of Parliament Retiring Allowances Act, 1966)</i> and <i>Pensions under Act, XXVI, 1979</i> is anticipated.
33 Social Welfare Standards	1,322,000	1,212,000	-	110,000	

STATEMENT B
RECURRENT EXPENDITURE 2017: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

VOTE	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION		REMARKS
			+	-	
	€	€	€	€	
34 Elderly and Community Care	97,839,000	102,020,000	4,181,000	-	An increase in expenditure is expected under the <i>Operational and Maintenance Expenses</i> (mainly <i>Contractual Services</i>). Additional funding under the <i>Programmes and Initiatives</i> category, mainly for the <i>Home Care/Help Services Scheme</i> , will need to be provided.
35 Ministry for Justice, Culture and Local Government	41,685,000	42,345,000	660,000	-	Higher expenditure than originally forecast is anticipated under the <i>Operational and Maintenance Expenses</i> category (mainly in respect of <i>Contractual Services</i>), and the <i>Programmes and Initiatives</i> category (mainly under <i>Arts and Culture Events</i>).
36 Judicial	14,089,000	16,532,000	2,443,000	-	Additional funding is required under the category of <i>Personal Emoluments (Salaries and Wages and Allowances)</i> and <i>Summoning and Expenses of Witnesses, Jurors, and Experts in Criminal Court Trials</i> under the <i>Programmes and Initiatives</i> Category.
37 Local Government	42,492,000	42,500,000	8,000	-	

STATEMENT B
RECURRENT EXPENDITURE 2017: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

VOTE	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION		REMARKS
			+	-	
	€	€	€	€	
38 Ministry for Tourism	65,919,000	66,654,000	735,000	-	Additional funding is required under the category of <i>Personal Emoluments (Salaries and Wages and Allowances)</i> and <i>Professional Services</i> under the <i>Programmes and Initiatives</i> Category.
39 Ministry for Home Affairs and National Security	13,654,000	14,223,000	569,000	-	Additional funding is required under the category of <i>Contributions to Government Entities (Agency for Welfare of Asylum Seekers)</i> .
40 Armed Forces of Malta	49,559,000	51,439,000	1,880,000	-	Additional funds are expected to be required under Allowances, in the <i>Personal Emoluments</i> category and in the <i>Operational and Maintenance Expenses</i> category, (<i>Repair and Upkeep</i> and <i>Contractual Services</i>).
41 Police	58,951,000	61,259,000	2,308,000	-	Additional funding is required under the category of <i>Personal Emoluments (Allowances and Overtime)</i> .
42 Correctional Services	11,738,000	12,038,000	300,000	-	Additional funding is required under the category of <i>Personal Emoluments (Overtime)</i> .
43 Probation and Parole	1,128,000	1,128,000	-	-	
44 Civil Protection	5,866,000	5,819,000	-	47,000	

STATEMENT B
RECURRENT EXPENDITURE 2017: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

VOTE	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION + €	- €	REMARKS
45 Ministry for Sustainable Development, the Environment and Climate Change	62,011,000	68,428,000	6,417,000	-	Additional funds are expected to be required under the <i>Personal Emoluments</i> category (<i>Allowances</i>), under <i>Information Services</i> in the <i>Operational and Maintenance Expenses</i> category, and under <i>Agriculture Support Scheme and Solid Waste Management Strategy</i> in the <i>Programmes and Initiatives</i> category.
46 Ministry for Competitiveness and Digital, Maritime and Services Economy	18,812,000	18,787,000	-	25,000	
47 Ministry for Health	516,898,000	534,789,000	17,891,000	-	Additional funding is required under the <i>Operational and Maintenance Expenses</i> category mainly <i>Contractual Services</i> and <i>Professional Services</i> . Higher expenditure is expected in the category of <i>Programmes and Initiatives</i> mainly under <i>Specialised Treatment by Foreign Experts of Patients Locally and Abroad</i> , <i>Medicines and Surgical Materials</i> , <i>Compensation Payments</i> , <i>Hospital Concession Agreement - Gozo General Hospital</i> and under <i>Hospital Concession Agreement - Karen Grech Rehabilitation Hospital</i> .
TOTAL RECURRENT EXPENDITURE AND PUBLIC DEBT SERVICING	4,086,325,000	4,159,290,000	72,965,000	-	

STATEMENT C

CAPITAL EXPENDITURE 2017: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

VOTE	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION		REMARKS
			+	-	
	€	€	€	€	
I Office of the President	172,000	1,123,000	951,000	-	Additional expenditure is anticipated for the restoration of various boundary walls around the Palace and works carried out at the Office of the President.
II House of Representatives	254,000	254,000	-	-	
III Office of the Prime Minister	21,394,000	24,141,000	2,747,000	-	Higher expenditure is anticipated mainly under <i>ICT, EEA/Norwegian Financial Mechanisms 2009 - 2014</i> and <i>Regeneration Works</i> . Lower expenditure is expected under <i>Refurbishment Works at IAID</i> .
IV Ministry for European Affairs and Implementation of the Electoral Manifesto	38,038,000	39,689,000	1,651,000	-	Higher expenditure is anticipated under the <i>ICT and EU Internal Security Fund - Police</i> items
V Ministry for Foreign Affairs	1,366,000	1,416,000	50,000	-	
VI Ministry for Education and Employment	42,297,000	49,205,000	6,908,000	-	Expenditure is anticipated to be higher mainly under <i>ICT, Construction/Upgrading works for Sports facilities including a Shooting Range, Mtahele Project, Birzebbugia Project and Football facilities in Gozo, and Information Technology in Government Schools</i> , which will be partly offset by lower expenditure than planned mainly under <i>ENIAC - Industrial Project Lab4MEMS</i> and <i>Marsasala Football Pitch</i> .

STATEMENT C

CAPITAL EXPENDITURE 2017: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

VOTE	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION		REMARKS
			+	-	
	€	€	€	€	
VII Ministry for Transport and Infrastructure	58,360,000	61,263,000	2,903,000	-	Higher expenditure under this Vote is expected mainly under <i>EU Structural Funds 2007-2013 (Ineligible Costs MODUS Project)</i> , <i>EU Cohesion Fund 2007-2013(Ineligible Costs - TEN-T Project (Marfa Road), Flood Relief Project and Salina Road)</i> , <i>EEA/Norwegian Financial Mechanisms 2009 - 2014</i> , <i>EU Cohesion Fund 2014-2020</i> , <i>Roads and Restoration of Triton Fountain</i> . This is compensated by lower expenditure which is expected primarily under <i>Connecting Europe Facility</i> , <i>Grand Harbour Regeneration Corporation</i> , <i>Relocation of Works Department premises and Deep Water Quay</i> .
VIII Ministry for Gozo	9,241,000	9,398,000	157,000	-	Higher expenditure is expected under <i>EU Structural Funds 2007-2013</i> (Ineligible Costs re Cittadella Project) and <i>European Territorial Cooperation Programmes 2014-2020</i> . Lower expenditure is envisaged mainly under <i>Eco-Gozo</i> , <i>Mooring System at Xlendi Bay</i> and Law Courts.
IX Ministry for Social Dialogue, Consumer Affairs and Civil Liberties	2,637,000	3,164,000	527,000	-	Higher expenditure is projected mainly under <i>Civil and generation works</i> (Consultative Council for the South).
X Ministry for Economy, Investment and Small Business	25,384,000	35,564,000	10,180,000	-	Expenditure under this Vote is expected to be higher mainly due to additional funds required for <i>Direct Managed Funds</i> and <i>Investment Incentives</i> which are managed by Malta Enterprise.

STATEMENT C
CAPITAL EXPENDITURE 2017: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

VOTE	APPROVED	REVISED	VARIATION		REMARKS
	ESTIMATE	ESTIMATE	+	-	
	€	€	€	€	
XI Ministry for Finance	65,546,000	63,900,000	-	1,646,000	Higher expenditure is expected mainly under <i>ICT, Construction Works and Equipment</i> (Customs) and <i>Hercule III Programme 2014-2020</i> . Lower expenditure is expected mainly under <i>ICT Corporate Projects and Public Finance Management System</i> .
XII Ministry for Family and Social Solidarity	6,575,000	8,319,000	1,744,000	-	Higher expenditure is projected under <i>New Community Centre and Improvements to buildings and Equipment at Saint Vincent de Paule Residence</i> . Lower expenditure is anticipated mainly under <i>Improvements to building at the Ministry</i> .
XIII Ministry for Justice, Culture and Local Government	20,920,000	22,652,000	1,732,000	-	Additional expenditure required under <i>ICT, EEA/ Norwegian Financial Mechanisms 2009 - 2014, the restoration of the facades and civil works at Admiralty House to house the Attorney General's Office, Malta International Contemporary Art Space (MICAS), Improvements at Museums and Historical Sites and Restoration Works, and Local Councils Capital Projects</i> . Lower expenditure than originally anticipated is expected to materialise mainly under <i>Jesuits Church and Collegium Restoration Project, MUZA - National Community Art Museum and Design Cluster</i> .
XIV Ministry for Tourism	6,705,000	6,718,000	13,000	-	

STATEMENT C
CAPITAL EXPENDITURE 2017: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

VOTE	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION		REMARKS
			+	-	
	€	€	€	€	
XV Ministry for Home Affairs and National Security	17,756,000	16,748,000	-	1,008,000	Additional expenditure under this Vote, mainly under ICT, <i>EEA/Norwegian Financial Mechanisms 2009 - 2014</i> and <i>Direct Management Funds</i> , is compensated by lower expenditure envisaged under Correctional Services and Civil Protection.
XVI Ministry for Sustainable Development, the Environment and Climate Change	44,607,000	30,450,000	-	14,157,000	Additional expenditure is envisaged mainly under <i>ICT EU Cohesion Fund 2007-2013</i> , <i>Life+ Programme</i> and <i>Direct Management Funds</i> . Lower expenditure is anticipated under <i>European Maritime and Fisheries Fund 2014 - 2020</i> and <i>European Agricultural Fund for Rural Development 2014-2020</i> .
XVII Ministry for Competitiveness and Digital, Maritime and Services Economy	15,132,000	15,213,000	81,000	-	
XVIII Ministry for Health	18,143,000	18,957,000	814,000	-	Higher expenditure is projected under <i>Direct Management Funds</i> and <i>Mater Dei Hospital</i> . Lower expenditure is anticipated mainly under <i>Infectious Diseases Unit</i> .
TOTAL CAPITAL EXPENDITURE	394,527,000	408,174,000	13,647,000	-	