



MALTIN
B'SAHHITNA 'L QUDDIEM

B u d g e t
S p e e c h
2 0 2 1

EDWARD SCICLUNA
MINISTER FOR FINANCE
AND FINANCIAL SERVICES



Ministry for Finance and Financial Services

Budget Speech

2021

The Hon. Prof. Edward Scicluna
Minister for Finance and Financial Services
Malta
19th October, 2020

Contents

	page
1. INTRODUCTION.....	1
1.1 The economic and financial context	4
1.2 The economic and fiscal projections	6
2. IMPROVING FURTHER THE QUALITY OF LIFE.....	13
2.1 Cost of living adjustment.....	13
2.2 Vacation leave in relation to public holidays.....	14
2.3 Increased tax refund.....	14
2.4 Stimulating economic activity for everyone.....	14
2.5 Further improvements to the Children’s Allowance.....	15
2.6 Improved In-Work Benefits.....	16
2.7 Increase in the Allowance for the Care of Children under a Care Order.....	17
2.8 Grant for couples who adopt a child locally.....	17
2.9 Pension increases	17
2.10 Adjustment of tax exemption on pensions.....	18
2.11 Higher payments for beneficiaries of Supplementary Assistance.....	18
2.12 A further increase for elderly persons who do not qualify for any pension.....	19
2.13 Justice for persons who paid social security contributions before reaching the age of 19.....	20
2.14 Recognition as widow/widower for those in a civil union or cohabitation.....	20
2.15 Service pensioners.....	21
2.16 Increasing the Carer at Home rate.....	21
2.17 Widening of the eligibility criteria for carer benefits.....	22
2.18 Severe disability assistance.....	22
2.19 Introduction of a Carer Grant.....	23
2.20 Continuing to address past injustices.....	23

2.21 Ex-Dockyard workers who suffered from the Asbestosis condition.....	24
2.22 Free Tal-Linja Card for elderly persons aged 70+.....	24
2.23 Government Savings Bonds for pensioners.....	24
2.24 Improved fiscal incentives for private pensions.....	25
2.25 Extension of existing schemes on the sale and purchase of property.....	25
2.26 Reduction in the tax payable on property granted by donation.....	26
2.27 Assistance for home ownership and rent benefits.....	27
2.28 Tax on transfer of property under the promise of an assignment right.....	28
2.29 Concession on transfer of business.....	28
2.30 Withholding tax on royalties derived from the sale of books.....	28
3. INCENTIVISING ECONOMIC GROWTH.....	32
3.1 A plan for the recovery and transformation of the economy.....	32
3.2 Continuing to safeguard employment.....	33
3.3 €2.25 billion in European funds for Malta and Gozo.....	35
3.4 An innovative economy.....	36
3.5 Attracting start-ups to Malta.....	37
3.6 Increase in the VAT exempt threshold.....	37
3.7 Online sales for businesses.....	37
3.8 Supporting consolidation, renewal and innovation in industry.....	38
3.9 New foreign investment and other schemes.....	38
3.10 Consumer protection.....	39
3.11 The aviation and maritime sectors.....	39
3.12 Air Malta.....	40
3.13 Rebuilding the tourism sector.....	41
3.14 Helping the tourism industry move towards Net Zero, Carbon Neutral.....	41
3.15 Digital investment in the tourism sector.....	42

3.16	Events, marketing and security.....	42
3.17	Measures to address the realities of Gozo.....	43
3.18	Incentives for the creation of jobs in Gozo.....	44
3.19	Infrastructural works in Gozo.....	45
3.20	Inter-island connectivity.....	46
3.21	Agriculture and Fisheries.....	47
3.22	Management and conservation of water.....	49
3.23	Mass transportation systems.....	50
4.	TOWARDS A GREEN ECONOMY.....	51
4.1	Climate change.....	52
4.2	Green Economy financing incentives.....	52
4.3	Waste management.....	53
4.4	Single-Use Plastics.....	54
4.5	Air quality and biodiversity.....	54
4.6	A new European system relating to toxic gas emissions by vehicles.....	56
4.7	Incentives for renewable energy use.....	57
4.8	Grant for the scrappage of polluting cars.....	58
4.9	Investment in alternative means of transport.....	59
4.10	Other schemes.....	59
4.11	Vehicles and motorcycles used only on weekends and public/national holidays.....	60
4.12	Grant for new taxis to be wheelchair-accessible.....	60
5.	STRENGTHENING THE INFRASTRUCTURE.....	62
5.1	Continuation of arterial, residential and rural road construction projects.....	62
5.2	Regeneration of the ports and improvement of maritime sector facilities.....	63
5.3	Investing in the industrial infrastructure for tomorrow.....	63
5.4	Modernisation of health facilities.....	64
5.5	Further infrastructural investment in tertiary educational institutions and schools.....	65

5.6	Further investment in sports facilities.....	66
5.7	Construction of Social Housing.....	66
5.8	Enhancing the construction industry.....	67
5.9	Property regeneration.....	68
5.10	Restoration and regeneration of zones and sites.....	68
6.	REACHING HIGHER LEVELS IN HEALTH AND EDUCATION.....	70
6.1	The COVID pandemic.....	70
6.2	Medicines and new services.....	71
6.3	Care of the elderly.....	73
6.4	Holistic education.....	74
6.5	A National Youth Policy.....	75
6.6	The voluntary sector.....	76
6.7	Regulatory authorities for sports.....	77
6.8	National heritage and culture.....	77
6.9	Local Councils.....	78
7.	GOVERNANCE AND SECURITY.....	80
7.1	Further reforms for the strengthening of governance.....	80
7.2	The Disciplined Forces.....	83
7.3	Strengthening civil protection.....	85
7.4	Immigration.....	86
7.5	Equality and reforms.....	87
7.6	Citizenship.....	88
7.7	Collaboration beyond our shores.....	89
7.8	Malta’s campaign bid for the United Nations Security Council.....	90
8.	CONCLUSION.....	91

1. INTRODUCTION

Mr Speaker,

Today I am presenting my ninth budget on behalf of the Government. Over the past years a judicious Labour Government has managed to turn the economic tide. It has managed to make the economy prosper and achieve results never experienced by our country before. It has managed to cut down the debts piled up by others in the past. Above all it has managed to act according to the Maltese saying “Erfa’ u sorr għal meta tiġi bżonn”, which urges us to save for a rainy day.

That rainy day is here.

For the sake of those who sarcastically asked where the surplus is, I feel that in these past months we have amply demonstrated where the surplus has ended up. This Government has launched one financial package after another, through which it has boosted, like never before, our economy and the incomes of our families and businesses.

Mr Speaker, one might regard comparisons as odious. But at this point in time, the nation should stop for a while and compare what was handed out during the 2009 crisis to what is happening during the much larger crisis of today. Way back then, the Government of the day raised utility bills, whereas for a number of months now we have been paying out a monthly wage supplement of eight hundred euro (€800) to almost half the employees in the private sector.

Mr Speaker, whereas during the 2009 crisis others reneged on their electoral promise of reducing income tax, this Government has not only issued tax refund cheques, but added hundreds of euro in vouchers over and above, and also gave out a supplement to families on the In-Work Benefit scheme.

And if there are people who thought that, after the four financial packages already presented, this budget would now kick off an austerity period, I assure them that what we have accomplished to date was only the start of an economic policy that will see Malta being once again the fastest growing country in the European Union.

This Government is showing that it's not a fair-weather sailor. Rather, we have prepared ourselves well for the storm. We have been prudent and judicious. Many naysayers used to question why we were so insistent on economic growth, and today you know precisely why. In recent years we have created the source of our resilience, thanks to which our country is now the one with the lowest unemployment rate in the Eurozone. Had we not developed our economy's potential; had we not diversified our economic activity; had we continued with the debt habit of our predecessors rather than saving in the National Development and Social Fund (NDSF) and setting up the Malta Development Bank; had that been the case, rather than four aid packages, today we would have been doing like our predecessors: giving out a handful of energy-saving bulbs.

This crisis has hit our country at a time when the Government has reduced the national debt burden by half when compared to 2013; at a time when businesses and families have double

the amount of bank deposits they had in 2013; at a time when our country has the lowest number of people eligible for social assistance, the lowest number of people on the unemployment register and the lowest rate of people at risk of poverty in our history.

Mr Speaker, I am so proud that, as the Minister for Finance, for the past years I have worked with my colleagues to arrive to this situation. It's a situation which has enabled the Government to support businesses with an unprecedented level of assistance. A situation that meant that our families could retain their confidence. A situation where the allocation for Health has doubled within a few years.

Over the past years, effecting the radical changes to our country's economic and fiscal management has not been easy. It would have been much easier to lift our foot off the accelerator. It would have been much easier to turn a blind eye, like our predecessors did. It would have been much easier to turn to austerity in the face of the storm.

Instead we have remained focused. We stayed on track, moving step by step in line with our long-term plan, drawn up when we were still in Opposition. We kept working hard, year after year, one budget after another, in order to afford to be more generous with our families and businesses. In order to provide free childcare. In order to introduce the in-work benefit. In order to introduce the tapering of benefits. In order to raise pensions. In order to lower taxes.

To the thousands of employees and business owners who are listening today, thank you for your efforts during the past months. You are the reason we are proud to be Maltese. Together we have confronted the greatest economic challenge that our country has ever faced. We have shown that the Maltese social model works. That at the height of the pandemic, for the first time in history, our country had the lowest unemployment rate in the Eurozone. That at the height of the pandemic, we were the only country registering an increase in employment. That at the height of the pandemic, rather than experiencing an increase in the number of people relying on social assistance, we had the largest increase in bank deposits in our history.

It therefore stands to reason to keep going in the same direction as the four packages we have already rolled out. It stands to reason to continue implementing the Electoral Manifesto.

1.1 The economic and financial context

Mr Speaker, as one might have expected, the closure of the airport, restaurants and non-essential shops and services has resulted in a reduction in the country's production. In spite of this, the drop in the Gross Domestic Product (GDP) in the first half of the year was lower than that across the Eurozone. While in Malta GDP fell by 7.7 per cent, in the Eurozone the corresponding reduction was of 9.0 per cent.

The drop in GDP was reflected in a decrease in consumption, investment and net exports when compared to the first half of last year. On the other hand, public consumption increased. This

was mainly due to an increase in expenditure in the health sector on account of the pandemic.

Thanks to the various schemes and measures we introduced, employees' income was protected from the economic impact of COVID-19, as in the first half of this year wages and salaries increased by 5.8 per cent, translating into an increase of about one hundred sixty-four million euro (€164m). Measures such as the COVID-19 Wage Supplement, the tax deferral, the electricity bill refund, and the grant to cover rental costs were instrumental in safeguarding jobs and protecting employee income.

In August our country registered one of the lowest unemployment rates within the Eurozone. The rate of unemployment in Malta was 4.1 per cent, whereas the average across the Eurozone was 8.1 per cent. Over the same period, youth unemployment dropped as well, from 10.9 per cent in May to 9.5 per cent in August. Meanwhile the corresponding rate in August across the Eurozone was 18.1 per cent.

Right from the start this Government has sought to diversify the Maltese economy so that Malta's economic growth would not be dependent on any one sector. Thanks to these efforts, the impact on the Gross Value Added was not as severe as it would have been had our country not been economically diversified. In fact, the decrease in our Gross Value Added was lower than the average reduction in Gross Value Added in the European Union and the Eurozone.

This was a reflection of the fact that although tourism-related sectors such as retail, catering, accommodation and transport registered substantial reductions, sectors such as information and communication, the arts, entertainment and recreation, including gaming and real estate, registered increases in Gross Value Added.

Inflation as measured by the Harmonised Index of Consumer Prices (HICP) dropped to 0.5 per cent in September of this year, as the country was registering lower inflation levels month by month, while inflation measured by the Retail Price Index (RPI) went down to 0.18 per cent.

Mr Speaker, last year this Government managed to register a surplus for the fourth consecutive year, and this state of affairs helped our country to be prepared. Today is not the time for a surplus; it's the time to keep supporting our families and businesses. This year we need to spend more than we are bringing in. We can do this because we can afford to. We are doing this to safeguard families, jobs and businesses.

As a result, in the current year our country expects to register a deficit of 9.4 per cent of GDP. The national debt, which stood at 44.4 per cent of GDP in the first quarter of this year, is expected to increase to 55 per cent.

1.2 The economic and fiscal projections

Mr Speaker,

This year the economies of the European Union and the Eurozone

are expected to contract by 8.3 per cent and 8.7 per cent respectively. Next year, the EU economy is forecast to grow by an average of 5.8 per cent, while the Eurozone is expected to grow by 6.1 per cent.

In Malta we are forecasting a real reduction in GDP of 7.4 per cent this year. However, this reduction is expected to start being recovered as from next year, when the Maltese economy is projected to register growth of 5.0 per cent in real terms and 6.4 per cent in nominal terms.

Such growth is expected to be fuelled by a 7.5 per cent increase in investment and a 3.7 per cent increase in private consumption. Exports are also anticipated to contribute to this growth, with an increase in 5.5 per cent, while imports are expected to increase at a lower rate of 4.5 per cent. On the other hand, public consumption is projected to drop by 1.2 per cent, when calculated on this year's basis.

This growth forecast means that next year we are expecting to see a 2.3 per cent increase in employment, while the unemployment level should remain relatively low at the rate of 4.0 per cent. Inflation is projected at 1.3 per cent.

As regards public finances for 2021, we are forecasting the deficit to drop to 5.9 per cent of the GDP, while the debt level is set to increase to 58.6 per cent of the GDP.

Table 1.4 presents the results of the risk analysis related to these economic and financial forecasts.

Table 1.1

FISCAL POSITION 2019 - 2023

	2019 Actual € '000	2020 Revised € '000	2021 Estimates € '000	2022 Estimates € '000	2023 Estimates € '000
Consolidated Fund					
Tax Revenue	4,485,839	4,088,408	4,599,000	4,883,000	5,160,100
Non-Tax Revenue	487,044	592,780	599,002	564,953	577,406
Total Revenue	4,972,883	4,681,188	5,198,002	5,447,953	5,737,506
Recurrent Expenditure	4,216,200	4,727,063	4,966,499	4,982,839	5,173,699
Capital Expenditure	555,043	993,476	792,817	827,797	888,979
Primary Balance	201,640	(1,039,351)	(561,314)	(362,683)	(325,172)
Interest Payments	192,283	181,474	189,825	197,808	204,708
Recurrent Surplus / (Deficit)	564,400	(227,349)	41,678	267,306	359,099
Consolidated Fund Surplus / Deficit	9,357	(1,220,825)	(751,139)	(560,491)	(529,880)
Financing					
Direct Loan Repayments	(437,227)	(461,583)	(462,502)	(469,735)	(446,370)
Early Repayments of MGRSB	(2,452)	(3,500)	(4,500)	(5,250)	(3,850)
Contributions to Sinking Funds - Foreign	(50)	(50)	(50)	(50)	(50)
Contributions to Special MGS Sinking Fund	(50,000)	(50,000)	(30,000)	(30,000)	(30,000)
Equity Acquisition	(18,795)	(37,080)	(10,538)	(10,538)	(10,538)
EFSS / ESM Credit Line Facility	0	(4,500)	(4,500)	(4,500)	(4,500)
Repayment of Loans to Government	2	914	2,226	2,784	2,784
Sale of Shares / Assets	978	889	889	889	889
Public Sector Borrowing Requirement	(507,544)	(554,910)	(508,975)	(516,400)	(491,635)
Foreign Loans	(498,187)	(1,775,735)	(1,260,114)	(1,076,891)	(1,021,515)
Consolidated Fund balance as on 1 January	-	120,000	123,632	(693,083)	-
Local Loans	(308,760)	(357,234)	(532,969)	1,000,000	(769,974)
	449,713	1,480,000	976,368	306,917	1,000,000
Consolidated Fund balance as on 31 December	(357,234)	(532,969)	(693,083)	(769,974)	(791,489)
Consolidated Fund Surplus / Deficit	9,357	(1,220,825)	(751,139)	(560,491)	(529,880)
General Government Adjustments	577,667	40,825	(36,861)	(36,509)	(37,120)
General Government Surplus / Deficit	67,124	(1,180,000)	(788,000)	(597,000)	(567,000)
Gross Domestic Product	13,390,045	12,543,906	13,351,391	14,299,302	15,139,648
General Government Surplus / Deficit as a % of Gross Domestic Product	0.5%	-9.4%	-5.9%	-4.2%	-3.7%

Table 1.2

STATEMENT OF PUBLIC DEBT

	2019	2020	2021	2022	2023
Malta Government Stocks	4,615,450	5,433,826	5,959,942	6,600,297	7,250,805
Malta Government Retail Savings Bonds	289,849	381,140	376,640	277,719	185,932
Treasury Bills	300,000	418,500	636,000	712,000	733,000
Foreign Loans	967	120,839	244,346	244,221	244,094
EBU's / Local Councils	162,659	162,692	162,692	162,692	162,692
Currency	90,996	97,512	104,486	112,158	120,597
ESA Rerouted Debt	249,060	281,240	341,354	402,072	454,243
General Government Public Debt	5,708,981	6,895,749	7,825,460	8,511,159	9,151,363
Gross Domestic Product	13,390,045	12,543,906	13,351,391	14,299,302	15,139,648
Debt as a % of Gross Domestic Product	42.64%	54.97%	58.61%	59.52%	60.45%

Table 1.3

FISCAL POSITION 2019 - 2020						
	2019		2020			
	Actual € '000		Approved € '000		Revised € '000	
Consolidated Fund						
Tax Revenue	4,485,839		4,954,393		4,088,408	
Non-Tax Revenue	487,044		497,354		592,780	
Total Revenue		4,972,883		5,451,747		4,681,188
Recurrent Expenditure		4,216,200		4,419,343		4,727,063
Capital Expenditure		555,043		734,937		993,476
Primary Balance	201,640		297,467		(1,039,351)	
Interest Payments		192,283		183,472		181,474
Recurrent Surplus / (Deficit)	564,400		848,932		(227,349)	
Consolidated Fund Surplus / (Deficit)		9,357		113,995		(1,220,825)
<i>Financing</i>						
Direct Loan Repayments	(437,227)		(461,583)		(461,583)	
Early Repayment of MGRSB	(2,452)		(2,750)		(3,500)	
Contributions to Sinking Funds - Foreign	(50)		(50)		(50)	
Contribution to Special MGS Sinking Fund	(50,000)		(50,000)		(50,000)	
Equity Acquisition	(18,795)		(10,100)		(37,080)	
EFSF / ESM Credit Line Facility	-		(4,500)		(4,500)	
Repayment of Loans to Government	2		666		914	
Sale of Shares / Assets	978		889		889	
		(507,544)		(527,428)		(554,910)
<i>Public Sector Borrowing Requirement</i>		(498,187)		(413,433)		(1,775,735)
Foreign Loans		-		-		120,000
Consolidated Fund balance as on 1 January	(308,760)		(322,622)		(357,234)	
Local Loans	449,713		450,000		1,480,000	
		140,953		127,378		1,122,766
Consolidated Fund balance as on 31 December		(357,234)		(286,055)		(532,969)
Consolidated Fund Surplus / (Deficit)		9,357		113,995		(1,220,825)
General Government Adjustments		57,767		79,005		40,825
General Government Surplus / (Deficit)		67,124		193,000		(1,180,000)
Gross Domestic Product	13,390,045		14,102,790		12,543,906	
General Government Surplus / (Deficit) as a % of Gross Domestic Product	0.5%		1.4%		-9.4%	

Table 1.4: Sensitivity Analysis of the Economic and Fiscal Forecasts

The sensitivity analysis is in line with the requirements of Council Directive 2011/85/EU on the requirements for budgetary frameworks of the Member States and also in line with the requirements of Article 17(1) of the Fiscal Responsibility Act.

As per Article 16(2)g, the sensitivity analysis of the budgetary targets was carried out based on objective criteria, taking account possible changes in macroeconomic conditions, including growth and interest rates. The sensitivity analysis is guided by the performance of past forecasts and considers relevant risk scenarios.

On balance, the indicator points towards some upside risks for the macroeconomic forecasts for 2020 and a marginal downside risk in 2021. The result is consistent with the analysis of alternative model forecasts. The balance of risks on the fiscal balance is on the upside in both 2020 and 2021.

Compared to the baseline scenario, alternative output gap projections range from -1.6 percentage points to 3.5 percentage points in 2020 and -0.3 percentage points to 0.6 percentage points in 2021.

A full description of the exercise including the assumptions underpinning the forecasts and the seven alternative model-based growth scenarios maybe found in the Draft Budgetary Plan submitted to the Commission and uploaded on the Ministry for Finance and Financial Services website.

2. IMPROVING FURTHER THE QUALITY OF LIFE

Mr Speaker,

By means of this budget, the Government is showing that it intends to remain focused on the execution of its plan to ensure that the wealth generated by the country is spread widely across society. Through the budgets we have presented in the past years we have reinforced the social benefits framework and concretely helped pensioners, elderly persons, and persons with disability, while looking after employees, their families and their children.

The Government is set to continue pursuing its programme of social betterment, targeted mainly at the most vulnerable and those at risk of poverty, but it will also see that each and every segment of society, including the middle one, benefits from the wealth it creates and stimulates in our country.

2.1 Cost of living adjustment

The cost of living adjustment, which is calculated according to a formula agreed upon by all the social partners within the MCESD, will be one euro and seventy-five cents (€1.75) per week. This increase reflects the low level of inflation experienced over the last twelve months.

This increase will be granted to all employees, as well as pensioners and those on social benefits. Student stipends will also be increased pro rata.

2.2 Vacation leave in relation to public holidays

Mr Speaker, as we have done in preceding budgets, in today's budget we are continuing to implement our electoral promise of giving back, as vacation leave, the public holidays falling on a weekend, which had been taken away from employees during previous administrations. Accordingly, in 2021 employees' vacation leave entitlement will once again be increased by an additional day. This is another measure which will further enhance the quality of life of all our families.

2.3 Increased tax refund

Mr Speaker,

The tax refund granted during the past three years will once again be granted next year, at higher rates. The tax refund value will now increase to between €45 and €95 (see Table 2.1). The highest amounts will be granted to those with the lowest income levels.

This measure will benefit over two hundred eighteen thousand (218,000) people and will cost the Government almost sixteen million euro (€16m).

2.4 Stimulating economic activity for everyone

Without any doubt, the introduction of the vouchers scheme has contributed greatly to the revival of economic activity in restaurants, hotels and retail shops across Malta and Gozo.

It is therefore with pleasure that I announce that we will be launching a fresh scheme for next year, this time with the one

hundred euro vouchers being split into €60 redeemable in accommodation, hotels or restaurants, and the remaining €40 redeemable in shops or services. The vouchers will be distributed to all those who would have turned 16 by the end of this year. Further details about this scheme will be announced at a later date. This measure will cost fifty million euro (€50m).

2.5 Further improvements to the Children's Allowance

For the first time after eleven years, last year we increased the Children's Allowance rates for low- and medium-income families.

To keep building on this improvement, as from next year we will be introducing a new concept along with the payment of this benefit, so that families entitled to the Children's Allowance are given more help in coping with the costs of raising children. This measure will take the form of an additional supplement which will be paid in respect of each child in the family.

Where the family's income does not exceed twenty-five thousand, three hundred and eighteen euro (€25,318) per annum, the amount of this supplement will be of seventy euro (€70) per year for each child. On the other hand, for all other families whose income exceeds this amount, the supplement will be of fifty euro (€50) per year for each child.

Accordingly, for a typical family with two children under the age of 16, if the family income does not exceed twenty-five thousand, three hundred and eighteen euro (€25,318) per annum, it will benefit from an increase of €140 per annum, whereas if the

income is higher than this amount, it is entitled to an increase of €100.

This measure, which will cost the Government over €3 million euro, will benefit more than 40,000 families with a total of 60,500 children.

2.6 Improved In-Work Benefits

In the budget for 2015, we introduced the In-Work Benefit with the aim of boosting low incomes, while at the same time incentivising work among families. The introduction of this benefit was successful as, together with the other measures of the Making Work Pay initiative, it helped Malta surpass the European Union average labour force participation rate in 2018, while social dependence decreased by half. Year on year we continued improving this benefit, with the last improvement effected just this year in terms of the Economic Regeneration Plan announced in June.

We will continue to boost this benefit in this budget, as we are once again extending the thresholds so that more families become eligible.

For couples where both work, the threshold will go up to €35,000. For single parents who work, the threshold is increasing to €23,000. For couples where only one parent works, the threshold will go up to €26,000.

2.7 Increase in the Allowance for the Care of Children under a Care Order

The Government appreciates the commitment and dedication of families that foster children who are under a Care Order, and that feel obliged to do whatever is needed for the children to have the best possible care and quality of life, as if they were their own.

Consequently, we are once again increasing the Foster Care Allowance such that, with effect from January, the benefit payable will go up by five hundred and twenty euro (€520) per annum, to a total of five thousand, seven hundred and twenty euro (€5,720).

2.8 Grant for couples who adopt a child locally

As from next year we will also be giving couples who adopt children locally the opportunity to benefit from the Adoption Grant we launched in 2018. This is being done to help families cope with the expenses related to the adoption process. The maximum grant payable is one thousand euro (€1,000).

2.9 Pension increases

Mr Speaker,

This is a Government that respects pensioners and demonstrates this through its actions. I am glad to announce that once again, in addition to the COLA increase, pensioners will be getting yet another increase of three euro and twenty-five cents (€3.25) per week, which together with the cost of living adjustment adds up to five euro (€5) per week. This translates into an increase

of two hundred and sixty euro (€260) each year for all social security pensioners, that is all those on a retirement pension, a widows' pension, an invalidity pension, or a non-contributory age pension. This measure will benefit ninety-three thousand (93,000) pensioners.

We would like to point out that, excluding the COLA, all the increases granted to pensioners throughout this legislature add up to €11.25 per week, and have thus exceeded by far the €8 per week promised in the Electoral Manifesto.

2.10 Adjustment of tax exemption on pensions

We are once again raising the maximum pension income that is exempt from income tax, so that the increases in pensions we are granting (including the COLA increase) will not be taxable next year. The tax exemption cap is being raised to fourteen thousand and fifty-eight euro (€14,058).

Furthermore, for married couples who both receive a pension and who apply a married tax computation, the other income that is exempt from income tax will increase to three thousand, six hundred euro (€3,600). Thus, as from next year, these pensioners will benefit from tax savings of up to seven hundred and forty-four euro (€744). (See Table 2.2)

2.11 Higher payments for beneficiaries of Supplementary Assistance

In 2017 we made an important reform in the Supplementary Assistance that is paid to low-income couples and single persons.

Through this reform we had significantly raised the income thresholds for couples and persons to qualify for the assistance, and also increased the rates payable to couples.

In the new year we will continue implementing the reform to the benefit of around twenty-nine thousand (29,000) people.

Next year we will update the mechanism used to calculate the supplementary assistance rates, and the maximum of such rates, as worked out according to one's income and marital status, is set to increase between 70 euro and 108 euro.

Furthermore, the additional supplement of 150 euro that we started giving out this year to persons aged sixty-five and over who are at risk of poverty, will now be paid without distinction to all persons aged 65 years and over who qualify for supplementary assistance.

In total this measure will cost about two million euro (€2m) per year.

2.12 A further increase for elderly persons who do not qualify for any pension

Persons aged sixty-three (63) or over, particularly women, who spent many years out of employment in the past and are not entitled to a pension even though they might have paid some social security contributions, for the third time will be given a further increase of fifty euro in their annual bonus. Persons who paid less than five years' social security contributions will now

receive a bonus of 250 euro, whereas for those who paid more than five years' contributions the bonus will go up to 350 euro.

This measure will benefit around eleven thousand (11,000) people, mainly women who for some reason or other withdrew from the labour market.

It is to be noted that elderly persons who live in their own home or in a private residential home will continue to receive a grant of €300 if they are aged 75 and over, or €350 if they are aged 80 and over.

2.13 Justice for persons who paid social security contributions before reaching the age of 19

As from next year, persons born before 1962 and who do not qualify for a pension when taking into account the contributions paid after the age of 19, will have any contributions paid before 19 years of age taken into account, and if the required minimum is reached, the person will then qualify for a reduced minimum pension.

2.14 Recognition as widow/widower for those in a civil union or cohabitation

In the light of the provisions of the respective laws on Civil Unions and Cohabitation, we are updating the definition of a widow as it stands in our social security legislation. By virtue of this amendment, in the event of the death of one of the parties, persons who were in a civil union or in a registered cohabitation

will be recognised as widows/widowers of their cohabitant or partner.

The amendment will also cater for those circumstances where due to the death of one of the parties outside marriage or civil union, the cohabitation was not contracted and registered in time whether under the first Act or the second Act.

2.15 Service pensioners

Once again we are increasing by €200 the amount of service pension that will not be considered for the purposes of the social security pension assessment, such that the exempted amount for 2021 will increase to two thousand, eight hundred and sixty-six euro (€2,866).

Service pensioners who during the year reach the age of 72 will also start benefiting from an improvement in their social security pension. This is because when their pension is calculated, only twenty-five per cent of their service pension amount will be taken into account.

2.16 Increasing the Carer at Home rate

The Carer at Home scheme we launched in 2015 was a successful one. Year after year we have seen an increase in the number of elderly persons who choose to keep living in their own home while employing someone on a full time or part time basis to take care of them.

By way of encouragement and in order to help these elderly persons cope better with the costs, we will be increasing the maximum annual subsidy amount they are granted by just over €700, taking the benefit up from five thousand, two hundred and ninety-one euro (€5,291) to €6,000.

2.17 Widening of the eligibility criteria for carer benefits

Since the introduction of the carer benefit, the number of persons who take care of their relatives in the same residence has increased to around one thousand five hundred (1,500).

To date retired persons have been excluded from qualification for these benefits, known as the Increased Carers Allowance and the Carers Allowance. As from next year, we will be widening the relative eligibility criteria to give these persons the opportunity to qualify for this benefit, provided that the person under their care is not their spouse, and provided also that they undergo a periodical medical examination to ascertain that they are physically and mentally fit to provide such care.

2.18 Severe disability assistance

The commitment towards persons with disability remains at the heart of this Government's social policy. We implemented measures that have made a difference in these people's lives, particularly by reforming the assistance granted to persons whose disability impedes them from finding a job. Next year we will be raising the parameters of the Barthel Index from eight to nine, and we will adjust the parameters for intellectual disability

conditions so that more persons with some form of disability and unable to work can become eligible for increased assistance.

2.19 Introduction of a Carer Grant

In continuation with this reform of benefits for carers, as promised in the electoral programme, as from January we will be introducing a new benefit for parents who have to leave their employment to take care of a disabled child over the age of 16 and who are entitled to Increased Severe Disability Assistance. The new benefit, termed Carer Grant, will be of €300 per annum.

2.20 Continuing to address past injustices

Mr Speaker, this Government has honoured its promise to around 8,000 beneficiaries or their heirs, by continuing to address the employment injustices they suffered in the past.

The current year will be the last one in which police officers will receive compensation in accordance with an agreement reached with their representatives.

Throughout 2021 we will carry on with the schemes designed for the other categories of ex-employees. To this end we are allocating an additional sum of over 9 million euro to hand out grants to former members of the forces (korpi) who were later employed with the public service or the public sector, and to export workers and their heirs. The public sector scheme applies also to the former workers of the Gas Board who moved to Enemalta Corporation when this was set up in 1977, as well as a small group of workers who had been engaged as apprentices

with the Malta Electricity Board and were later transferred to Enemalta.

Next year this initiative will benefit around five thousand, five hundred (5,500) people in all.

2.21 Ex-Dockyard workers who suffered from the Asbestosis condition

Over the past months, my Ministry has been in discussions with several ex-Dockyard employees who, due to the work assigned to them at their workplace, went on to suffer from the Asbestosis condition. As the employer of these former workers, the Government expects that, once all facts are in hand, it will arrive to a compensation for these individuals or to the heirs of such ex-employees.

2.22 Free Tal-Linja Card for elderly persons aged 70+

Mr Speaker, having just this year increased the number of persons eligible for free public transport, next year we will continue extending the free Tal-Linja Card initiative to include more elderly persons. At present, an elderly person has to be seventy-five (75) years old or above to benefit from free public transport. This threshold will now be lowered to seventy (70) years and over. Around nineteen thousand (19,000) elderly persons will benefit from this measure.

2.23 Government Savings Bonds for pensioners

In the four years since we started issuing the 62+ Savings Bonds, which carry a much higher interest rate than that paid

by commercial banks, over twenty-seven thousand, five hundred (27,500) pensioners invested just under €400 million in these bond issues.

Consequently, since fixed deposit interest rates have remained low, this year we will be issuing these Bonds once again. It is expected that around six thousand (6,000) elderly persons will be newly eligible for this bond issue.

2.24 Improved fiscal incentives for private pensions

The fiscal incentives we introduced six years ago, which were applicable to individuals who invest in a private pension (known as a Third Pillar Pension Scheme), as well as to employers offering a voluntary scheme that is non-contributory on the part of the employee (a Voluntary Occupational Pension Scheme), are bearing fruit. In fact, eleven thousand (11,000) beneficiaries have already invested in a Third Pillar Pension, while two thousand (2,000) employees and employers have invested in a Voluntary Occupational Pension Scheme.

For next year the amount of annual financial investment upon which a tax exemption applies is being increased by €1,000 (see Table 2.3), bringing the tax-exempt value up to €3,000 per year.

2.25 Extension of existing schemes on the sale and purchase of property

Mr Speaker, I am pleased to announce that the existing schemes that we introduced over the past years are being extended for yet another year. Here I am referring to the schemes entailing a

reduction in stamp duty for First Time Buyers; that for Second Time Buyers; the scheme for the purchase of vacant properties in Urban Conservation Areas (UCA); that for the purchase of property in Gozo; as well as the refund schemes for restoration expenses.

Furthermore, with effect from tomorrow, First Time Buyers will be exempt from stamp duty on the first two hundred thousand euro (€200,000) rather than on the first one hundred seventy-five thousand euro (€175,000). I am also announcing that the reduced rate of 3.5 per cent in the case of acquisition of one's own residential property, even if not a first time buyer, and in the case of inheritance of the property in which one already resides, will also now apply on the first two hundred thousand euro (€200,000).

In addition, the measures introduced by the Economic Regeneration Plan, whereby the stamp duty on property acquisition was reduced from five per cent (5%) to one point five per cent (1.5%) on the first four hundred thousand euro (€400,000) of the property value, as well as the reduction in the capital gains tax payable by the seller from eight per cent (8%) to five per cent (5%), will remain in force. This applies to promise of sale agreements registered up to 31 March 2021 as long as the contract is entered into by not later than 31 December 2021.

2.26 Reduction in the tax payable on property granted by donation

In this Budget we will be extending the tax-exempt amount applicable when a property is donated by parents to their

children, where the property is to be used by the children as their residence. Such amount will increase from two hundred thousand euro (€200,000) to two hundred fifty thousand euro (€250,000). Any additional property value over and above will continue being taxed at 3.5 per cent.

2.27 Assistance for home ownership and rent benefits

The Equity Sharing Scheme which we introduced for those under forty years of age and the other one for those who have turned forty, as well as the rent benefits on social housing and affordable housing, will be continued.

With regard to the Equity Release Scheme, it is expected that such products will start being offered by the market following the coming into force of the relative laws and regulations as from September of last year.

A problem concerning a substantial number of families, especially those who bought their ordinary residence or garage from third parties, is where there is a discrepancy between the plans annexed to the contract and the existing building. As a result, such families would be unable to transfer their ordinary residence.

These families will be given the opportunity to regularise their position by means of a scheme to be launched in the coming year.

2.28 Tax on transfer of property under the promise of an assignment right

From 1 January until 31 December of next year, the final tax rate of 15 per cent payable on profits or gains from the assignment of any rights acquired in terms of a promise of sale (konvenju) will be extended to apply to the entire amount. Over this period the performance of this measure will be evaluated before deciding on its future.

2.29 Concession on transfer of business

We want family businesses to keep going strong from one generation to the next. It was in this context that two years ago we introduced a measure whereby we reduced the duty payable on the transfer of a business to 1.5 per cent. Thanks to this initiative, over three years the Government has helped family businesses with tax savings of over twenty-three million euro (€23m).

I would like to announce that this measure is being extended by a further year, at a cost of seven and a half million euro (€7.5m).

2.30 Withholding tax on royalties derived from the sale of books

With a view to encouraging more writers to publish their literary works and hence broaden our country's cultural heritage, as from next year any income earned by an author as royalties, on the sale of books of which he/she is the author or co-author, will be subject to a final withholding tax of 15 per cent.

Table 2.1: Increase in Tax Refund

Computation: Single		
Income	Amount	
	2020	2021
€0 - €15,000	€60	€80
€15,001 - €30,000	€50	€65
€30,001 - €59,999	€40	€45
Computation: Married		
Income	Amount	
	2020	2021
€0 - €20,000	€68	€95
€20,001 - €40,000	€56	€80
€40,001 - €59,999	€44	€50
Computation: Parent		
Income	Amount	
	2020	2021
€0 - €15,000	€64	€90
€15,001 - €30,000	€52	€75
€30,001 - €59,999	€40	€45

Table 2.2: Tax exempt pension income

	2020	2021
Computation: Single	€13,798	€14,058
Computation: Parent	€13,798	€14,058
Computation: Married	€13,798	€14,058
Other non-taxable income		
	2020	2021
Computation: Married	€2,000	€3,600

Table 2.3: Annual investment in pension schemes

	Annual investment in the Third Pillar Pension Scheme	Annual investment in the Voluntary Occupational Pension Scheme	Maximum annual tax savings
Single person	€3,000	€3,000	€1,500
Married with one person working	€6,000	€3,000	€2,250

3. INCENTIVISING ECONOMIC GROWTH

3.1 A plan for the recovery and transformation of the economy

Mr Speaker,

This budget will continue to incentivise economic growth.

Economic growth was, and will remain, the source of all the wealth through which the Government keeps increasing pensions, reducing poverty, spending more on health including free medicines, and continuing to raise the education level, while above all preparing for any crisis that our country may face, as is currently the case.

Further to the pandemic experience, in future more attention will be given to seeing that this growth leads to a better quality of life for our families. This means, first of all, that both public and private economic activity must be conducted with good governance. Secondly, we will ensure that this growth is underpinned by Green Economy principles, involving the least possible negative impact on the environment, the air, water, the sea and land use, as well as lower waste generation per capita. Above all, over a span of thirty years we will gradually reduce our dependence on energy from traditional sources which are leading to climate change. Our aim is that by 2050 our country will be carbon-free.

Thirdly, we will insist on innovation and take advantage of digital technology in all sectors of our economy. This is the only way in which our country, which lacks natural resources, can remain

competitive and at the forefront in terms of economic growth. To achieve this, we need to significantly boost our investment in infrastructure in its broadest sense.

In this budget we will show how we intend to embark on the long journey to reach these aims, primarily towards a sustainable economy built on a green and digital economy.

3.2 Continuing to safeguard employment

Mr Speaker,

First of all, however, we need to ensure that our economy, our businesses and our employees remain economically healthy throughout these difficult times, so that when the pandemic is over, not only would we be able to continue where we left off in terms of growth and distribution of national wealth, but we would also be well-prepared for future challenges.

To date, thanks to the COVID Wage Supplement, we have safeguarded around one hundred thousand (100,000) jobs and we have given assistance to more than twenty thousand (20,000) companies. The Government is continuously analysing economic performance and adapting measures as needed.

Accordingly, further to discussions held with various social partners, we will be extending this assistance until the end of March 2021. Now that we have more experience of this measure's performance as well as more data, we are in a position to modify it to ensure that more assistance is directed towards those who

need it most, through the application of clear criteria, primarily business turnover.

It is expected that expenditure on this scheme will reach up to €40 million per month.

In terms of the Economic Regeneration Plan, we announced various measures aimed at improving business liquidity, including tax deferrals, moratoria, bank loans guaranteed by the Government, and interest rate subsidies. All these will remain in force as announced. Towards the end of March 2021, an evaluation of these measures will be carried out in consultation with the social partners.

As a government we will remain with our fingers on the pulse of the industry and small businesses, and we will sustain our efforts to enter new economic sectors and update our country's industrial infrastructure, in a way that reflects not just the needs and challenges of today, but also those of the future.

Although our economy has a solid base, to preserve its resilience and competitiveness we will be drawing up a plan with a clear vision for the Maltese economy over the ten years ahead, coupled with a strategy focusing on the coming three years.

Furthermore, Malta Enterprise will be supporting the productive investment sector through innovative schemes.

3.3 €2.25 billion in European funds for Malta and Gozo

The outcome of the Summit held between European leaders last July led to the Government of Malta securing a funding allocation for Malta and Gozo to the tune of over two billion euro.

These funds are spread over various programmes financed from the EU's traditional budget (MFF) and from new instruments of recovery and transition (RFF) launched by the European Commission against the backdrop of huge environmental challenges and the COVID-19 crisis.

The Maltese Government intends to use these funds to keep boosting investment in areas such as the environment; climate change; research; innovation and digital technology; education; our country's security; the social sector; and agriculture and fisheries, among others.

We will keep working to carry out projects supported by European funds such as ERASMUS+ and HORIZON 2020. By means of the 'Connecting Europe Facility' (CEF) fund, Malta will be implementing the Clean Air project at the Grand Harbour and the ship-to-shore energy project for the Freeport.

The Government is allocating around one hundred twenty million euro (€120m) in European funds, secured under the new programme ReactEU and other European funds, to continue supporting jobs hit by the COVID-19 pandemic.

But our work does not stop with the pandemic. Thus, in the coming months the Government will be preparing a programme

of around two hundred twenty million euro (€220m) in grants under the Recovery and Resilience Facility (RRF) for investment in, among others, the environment and climate sectors, as well as the change towards a more digital reality. In this way we will be better prepared to address the challenges of the future.

3.4 An innovative economy

In order to continue consolidating capital investment in the digital sector, we will be working with the consultative body 'Digital Economy Think Tank' to reformulate the Digital Strategy for Malta, to take into account new developments in this field.

I must mention that significant investment is being made in cybersecurity in order to give citizens peace of mind while using such technology.

Our country's vision in the technological field must include research and innovation, and incorporate the adoption of innovative and future-oriented technologies, such as Virtual Reality; Augmented Reality; Immersive Technology; 3d printing; Quantum and High Performance Computing. Next year we will continue implementing Artificial Intelligence (AI) projects, including in sectors such as education, health and transport.

In the area of Esports and video game development, besides attracting operators, we will see that students are trained to gain the skills and be able to start a career in the video game development industry.

Sectors which are operating successfully, like gaming and Blockchain, need to be supported and built upon, in the light of their ever-increasing importance in our country's economic model.

To complement this, we will make sure to invest in human capital by continuing to train citizens, workers and our children, in terms of both upskilling and reskilling.

3.5 Attracting start-ups to Malta

Start-ups are the key to a growing vibrant economy. A framework is therefore being designed to make Malta attractive for start-ups wishing to operate in Europe. This framework will be complemented by a Government fund which will be invested in Venture Capital Funds aimed at establishing such an industry in Malta.

3.6 Increase in the VAT exempt threshold

In order to give a further boost to small operators including the self-employed, at a time when these have shown great resilience, we are once again increasing the VAT exempt threshold, from twenty thousand euro (€20,000) to thirty thousand euro (€30,000). This measure will cut down on bureaucracy for these operators.

3.7 Online sales for businesses

We will continue working to help businesses sell online. We want to encourage more businesses to be organised and set up

for online sales, as well as to integrate their systems with other distribution systems.

3.8 Supporting consolidation, renewal and innovation in industry

Malta Enterprise will be launching a new scheme to encourage companies employing less than fifty (50) employees to embark on innovation projects. This scheme will support technological investments to improve company operations, improve efficiencies, reduce operating costs, venture into new markets, and employ qualified people to safeguard the sustainability of the enterprise. The scheme will be open for a definite period of one year and will cover up to 50 per cent of the outlay up to a maximum of two hundred thousand euro (€200,000) for each company. Collaboration with local or international research institutions increases the level of available assistance by thirty-five thousand euro (€35,000).

3.9 New foreign investment and other schemes

Malta Enterprise will continue to fuel economic growth by extending, reinforcing and launching various schemes, both to help economic sectors that are already operating in Malta as well as to attract new investment. Among such schemes one can mention the Micro Invest scheme; the Business Development and Continuity Scheme; the Research and Development 2020 Scheme; the R&D Feasibility Study Scheme; and the Business Start scheme.

Promotion efforts will be made to encourage more companies to use technologies like the Internet of Things in their operations, alongside initiatives to encourage Maltese and Gozitan consumers to buy Maltese products.

Our country needs to continue creating and facilitating direct investment by ensuring that as a Government we use the tools available under the European Commission's Temporary Framework, while facilitating industry access to loan and tax credit schemes to attract new investment as well as to consolidate existing Malta-based operations.

3.10 Consumer protection

We are investing to continue ensuring consumer protection, namely by improving the national laboratories' facilities, including those used for the purposes of surveillance and quality testing of medicines; facilitating further the alternative dispute resolution process for consumers and business owners; and setting up of an e-Enforcement Unit.

3.11 The aviation and maritime sectors

The Government is determined to see that the success achieved in the maritime sector is replicated in the aviation sector. For this purpose, the relative laws have been amended to attract new operators to Malta, while companies already set up here expand their operations further.

The Aviation Policy is being launched with the setting up of a Stakeholders Forum, which will include representatives of all those involved in the aviation sector.

In the maritime field we will keep working to strengthen the Maritime Register, as well as to increase promotion for the Super Yachts sector to see this industry attracting more yachts of this type to our shores.

We are aware of the environmental risks caused by the occurrence of maritime accidents, and therefore we will be ensuring that the necessary support is given to initiate the implementation measures under the National Marine Pollution Contingency Plan.

3.12 Air Malta

Air Malta was, is still, and will remain one of the most important pillars of the Maltese economy. We could see evidence of this throughout this pandemic, when Air Malta operated a lifeline schedule so that our country could remain connected to the rest of Europe, and in that way we ensured that Maltese people stranded abroad could be returned back home.

It's a known fact that during the COVID-19 pandemic the aviation sector was the hardest hit. Consequently, as a Government we will pitch in to help Air Malta recover part of the losses it suffered due to the pandemic, and thus in the coming days we will be filing a State Aid request to the European Commission.

3.13 Rebuilding the tourism sector

Tourism is a key pillar in the Maltese socioeconomic context, making a substantial contribution to the creation of wealth and employment.

The impact of the pandemic was devastating for this sector and, along with it, all the other sectors which this industry interacts with or supports, directly or indirectly. Overnight these sectors saw their income dwindle down to a trickle.

As already mentioned, this Government will keep assisting those sectors, like the tourism sector, going through this difficult moment. Our main aim for next year will be to work relentlessly to recover as much as we can out of what we lost. The challenges are steep. We will be competing for much lower numbers of global travellers, but we will be ready to get back on course and return to the scenario we were used to until last year, when our results consistently exceeded international averages.

In view of this, over the coming weeks we will be launching an updated strategy for the development of our tourism sector, based on the principles of a new start for the industry, laid on more sustainable and competitive foundations, and aiming for higher quality. This strategy should take us through until 2030.

3.14 Helping the tourism industry move towards Net Zero, Carbon Neutral

Society is increasingly becoming aware of the impact of our actions on the environment we live in. Consequently, we have

started working on a long-term implementation plan so that the tourism industry could transition its operations to net zero, carbon neutral. Our vision is that every tourism establishment in our country, big or small, should start generating enough energy from clean sources, while reducing consumption through investment in innovative technologies.

3.15 Digital investment in the tourism sector

We will see that digitalisation is introduced in the tourism field as well. This should present opportunities for businesses to keep expanding their market reach, boost growth, improve operational efficiencies, and increase their competitive advantage.

3.16 Events, marketing and security

We will be putting together an incentive package for international promotion to attract tourists to Malta and to finance the organisation of a number of events, which would be spread out throughout the year to reduce the seasonality impact. In addition, we will be working to restore and stimulate the all-important Conferences and Incentives sector.

We are set to keep improving our tourism product, which includes also the regeneration and maintenance of tourism zones. In this respect, in the coming year we will launch a design contest with the aim of drawing up a holistic plan for the regeneration of several tourism zones.

With regards to security, we will continue working to develop the Safe City concept, with Paceville set to be the first zone to

adopt this idea. Over the past months work has been underway with the police, focusing both on the technical aspect as well as on operation within the legal framework, for this zone to be protected by means of CCTV cameras.

3.17 Measures to address the realities of Gozo

Mr Speaker, this Government has always given top priority to the Gozitan people, and it will keep doing so. We will continue to provide the necessary stimulus so that the economic success achieved in Gozo – leading it to register higher economic growth than Malta and a drop in unemployment – is sustained in the coming years.

We are committed to ensure that Gozo continues to diversify its economic activity and reduce its dependence on the public sector and on tourism. At the same time, we will keep investing to establish a research centre and premises for the launch and execution of pilot projects in advanced technology. All the while we will keep embracing the concept that Gozo should remain an ecological island and flourish with projects that complement the vision of a sustainable environment.

And without doubt, both the Standing Committee for Gozo Affairs as well as the Gozo Regional Development Authority, both institutions set up by this Government, will keep lending their support so that this vision for Gozo is fulfilled.

3.18 Incentives for the creation of jobs in Gozo

New employment opportunities with high value added will be created with the introduction of the second fibre optic cable; the Xewkija Innovation Hub; and the ongoing work on the National Astronomical Observatory in the Qortin area of Nadur.

In the traditional sectors of agriculture and fisheries, we will be overseeing the introduction of a number of initiatives aimed at making these sectors more sustainable through diversification of operations.

The various schemes implemented over the past years, which stimulated the creation of more work in Gozo, will be continued. Thus, we will be extending the Employment Refund Scheme; the Teleworking Scheme; and the MICE-related schemes. The Back Office Employment Refund Scheme and the schemes for promotional support to Gozitan enterprises, particularly those operating in the digital innovation, internet technology and tourism sectors, will be enhanced to achieve better results. More details will be announced at a later date.

Throughout the coming year, work will proceed on the renovation and necessary upgrade of the ICT infrastructure at the Administrative Building of the Gozo Ministry. Once this project is completed, it will provide employees and clients with a modern welcoming environment, with due care to workplace health and safety aspects.

3.19 Infrastructural works in Gozo

Infrastructural work on the rebuilding of arterial and other roads will be continued. As part of landscaping, restoration works will be carried out on the statues and niches that are dotted around the Gozitan streets and countryside. Mosaic murals will also be installed in tourism zones and infrastructural works will be carried out in the Blue Lagoon area in Comino.

Powered by Artificial Intelligence and the Internet of Things technology, the smart parking project will be extended to cover more parking areas and streets around Gozo, enabling drivers to be aware of the availability and location of parking spots at any point in time.

Work on the building of an Aquatic Centre will be continued. In addition to the Olympic pool, this project incorporates the restoration and addition of more sports facilities at the Sports Pavilion. The technical infrastructure at the horse racing track in Tax-Xħajma will be upgraded.

The Diving Master Plan, drawn up years ago, is set to be updated and renewed to reflect the current and future needs of this leisure activity and tourism niche.

The necessary studies will be undertaken leading to the eventual implementation of the underwater cultural museum, which should be the first of its kind on the island. The Virtual Reality project at the Ċittadella is also being carried out, eventually enabling visitors to experience the history and culture of the place through interactive means.

In addition to the benefit for rent accommodation, Gozitan students will be further supported thanks to the Villa Lauri accommodation project in Birkirkara. Work will also continue on the Dar Ġużeppi home for the elderly in Għajnsielem.

Against the background of Eco-Gozo, we will kick off the first phase of a pilot project for the generation of renewable energy from cow slurry and organic material.

We will continue working on the embellishment of a number of valleys; building of rubble walls; and afforestation in several areas.

3.20 Inter-island connectivity

Mr Speaker, the Government will keep striving to improve connectivity between our two islands.

Accordingly, the Fast Ferry transport project will be seen through, after ironing out the hitches that led to the introduction of this service being postponed.

Through a call for offers for a Public Service Obligation we will be ensuring that the service of a fourth passenger ferry would be offered on a permanent basis. This is complemented by the introduction of the new bus service X300, which will be providing a quality service while responding to the needs of Gozitans who cross the channel on a daily basis.

The pre-qualification questionnaire (PQQ) process for the tunnel project has now been completed. This is the first phase out of a three-phase process which should, subject to project feasibility, lead to the selection of the concessionaire for the design, construction, financing, operation and maintenance of the tunnel.

3.21 Agriculture and Fisheries

The Government will continue to give due importance to the Agriculture and Fisheries sector.

Mr Speaker, next year we will be giving out grants equivalent to the tax paid on the sale of products by farmers and fishermen at the vegetable market (Pitkalija) and the fish market (Pixkerija).

These grants will be tied to investment in projects that reduce waste of agricultural and fisheries products. Systems that control the amount of a product that is placed on the market, based on customer demand, will be introduced.

Further details will be provided at a later stage.

This year we have provided assistance to foster a culture of training and innovation, to see that this sector grows in the same way as other sectors. Building on this, next year we will be offering new schemes with the objective of encouraging more young people into farming. At the same time we will continue with the various campaigns encouraging the consumption of local quality products.

The Antimicrobial Resistance Strategy will be implemented to improve biosecurity in farms and ensure the prudent use of antimicrobials.

We will continue our work on research centres in the fields of agriculture and aquaculture, and we will further improve the wine and viticulture research facilities at the National Centre for Wine and Vineyards.

Next year we will start implementing the reform entailing the introduction of new traceability and modernisation systems in the structures of the Pitkalija vegetable market.

We will be facilitating investment at the Public Abattoir to enable by-products to be recovered and placed on the market. This would enhance the sector's competitiveness while making available new specialised products.

In this budget we are voting funds for the launch of a scheme, based on a multiannual commitment, aimed at improving the welfare of pigs in farms. We will also be allocating funds for fishermen to continue restoring traditional wooden fishing boats built before 2007. Other funds will go towards the continuation of the metering process for boreholes to obtain a clear picture of groundwater consumption by the agricultural sector and ensure the sustainable use of this resource.

We will be upgrading the quarantine facilities for small animals, with the aim of continuing to improve animal protection

and welfare standards. Furthermore, work will begin on the construction of an animal cemetery.

3.22 Management and conservation of water

Water is an essential resource for our country, especially when considering our semi-arid climate and the ever-increasing demand. The Government will keep working on projects that safeguard this resource while ensuring that the best quality product is delivered to the consumer.

Extensive work is ongoing on five reservoirs in the southern part of Malta for the production of new water through a tertiary treatment process. Dispensers are being installed and the distribution network extended, so that more farmers, in both the northern and southern parts of the island as well as in Gozo, will be able to benefit from this project.

Works are set to continue on the reverse osmosis plant in Gozo and on the tunnel that will link the Pembroke reverse osmosis plant to the reservoirs at Ta' Qali. At the same time, investment will be made in water production and distribution systems to meet the increased water demand. The programme of water pipe and mains replacement; investment in pumping stations; and expansion of the production capacity of reverse osmosis plants should lead to better tap water quality, less water wasted through leaks and greater efficiency, while safeguarding Malta's groundwater resources. Work is also due to commence on the development of advanced monitoring systems for water resources in Malta.

The national campaign for water conservation will continue, and will include the distribution of water saving kits to residents; continuation of educational activities for schoolchildren at the National Water Conservation Awareness Centre; and educational projects for water conservation in schools.

In the coming year we expect to complete works on the development of the Sant'Antnin plant, while a new plan will be launched for the overhaul of the drainage system and sewage treatment plants over a number of years.

3.23 Mass transportation systems

The first phase of the study on the possibility of introducing a mass transportation system, consisting of an underground light-rail metropolitan system, has been completed. Next year the second phase of the study will be carried out, which will cover, among others, a detailed geotechnical investigation; seismic studies and utility service requirements. One would be in a position to decide whether the project is viable after these detailed studies are completed.

4. TOWARDS A GREEN ECONOMY

Mr Speaker,

If one had to identify a positive effect of the COVID pandemic, it would be the improvement in air quality after emissions dropped by 40 per cent. Above all, people started to be more aware of the environment that surrounds them and the lack of open spaces in our localities. We all yearn for a better environment and quality of life. The environment is there to be enjoyed by our children, elderly persons, families, future generations.

While aiming to become a carbon-neutral country we are taking decisive steps, such that while our living standard continues to improve, we translate this wealth into a reduction in emissions – which in turn leads to a better quality of life.

Indeed, the Government will intensify its efforts to pursue a vision that integrates economic growth and environmental principles, and that aims for the country to become carbon-free by 2050.

In the coming months we will continue to revise the Strategic Plan for the Environment and Planning (SPED) and to work on the National Strategy for the Environment (NSE) 2050, updated and founded on the well-being concept, where the environmental dimension forms an integral part of the decisions taken by the country. We need to ensure that wealth generation and citizens' well-being go hand in hand.

In the budget for next year the Government is directing funds towards this aim as well, and we expect to announce the first concrete initiatives in this regard over the coming months.

4.1 Climate change

Climate change is a challenge for us all. As a signatory to the Paris Agreement, our country has extremely ambitious goals. Reducing emissions is everyone's responsibility. Accordingly, by the end of this year we will be finalising a strategy that will lead us to zero carbon (Low Carbon Development Strategy). Among other things, this strategy will be exploring avenues for cleaner energy, and will recommend actions for cleaner means of transport; high and efficient energy standards for buildings; as well as more holistic and environment-friendly waste management systems, among other areas.

More than ever before, the need is also felt that each and every person living in Malta and Gozo should understand the urgency of taking prompt action in the face of climate change, and more importantly the part that each and every person can play in overcoming this global challenge. Consequently, throughout the coming year we will be launching an educational campaign about climate change, what causes it, its consequences and the concrete ways in which everyone, through small changes, can make a difference.

4.2 Green Economy financing incentives

Over the next year, the Malta Stock Exchange will be offering an attractive package for investors to issue "Green Bonds" to

be used to finance projects that promote renewable energy and reduce air pollution.

4.3 Waste management

Mr Speaker, in recent months we announced the largest ever investment in the waste management sector in our country, that is the construction of a Material Recovery Facility, which should place us in a better position to process recyclable waste in a way that a market for its recovery can be sourced. We are building a plant for the treatment of organic waste, from which we would not only recover renewable energy, but also produce compost that our farmers could use in their fields to improve soil quality. We will have a new plant, replacing the old one in Marsa, for the treatment of clinical and animal waste. Above all, we will continue our work to implement the Waste-to-Energy Facility project, involving the setting up of a plant that produces electrical energy from non-recyclable waste, which should drastically reduce the need to take up large tracts of land to turn into landfills.

By the end of this year we expect to publish the New Plan for Waste Management.

Producers also play a crucial role in our country's waste management efforts. Over the coming period we plan to widen the scope of existing schemes, such as those relating to packaging waste and electronic equipment.

We will be working to address, for the first time ever, the separation of waste generated by the commercial sector.

Last September, a contract was signed between the Government and the private sector to introduce a refund system for beverage containers. The next step is that, over the coming year, the necessary infrastructure is put in place, including installation of the machines through which the general public will be able to return empty containers.

4.4 Single-Use Plastics

Next year we will also intensify our efforts to reduce the use of single-use plastics. An important step in this direction will be the ban on importation of single-use plastics with effect from 1 January of next year. The following year, in 2022, the ban will extend to the sale of such products. In the meantime, the general public needs to become more aware of the damage that single-use plastics cause in the natural environment.

4.5 Air quality and biodiversity

The air quality in our towns and villages should rightly be protected. Accordingly, next year a new air quality monitoring station in Xemxija will start operating, hence extending the existing monitoring range. A plan to improve the air quality in our country will also be drawn up.

Meanwhile, over the coming year work will continue on the formulation of the National Biodiversity Strategy 2022-2030, which will be updated in accordance with our obligations to ensure that our country's rich biodiversity is protected in the best possible way.

The project for the construction of the Ta' Qali National Park will be continued. This is the largest environmental project ever carried out in Malta and will turn out a large recreation space to be enjoyed by Maltese families all year round.

Throughout the forthcoming year we will continue making our urban zones greener – including village squares and open spaces to provide more areas of recreation for our families.

This year we will have installed the first four Green Walls in our country. Following on this, over the next year we will be launching schemes to enable private residences and commercial outlets in urban areas to install Green Walls on their facades.

Similarly, we will be working on environmental projects based on the grey to green concept, so we can enjoy green infrastructure in the areas we live and work in, including areas we pass through every day.

We have launched an initiative whereby a team of officials (“Rangers”) will be present in natural sites to help the general public to better understand the site’s characteristics and biodiversity. These rangers will now be explaining to people which activities can be carried out without damaging biodiversity, and how one can visit and enjoy the site while fully respecting the area’s environmental integrity.

In addition, we will continue investing to create a better environment for future generations through the embellishment

of urban areas, where more trees will be planted and new afforestation areas created.

4.6 A new European system relating to toxic gas emissions by vehicles

Following the happenings in relation to vehicle testing for toxic gas emissions, the European Union has introduced a new test. This is the Worldwide Harmonized Light Vehicle Test Procedure (WLTP), which will provide a more accurate basis for the calculation of a vehicle's fuel consumption and level of gas emissions. For a particular vehicle, this test will show a higher value of gas emissions when compared to that shown by the previous test. Since the registration tax and annual road licence fees are linked to these emission indicators, the Government has thought fit to revise this link such that the amounts payable remain unchanged.

Mr Speaker, various studies have been undertaken to ensure that the consumer is not required to pay more than what is currently being paid, both with respect to registration tax as well as the annual road licence.

I am glad to announce that, although this revised testing system for new registrations will come into force as from 1 January of next year, the large majority of consumers will benefit from a reduction in their registration tax and road licence payments, whereas others will keep paying the amounts they are paying today. No one will be paying more than is currently the case. So much so that the Government is estimating that next year its income from these dues will drop by three million euro (€3m).

4.7 Incentives for renewable energy use

Over the coming year, Enemalta will keep enhancing its electricity distribution network and the service offered to the public. At the same time, the Government will keep stressing the importance of using energy that is diversified, efficient and clean, derived from renewable sources.

Accordingly, we will be keeping in force various schemes that incentivise investment in renewable energy sources. These include schemes for the installation of solar photovoltaic panels; heat pump water heaters; solar water heaters and batteries for the storage of renewable energy. Furthermore, a feed-in tariff will continue to be established for electricity generated from solar photovoltaic installations.

The schemes for restoration of wells in residential households; for replacement of appliances for vulnerable families; and for a grant on the purchase of a reverse osmosis system; are likewise being extended.

In view of the need for more awareness of the advantages of batteries installed with photovoltaic systems, we are launching a pilot project whereby this technology, with batteries being used for the storage of renewable energy, will be installed in a public building. This will enable the benefits of this technology to be demonstrated in a practical way.

In addition, five “Eco-Intermodal Hubs” will be installed in strategic locations across Malta and Gozo, where the public will have access to all information about means of transport, rental

of e-scooters and e-bikes, as well as mobile charging and WIFI facilities.

We will continue the installation of a mix of 130 medium-fast and fast-charging pillars for electric vehicles to be made available to the general public.

In 2021, the Government will undertake a study for the replacement of fuel-powered vehicles with electric cars in the public service.

The Government will continue to stimulate investment in research and innovation in the energy and water fields such that, through collaboration with the academia and industry, researchers would receive financial assistance to be able to work on projects for the development of products, technologies and solutions suitable for our country's needs.

4.8 Grant for the scrappage of polluting cars

We will be allocating one and a half million euro (€1.5m) for vehicle scrappage schemes, with the grant value varying according to how environment-friendly the new vehicle is.

In terms of existing schemes, a grant will be given for the scrappage of vehicles that have been in circulation for more than ten years, when these are replaced by more environment-friendly vehicles. The grant value will vary in accordance with the level and category of the car and will be subject to a maximum of seven thousand euro (€7,000).

Eligibility for these schemes is open to private individuals, private companies and non-governmental organisations registered as such.

4.9 Investment in alternative means of transport

We will be extending for yet another year the measures related to the purchase of electric vehicles, with the aim of increasing the proportion of less-polluting vehicles.

Accordingly, we are keeping in force the measure relating to electric vehicles and plug-in electric vehicles, which will continue to be exempt from registration tax and also from the annual road licence fee for five years from the date of first registration.

The special rate applicable to residential households so that owners of electric vehicles can charge the battery overnight, will remain in force.

4.10 Other schemes

We are once again extending the scheme where a grant equivalent to a full VAT refund is given on the purchase of bicycles and electric bicycles. The same applies to the scheme that incentivises the purchase of motorcycles, scooters and bicycles equipped with an electric motor, subject to a maximum grant value of four hundred euro (€400).

For those who convert their vehicle to run on gas instead of petrol, the grant value is now being raised to four hundred euro

(€400). However, in order to be eligible, the CO₂ emissions of the vehicle in question will need to be reduced by 25 per cent.

This scheme is being extended to apply to all transport vehicles carrying passengers and cargo, where in this case the grant value will increase to a maximum of eight hundred euro (€800).

When due for annual renewal in the coming year, the circulation licence fee for motorcycles with a cubic capacity between 125cc and 250cc will decrease from €65 to €25 per annum.

4.11 Vehicles and motorcycles used only on weekends and public/national holidays

The owners of all vehicles, including motorcycles, already registered with the Transport Authority, will be able to apply for their vehicle to be licensed for use solely on weekends and public and national holidays. In such case, they stand to benefit from a reduction of thirty-five per cent in their annual circulation licence fee.

4.12 Grant for new taxis to be wheelchair-accessible

The Government wishes to continue to ensure that persons with disability enjoy the same opportunities and thus integrate further within society.

Consequently, a budget allocation is being made for a number of new taxis to be eligible to a grant of ten thousand euro (€10,000) payable upon registration of a taxi vehicle that is accessible for wheelchairs (WAT). This grant applies only when

another vehicle, with an internal combustion engine that is at least ten years from its date of manufacture and that has had a valid licence for the last five years, is registered and scrapped at an authorised facility.

5. STRENGTHENING THE INFRASTRUCTURE

5.1 Continuation of arterial, residential and rural road construction projects

As it has done in the past years, the Government will continue implementing its infrastructural plan to provide the Maltese islands with an arterial, residential and rural road network that is fit for a modern country. In this way Malta will keep enhancing its road infrastructure to be able to meet the island's future transport needs.

Next year we will witness the completion of major projects, such as the Central Link Project and the new junction located between Pembroke and High Ridge in Swieqi. By way of new projects to be initiated, works are planned on the Kirkop tunnels and the Airport Intersection Project, the Luqa Junction Project and the Msida Creek Junction.

We will continue making the necessary preparations for the reconstruction of the Marsascala bypass and the construction of a new subway near Portes des Bombes.

Maintenance and upgrading work will be undertaken on various residential and rural roads, and renovation works are on the cards for the four main tunnels on the island, namely those of Santa Venera, Kirkop, Tal-Qroqq and Ta' Giorni.

As part of our sustainable infrastructure plan, road projects will continue to feature the construction of wide pavements,

bridges and lanes reserved for cyclists' use. We are launching a pilot project - the Safe Cycle Routes Project - whereby safer routes for cyclists will be indicated and urban roads enhanced to facilitate cycling and walking.

5.2 Regeneration of the ports and improvement of maritime sector facilities

Mr Speaker, we will be completing the work on five maritime projects, namely the new breakwater in Marsaxlokk; four quays at St Thomas Bay and in Marsascalea; the reconstruction of the Ċirkewwa quay; and the facilities for fishermen at the Mgarr Port in Gozo.

A number of new projects are due to be kicked off next year, among which we can mention an upgrade of the infrastructure around the coast, including new facilities - in Sliema and Cospicua; Ta' Xbiex, Buġibba and Vittoriosa - for passengers who use ferry boats as a means of transport. To complement these projects, existing quays will be repaired as necessary.

Final preparations will be underway leading to the eventual launch of the Grand Harbour Clean Air Project. This will provide the Grand Harbour with a shoreside electricity system which will cut down on air pollution caused by cruise liners.

5.3 Investing in the industrial infrastructure for tomorrow

We will be embarking on an investment programme to a value of more than four hundred fifty million euro (€450m) over a span of seven years, which will change the face of our country's

industrial infrastructure while creating new spaces and offices for businesses.

This programme will comprise investment in the new Life Sciences Park; the Kordin Business Centre; the regeneration of an area in Marsa previously used for dumping of waste and which will now be used to create a new space for SMEs; as well as investment in a logistics centre. It is indeed an ambitious programme that marks a new chapter in the history of Maltese industry.

The regeneration plan for the Ta' Qali Crafts Village has reached an advanced stage. The Government is committed to the completion of this project by the end of next year, and accordingly a plan has been drawn up to give the necessary support to those businesses that have fallen behind on their construction project. In this way the upgrading of the Crafts Village will be completed at one go.

As part of the consolidation of our aviation infrastructure, the Lima taxiway reconstruction project is set to commence. This will complement present needs as well as Malta's plans to become a centre for aviation maintenance.

5.4 Modernisation of health facilities

The Government will keep strengthening the infrastructure of the facilities providing health services. Projects in this regard include the new Outpatients building and the underground car park at Mater Dei; further modernisation of the Mount Carmel Hospital wards; building of a new regional health centre in the

northern part of Malta; the modernisation of the health centres, including the Gżira Health Centre; and the modernisation of the community clinics (bereg) across Malta and Gozo; as well as the ongoing works on the new health centre in Rabat, Gozo.

The Government is also announcing that, thanks to European funding, it will be setting up a new blood bank, together with a specialised centre for processing and storage of tissue and stem cells. This centre will introduce new services, such as bone freezing and storage of corneas and stem cells for use by patients being treated at the Oncology Hospital.

5.5 Further infrastructural investment in tertiary educational institutions and schools

Mr Speaker, during the coming year we will be investing in a new sports complex at the University of Malta. This complex will comprise, among other things, facilities for the performing arts; an indoor track for athletes' training; a full size football pitch; an Olympic track and a new building to house the Institute of Physical Education and the School of Performing Arts.

We will also carry on improving and building new facilities at MCAST, so that students, employees and the nearby community would have access to sports, recreational and educational facilities.

This year we have completed the new primary school in Qawra, executed another phase of the Żejtun secondary school project, and we will shortly complete the restoration of the School of Arts. Following on this, we will take on further development works

for the construction of two new schools – the primary school in Rabat, Gozo and the one in Msida, as well as the extension and major modernisation works at the secondary school in Santa Lucia and the San Ġorġ primary school in Qormi.

This investment in the educational infrastructure is required to secure a better educational future for our children.

5.6 Further investment in sports facilities

As part of Malta’s preparations to host the Small Nations Games, which are being held here in 2023, we will continue not only to modernise but also to add various new sports facilities to address the needs of different sport disciplines. This will be done through an investment, over a span of three years, to the tune of eleven million euro (€11m).

These new facilities will include, among others, the building of an indoor rowing tank in Cottonera, which training facility would eventually be made available to all organisations practising this sport; and the building of an Outdoor Velodrome in Pembroke, which should attract international competitions to Malta.

We will also set the ball rolling for the construction of a Rugby Complex in Corradino.

5.7 Construction of Social Housing

The programme initiated a few years ago, entailing plans for the construction of 500 apartments through funding from the European Investment Bank and the Council of Europe

Development Bank, as well as almost another 700 apartments with investment partly sourced from the National Development and Social Fund (NDSF), is proceeding at a fast pace and will be continued.

At the same time, ongoing works will continue on the maintenance and embellishment programme for apartment blocks in Government Housing Estates.

5.8 Enhancing the construction industry

The Government will be effecting the changes needed in the building and construction sector, through the setting up of the Building and Construction Authority next year. This should lead to a higher level of professionalism in the way the industry operates; a lower risk of accidents on construction sites; and protection of the surrounding environment.

The Authority will be responsible for issuing policies, regulations and standards for building and construction. An independent tribunal will also be set up to hear objections against any decisions taken.

Yet perhaps the most important measure will be the introduction of a Compensation Fund for the first time ever.

The enactment of a new law regulating real estate agents has continued to enhance this industry. Over recent months, training courses have started being delivered to a substantial number of individuals who operate as agents or property sale consultants.

Consequently, for the first time in Malta, a licence will be required for one to be able to act as a real estate agent, property broker (sensar), or property consultant.

5.9 Property regeneration

Having formulated a rigorous process, which is approved by the National Audit Office (NAO), various sites and public properties will now be evaluated. The aim is that, in collaboration with the private sector, these derelict and neglected sites are rehabilitated so they can continue making an active contribution to the country's economic development.

In terms of another scheme to be introduced, individuals or companies will be given the opportunity to request an extension of the emphyteusis on commercial property to enable them to carry out investment on such property.

5.10 Restoration and regeneration of zones and sites

The regeneration work that we started in various areas in Marsamxett in Valletta will proceed, while the projects in Marsaxlokk and at the Mall Gardens in Floriana will be completed. Meanwhile, similar regeneration work is set to commence in Cottonera. The relative projects will include work in Senglea, Kalkara, Vittoriosa and the building of a new promenade in these areas. Work will also commence on the Msida and Pietà promenades.

Works are due to continue on the extension of the sandy beach at Għadira, as well as on the car parking areas in Għadira and Birżebbuġa.

Heritage Malta has assumed responsibility for the restoration and regeneration of the Grandmaster's Palace in Valletta. This restoration is currently underway, and includes the replacement of all ceilings, as well as the restoration of all paintings and the relocation of the armoury to its original location.

In addition, work is set to commence on historical sites including the Cisterns and the Interpretation Centre, as well as the Main Guard building which is being restored and opened to the public.

At the Maritime Museum we will proceed with regeneration and restoration works which will also cover the naval ovens within the building. Thanks to this restoration, a new experience will be created spanning across the entire museum.

Through the Cottonera Foundation, the extensive programme relating to restoration works on the Cottonera Lines, the Santa Margherita Lines and the Ricasoli Fort in Kalkara, among others, will be continued.

Similar restoration work will be done on the Victoria Lines in the Għargħur area; the Salib tal-Għolja Chapel; and the Jesuits' Oratory and Church.

6. REACHING HIGHER LEVELS IN HEALTH AND EDUCATION

6.1 The COVID pandemic

Mr Speaker, 2020 will be remembered as the year in which the whole world faced an unprecedented challenge – the COVID-19 pandemic.

The Government takes this opportunity to reiterate its appreciation for the dedication of all the workers who have been going out of their way to ensure that this pandemic is controlled, restrained and cured.

Thanks to the agreement entered into with European Union members and with the European Commission, the Government will be procuring the COVID-19 vaccine as soon as this is placed on the market, and hence safeguard the public health of all the people of Malta and Gozo.

The COVID-19 pandemic did not just make way for the creation of a ‘new normal’. More than that, it left an impact on demand for health services. It also created the need for new services, as well as the necessity to modify certain existing services. For this purpose, the Government has created the so-called Pandemic Reserve, which will provide additional resources to enable the country to keep countering the spread of the COVID-19 virus in an effective manner.

In this context, and in the light of the restructuring necessitated at Mater Dei due to the circumstances precipitated by COVID-19, financial resources are being allocated, including for the purposes of renting additional facilities, so that acute care and scheduled elective care can still continue to be provided without constraints, albeit from new facilities.

6.2 Medicines and new services

Besides addressing the immediate needs that arose from the pandemic, the Government anticipated the impact that the pandemic would have on the management of other chronic diseases. Accordingly, we will continue upholding our commitment to provide free medicines as well as to introduce new medicinal products targeted mainly at the needs of persons suffering from chronic diseases.

Along with the investment made over the past years, we will now also introduce the treatment of osteoporosis to address the needs of patients, especially elderly vulnerable persons, who typically experience a low quality of life due to this condition.

Mr Speaker, in line with our commitment towards the execution of the Mental Health Strategy 2020-2030, we will introduce new psychiatric drugs on the Government Formulary, complementing the range of mental health services offered in the community, and invest in the planned new hospital for acute psychiatric care close to Mater Dei Hospital.

Acknowledging the fact that a number of cancer patients require specific oncological drugs and treatments abroad,

the Government plans to increase investment in more holistic cancer care. To this end, we will be opening Ċentru San Mikiel, a facility providing professional palliative care. This project will be implemented thanks to a partnership between the Government and Hospice Malta and will be aligned to the National Palliative Care Strategy.

We are also committed to broaden the Survivorship Programme service, which supports relatives and patients who have managed to overcome cancer.

Over the coming year, we will update Mater Dei Hospital's network infrastructure; extend the Remote Patient Monitoring programme to reach a number of chronic disease patients; and introduce new systems for Clinic Management and for the Telemedicine Client Support Centre, which will facilitate communication between doctor and patient from the comfort of their respective homes.

Mr Speaker, we are aware of the fact that education is one of the main pillars for the prevention of disease. In addition to the launch in 2021 of the Strategy for the Elimination of Hepatitis C, we are set to continue with the educational campaign to increase awareness about sexual health, sexually-transmitted diseases, and the importance of getting tested more regularly.

We will also continue running an ambitious educational programme focusing primarily on the improvement of employees' health at the workplace, as well as a campaign about eating disorders and obesity in children and young people in Malta.

The Government considers the training of its professionals to be crucial for enhancing public health in our country. Accordingly, we will invest in training for health sector employees, while incentivising healthcare professionals to undertake training in the field of prevention. This is essential so we can keep building on the success already achieved in our drive to provide the highest quality services and guarantee continuous improvement in the health of Maltese and Gozitan people.

6.3 Care of the elderly

We are aware that the number of elderly persons needing gerontological care is increasing, and that, thanks to the high level of our quality of life as well as the health services we enjoy, Maltese people are living a longer life. In view of this, Government is engaging in long-term planning to keep pace with these trends and accordingly increase the number of beds for the elderly. This will be done by ensuring that more beds are available for elderly persons, both in public hospitals as well as in projects run together with the private sector, or through the acquisition of beds from private operators.

Having said that, the Government's main objective is that the elderly keep living in the community while remaining active. We are thus increasing the number of Active Ageing day centres and night shelters, some of which will be focusing on specific conditions, for dementia sufferers and for persons with disability.

We are also enhancing the Home Help and Telecare services and extending the range of services provided in towns and villages,

such as the Silver T and the phlebotomy services. We will also see that the KartAnzjan is given a new lease of life.

With regard to standards, we are not only launching Social Regulatory Standards for care services for older persons, but we are also bolstering specialised training in elderly care for persons wishing to work in this field.

6.4 Holistic education

The Government is committed to continue providing learning opportunities to ensure that all children, young people and adults can obtain the necessary skills to succeed at work and in society.

This is being done within a strategy framework for our educational system, designed to continue gradually reducing the rate of early school leavers; to increase the proportion of adults aged between 30 and 34 years with tertiary level qualifications; and to foster more participation in adult learning.

On top of this, the closure of schools and educational institutions due to the pandemic has shown us the importance of internet and online access for each and every student. Accordingly, we will be giving free internet access, for a whole year, to all the students who choose to keep studying after completing their secondary schooling. We will also see that the National Commission for Further and Higher Education regularises the provision of online education.

In order to continue enhancing our children's educational experience, we will also be offering online sessions for parents, so that these, together with teachers, would be able to contribute to the provision of higher quality education to their children.

The extensive online learning service, which includes accredited courses of the highest level, will be offered to adults and workers so that these can keep enhancing their skills and consequently improve and advance in their career.

As part of the National Literacy Strategy for All, we will be ensuring that the Reading Recovery programme, an early intervention programme aimed at children in their first years within the educational system, reaches more students.

The Government will continue ensuring that each and every student receives the necessary attention to address his/her particular needs. Consequently, it will be investing to introduce Autism Units in our middle secondary schools. This involves having a dedicated classroom furnished with special equipment to address the needs of students with autism.

With a view to reducing stress for students, especially during exams, a pilot project will be undertaken, whereby students will sit for their SEC examinations at the school they presently attend.

6.5 A National Youth Policy

With regards to young people, it is pertinent to mention that there is an ongoing public consultation on a National Youth

Policy for 2021-2030 titled Towards 2030 - Reaching out to, working with, and supporting young people, which will be focusing on all young persons between the ages of 13 and 30.

Towards 2030 will complement the national policy in related areas such as education, employment, justice and health – all of which have a bearing on young people.

We will ensure that all people, groups and organisations who work for and with young people are given the opportunity to actively participate and contribute to the development and implementation of this youth policy.

6.6 The voluntary sector

The Government is aware that voluntary organisations make an important contribution to society. Therefore as from next year, voluntary organisations that are enrolled as such and that are compliant with the provisions of the law regulating such organisations, will be exempted from tax on any profit they make throughout the year, as long as their annual income does not exceed fifty thousand euro (€50,000).

At the same time, we will ensure that voluntary organisations are transparent with regard to the donations they receive and how they spend them. We want to make sure that these organisations uphold the level of trust that the Maltese and Gozitan public puts in them.

6.7 Regulatory authorities for sports

We will ensure that there is fair play in each and every competitive sport and we will continue striving to curb sports corruption. To this end, the Government will be setting up the Maltese Sports Integrity Authority, so that responsibility for overseeing this negative aspect of the sports sector will be in the hands of a sole entity.

With regard to the regulatory and organisational aspect of the conduct of horse races, the new Act for EquestriMalta will be coming into force, which Act will be establishing a new authority to replace the Malta Racing Club.

6.8 National heritage and culture

Our country's history and heritage are the fundamental elements which form the identity of our people. Accordingly, the preservation of our historical legacy remains at the forefront of this Government's agenda. We will thus be investing further in the Superintendence of Cultural Heritage through more excavations of archaeological sites.

In the cultural and creative sectors, the Government will be breathing new life into individual artists, cultural operators, and operators offering ancillary services in this sector, all of whom have suffered so much during the past months, so that they will be able to organise quality productions, shows, concerts or similar initiatives.

The application of digital technology is becoming an integral part in the production of artistic and cultural works, and thus we will see how we can help to encourage a stronger interdisciplinary element between technology, research and art.

During 2021, we will be organising a National Symposium for Culture and Creativity while continuing to invest in the Centre for Creativity Foundation.

We need to continue investing in the Maltese language to keep it alive. Accordingly, we will carry on working on the spell-checking digital resource for the Maltese language.

We will continue to invest in the restoration of Manoel Theatre and remain committed to see the Carnival Experience project being executed.

Next year we will keep exploring and opening underwater sites, thereby attracting more tourists and professional divers to our country.

6.9 Local Councils

Mr Speaker, the investment that the Government has been directly making in local governments year after year is a clear sign of its strong belief in these key pillars of our country's democratic structures. We believe that our investment in Local Governments translates into an improvement in the quality of life we all enjoy in our respective communities.

Throughout 2021 we will be investing to strengthen the structures of Regional Councils, such that, apart from fulfilling their functions with greater efficiency and effectiveness, they would be able to provide assistance to the Local Councils within their remit, including in the form of support by professional officers.

Upon the recommendations of the NAO report, an ICT Strategy for Local Government will be launched in a holistic way.

7. GOVERNANCE AND SECURITY

7.1 Further reforms for the strengthening of governance

Good governance and the rule of law will remain a priority, and the necessary reforms will continue to be made to ensure national stability, trust in the institutions and economic growth. For this purpose, we have set up the Cabinet Committee on Governance, tasked with ensuring that Malta complies with the recommendations on good governance and rule of law put forward by the Venice Commission, GRECO and Moneyval.

Having introduced a legislative package based on the Venice Commission’s Opinion, discussions will continue at the Constitutional Convention being led by the President of the Republic.

We will keep strengthening the institutions with the help of experts from the World Bank, leading to the further strengthening of the Office of the Attorney General and the Office of the State Advocate. This phase of the reform includes the design of internal structures, administrative procedures and the organisation of the Attorney General’s Office and the State Advocate’s Office, to ensure that they operate efficiently and transparently while safeguarding the rule of law in our country, and also to align the internal structures and processes of these Offices to the level of professionalism required both locally and at international level.

The Moneyval report has shown that more work is needed in relation to Malta’s legislative and technical tools, in order to

introduce more awareness about the risks of money laundering as well as a suitable framework to combat financial crime.

Further to the Moneyval report issued in July 2019, the National Coordinating Committee on Combating Money Laundering and Funding of Terrorism (NCC) has been working hard to see that the competent authorities address all the recommendations. This work has led to significant results. With regard to cooperation between authorities, forty-four (44) Memoranda of Understanding have been drawn up.

Malta presented its report to Moneyval on 5 October. The report shows how Malta has addressed each of the fifty-eight (58) recommendations emanating from Moneyval's original report, insofar as the legal and technical areas are concerned.

We are satisfied that the Maltese institutions now have a good understanding of the risks of money laundering and funding of terrorism. The institutions, both in the public and private sectors, are prepared to effectively combat the risks which are always evolving and changing over time. In this way we expect to see effectiveness in the actions of our institutions and competent authorities.

Efficiency in the judicial procedure will remain a priority. In this regard, the Court Services Agency will do its utmost to offer the best possible support to members of the judiciary as well as an efficient and effective service to citizens who resort to court services. This will be done through investment in digital technology; an additional number of offices; and assumption of

responsibility for the European Criminal Records Information System (ECRIS) as well as for the European Criminal Records Information System – Third Country Nationals (ECRIS-TCN). As a result, the police force will be able to focus more on criminal investigations and law enforcement.

In the judiciary field, a proposal will be put forward for the extension of the retirement age for judges and magistrates, while new appointments will be made on the judges' bench.

In order to reduce the pending workload of the Court of Appeal, it will be given the opportunity to hold sittings only for the cases it deems necessary. There will also be the possibility for sittings in civil proceedings to be held through live video conferencing; and there will be an increase in the compositions of the (Superior) Courts of Civil Appeal so as to facilitate the appeals process and serve the citizen better and within a reasonable time.

We are launching a research project about domestic violence with the aim of improving and facilitating the service offered to the vulnerable victims of domestic violence, whilst improving the overall efficiency of the justice system in this sphere of operation. We will also be launching a training programme for professionals working in this field.

We will keep investing in the Asset Recovery Bureau by means of new technologies for the exchange, management and retrieval of information. We will also continue with another ambitious project relating to the construction of a specialised building, equipped with the latest technology, to host an asset tracing laboratory

and an adequate space for the preservation of confiscated assets. The purpose of this building is to preserve and protect confiscated assets prior to their disposal, and to ensure that their value is transferred to the Government.

We will also be launching a modernisation project for the Office of the Notary to Government and the Main Archive, which among others will include the continuation of the notarial acts digitalisation process; ascertaining that all public deeds and wills are registered at the public registry in time; and ensuring that all the relevant taxes collected by notaries are paid in an effective manner to the relevant entities.

7.2 The Disciplined Forces

2021 will be the first full year during which the police force will be shaping its operations in accordance with its transformation strategy, which comprises forty-nine (49) concrete actions with the aim of transforming the police force into a police service. The Government is supporting this strategy including by providing the necessary resources.

Since the community is at the heart of an efficient and effective police force, next year we will continue to widen the scope of the community policing project. In its next phase this project will now need to start addressing also the more challenging localities such as Marsa, Hamrun, St Paul's Bay and St Julians to see to the enforcement of various laws.

Whereas the Government's vision is to have a greater police presence in our streets, this does not detract from the need to

invest in police stations considered as key, as we have indeed done this year.

This investment will continue with the completion of the new police station in Marsascala and the commencement of work on other police stations, particularly those at Msida and Hamrun.

We also plan to complete the Command and Control Room at the Police General Headquarters and the modernisation of the forensic section.

In view of the increase in the prison population, further infrastructural investment will be carried out to make better and more effective use of the space at the correctional facilities.

New vehicles will be acquired to ensure that prisoners are escorted to court in a more secure manner, including for the correctional facility officials themselves. At the same time the prison's CCTV system will be enhanced.

The psychology section will be reinforced and a programme for young offenders will be run. Meanwhile, the Agency for Crime Victims will start operating with the aim of bringing together several crime victim services under one roof while introducing new ones.

Likewise, at the Armed Forces of Malta further investment will be made so that soldiers would be better equipped to carry out their work. The Special Operations Unit will be bolstered

and further improvements will be made to the communications systems. Works will continue at the different bases of the Armed Forces, including at the new operational centre in Luqa which is also anti-seismic.

The members of all the disciplined forces will, over the coming year, continue to be provided with training, both in Malta and abroad. The Academy for Disciplined Forces will carry on with the process of accreditation of its courses by the National Commission for Further and Higher Education (NCFHE), with the first accredited course being the one for basic training of police force recruits.

With regard to protection of our country's critical infrastructure, next year we will be inaugurating a Security Monitoring Centre equipped with the most advanced technology. This centre, which will be running on a 24-hour basis, will be operating a monitoring network covering the country's critical infrastructure, operators of essential services, and sensitive infrastructure.

7.3 Strengthening civil protection

In accordance with its seven-year plan, next year the Civil Protection Department will carry on replacing its oldest vehicles with new ones. It will be acquiring specialised vehicles which would be sent out depending on the nature of the accident, ensuring short response times and better overall efficiency.

Investment in the maritime field will be continued with the expected arrival of the Department's first fire boat, having

the capability of extinguishing fires and carrying out rescue operations at sea even in extremely bad weather conditions.

Infrastructure development at the existing fire stations will be carried out, and work on the Santa Venera fire station is set to be continued.

7.4 Immigration

The reality of irregular immigration continues to necessitate a strong and realistic reaction by the Maltese authorities, with a view to easing, as much as possible, the burden carried by Malta as a country lying on the border of the European Union.

The main priority remains the prevention of arrivals and the fight against the criminals who put so many lives in danger. In this regard, we will carry on with our diplomatic efforts and collaboration with Libya with the aim of curtailing arrivals as much as possible.

The second priority is the return of migrants who do not deserve asylum in our country. The return of failed asylum seekers is a challenge for every European Union country and accordingly we will be taking a number of unprecedented initiatives. We will be strengthening the International Protection Agency set up in recent months; reinforcing the Police's Immigration Division; and setting up a new unit dedicated specifically to the return of such persons.

Last but not least, Malta will keep doing its utmost on the international level so that the immigration burden continues to be shared. This will be done through more initiatives to relocate immigrants in other European Union countries as well as resettlement programmes.

7.5 Equality and reforms

It is acknowledged that achieving a better balance between one's work and private life is of strategic and significant importance, for employers and employees alike.

Accordingly, we will be working to incentivise employers to offer measures leading to a better work-life balance and to encourage men to participate more in home life, thereby strengthening gender equality.

We will continue our fight against human trafficking through the setting up of the Human Rights and Equality Commission; we will start implementing the Gender Equality Strategy; we will seek to introduce the first National Action Plan against Racism and Xenophobia; and we will carry on working on other reforms including the one on cannabis. In addition, we will be introducing all the necessary reforms to ensure equal representation in Parliament.

A new centre for the LGBTIQ community will be set up, with the objective of bringing together, under one roof, a number of services and facilities provided by the Government and the Civil Society to the LGBTIQ community. This centre will also be

providing financial support to the LGBTIQ community in bringing EuroPride 2023 to Malta.

7.6 Citizenship

The Government will ensure that measures are in place to provide full protection of individual identity. For this reason, the new identity cards will be equipped with the latest technology to make it much more difficult for this personal document to be falsified or stolen.

We are cooperating with other European countries to make our borders more secure against the challenges of organised crime and the threat of terrorist attacks. This measure is termed smart borders.

In this regard, a computer system is being developed to maintain a record of each and every person who enters or exits the country. Further investment will be made so that more services are offered online, while an evaluation will be carried out on how the use of digital identity can be strengthened to facilitate the transfer of information which citizens need to obtain from the public sector.

The Government has always embraced the principle that employees' interests should be protected and that no abuse should take place at the workplace. For this purpose, more workplace inspections will be carried out to curb abuse and exploitation of persons at the workplace, while preventing human trafficking and forced labour.

As regards the Residence and Citizenship by Investment programmes, we are working to review, update and introduce more rigorous criteria to continue ensuring that individuals who are accepted under these schemes are fit to be granted citizenship or residence status in our country.

Further details about these criteria will be given once the new programmes are launched.

7.7 Collaboration beyond our shores

In the Foreign Affairs field, the Government is working relentlessly for peace and security in the Mediterranean region so that each nation can live free from the hardships brought about by conflicts. We do this through each forum in which we participate on a consistent basis. With regards to the Libya issue, we are doing our utmost to see that Libya is led by Libyans and we are making our full contribution to the development of the civil authorities and the economic recovery of this neighbour country, with a view to finding a political solution to this conflict.

Throughout this year we continued to ensure that we keep an open dialogue with all countries, giving particular attention to the Mediterranean and Africa. Having launched our strategy for Africa, we are seeking to keep consolidating our presence in this continent brimming with opportunities. In the European arena, we are seeking to find a common method to work together with other member states towards new solutions for problems we've had for years.

We will continue with our upgrade and renewal programme in relation to our embassies and consulates around the world. In addition to renovation of the premises, we will be introducing a number of adequate security measures while enhancing the work environment.

We will be scouting for suitable locations in Ethiopia and Latin America to serve as new embassies for Malta.

7.8 Malta's campaign bid for the United Nations Security Council

As already announced, Malta has presented its campaign bid for a non-permanent seat - reserved for the member countries of the Western European and Others Group - on the Security Council for a term of two years between 2023 and 2024.

Malta needs to secure the vote of two-thirds of the members of the United Nations at the election scheduled to take place in June 2022 at the New York General Assembly. In view of this, during 2021 Malta will continue to hold meetings with members of the United Nations to demonstrate the highly relevant credentials that Malta has to offer as a member of the United Nations Security Council.

8. CONCLUSION

Mr Speaker, I am proud to have presented this ninth budget today.

A budget that is the best and the largest I have ever presented.

A budget that will confirm that this movement really believes in the people of Malta and Gozo.

A budget that will show how we are ready to invest hundreds of millions of euro so that the economic engine we have built not only recovers but reaches levels never seen before.

A budget thanks to which we, as **MALTESE** people, will all be **STRONG** together and move **FORWARD**.

STATEMENT A
REVENUE 2020 : REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

HEAD	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION		REMARKS
			+	-	
	€	€	€	€	
TAX REVENUE					
Direct -					
Income Tax	1,936,000,000	1,628,500,000	-	307,500,000	Lower revenue is anticipated by year end, when compared to the original budget, as shown in the revised forecast as a result of lower economic activity due to the current pandemic.
Social Security	1,149,000,000	1,014,700,000	-	134,300,000	Lower revenue is anticipated by year end, when compared to the original budget, as shown in the revised forecast as a result of lower economic activity due to the current pandemic.
Indirect -					
Customs and Excise Duties	350,140,000	311,800,000	-	38,340,000	Lower revenue is anticipated by year-end, when compared to the original budget, as shown in the revised forecast as a result of lower economic activity due to the current pandemic.
Licences, Taxes and Fines	420,253,000	323,408,000	-	96,845,000	Lower revenue is expected by year end mainly under <i>Gaming Taxes, Duty on Documents, Motor Vehicle Registration Tax and Annual Circulation Licence Fees</i> , as a result of lower economic activity due to the current pandemic.

STATEMENT A
REVENUE 2020 : REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

HEAD	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION + €	- €	REMARKS
TAX REVENUE (continued)					
Value Added Tax	1,099,000,000	810,000,000	-	289,000,000	Lower revenue is anticipated by year end, when compared to the original budget, as shown in the revised forecast as a result of lower economic activity due to the current pandemic.
TOTAL TAX REVENUE	4,954,393,000	4,088,408,000		865,985,000	
NON-TAX REVENUE					
Fees of Office	103,993,000	127,158,000	23,165,000	-	Higher proceeds from the <i>Individual Investor Programme</i> that are to be transferred to the Consolidated Fund are the main reason for the increase under this heading, whilst less revenue is expected to be received under Fees of Office.
Sales	35,466,000	41,836,682	6,370,682	-	Higher receipts from <i>Sale of Graves/Grave Sites</i> are expected to materialise by year end depending on signing of contracts.
Reimbursements	4,003,000	4,943,000	940,000	-	Higher receipts from <i>Contributory Assistance</i> and <i>Reimbursement of Pensions by Public Entities</i> are projected to be received by year end.

STATEMENT A
REVENUE 2020 : REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

HEAD	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION + - €	REMARKS
Central Bank of Malta	28,500,000	31,500,000	3,000,000	Higher receipts are anticipated by year end, when compared to the original budget.
Rents	37,615,000	32,165,000	- 5,450,000	Lower receipts than originally anticipated at the time of budget preparations reflect decrease mainly under <i>Rent of Commercial Tenements</i> , as a result of lower economic activity due to the current pandemic.
Dividends on Investment	47,161,000	36,700,000	- 10,461,000	Lower receipts are expected by year end in reflection of actual dividends which are expected to materialise.
Interest on Loans made by Government	276,000	276,000	-	
Grants	208,382,000	240,583,000	32,201,000	Variance is due to actual reimbursements of corresponding expenditure, expected to be received from the EU Commission under its various funding programmes, including receipts pertaining to previous years.
Miscellaneous Receipts	31,958,000	77,618,000	45,660,000	Higher receipts are expected to materialise under <i>Premium receivable from sale of MGSs</i> , in view of an increased resort to borrowing that was necessary this year.
TOTAL NON-TAX REVENUE	497,354,000	592,779,682	95,425,682	
TOTAL REVENUE	5,451,747,000	4,681,187,682	770,559,318	

STATEMENT A
REVENUE 2020 : REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

HEAD	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION	REMARKS
			+ - € €	
NON-ORDINARY REVENUE				
Local Loans	450,000,000	1,480,000,000	1,030,000,000	-
				The difference from the original estimates reflects higher borrowing requirements for this year, as a consequence of the current pandemic which has resulted in lower revenues and higher expenditures.
European Union Loan	-	120,000,000	120,000,000	-
				The revision reflects financing obtained through EU SURE Loans.
Repayment of loans made by Government	666,000	914,000	248,000	-
				The difference from the original estimates reflects payment by the Water Services Corporation.
Proceeds from Sale of Shares	889,000	889,000	-	-
TOTAL NON-ORDINARY REVENUE	451,555,000	1,601,803,000	1,150,248,000	
GRAND TOTAL	5,903,302,000	6,282,990,682	379,688,682	

STATEMENT B
RECURRENT EXPENDITURE 2020: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

VOTE	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION		REMARKS
			+	-	
	€	€	€	€	
1 Office of the President	4,580,000	4,530,000	-	50,000	
2 House of Representatives	10,443,000	10,443,000	-	-	
3 Office of the Ombudsman	1,340,000	1,340,000	-	-	
4 National Audit Office	3,800,000	3,800,000	-	-	
5 Commissioner for Standards in Public Life	640,000	640,000	-	-	
6 Office of the Prime Minister	66,786,000	84,644,000	17,858,000	-	When compared to the original forecast, a variance is anticipated under the Contributions to Government Entities category (mainly under <i>Resource Support and Services Ltd, Servizz.gov</i> and <i>Malta Financial Services Authority</i>).
7 Information	1,411,000	1,411,000	-	-	
8 Government Printing Press	1,666,000	1,666,000	-	-	
9 Electoral Office	2,783,000	2,742,000	-	41,000	

STATEMENT B
RECURRENT EXPENDITURE 2020: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

VOTE	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION		REMARKS
			+	-	
	€	€	€	€	
10 Public Service Commission	742,000	742,000	-	-	
11 Ministry for Health	702,024,000	806,926,000	104,902,000	-	Variance is due to higher expenditure under the Personal Emoluments category (<i>Salaries and Wages</i>), under Operational and Maintenance Expenses category (<i>Professional Services</i>), the category of Programmes and Initiatives due to the current pandemic which have been classified under <i>Medicines & Surgical Materials and Waiting Lists for Medical Services (Outsourcing)</i> .
12 Ministry for the Economy, Investment and Small Businesses	22,628,000	86,524,000	63,896,000	-	Variance is due to higher expenditure under the Operational and Maintenance Expenses category (<i>Contractual Services</i>) and under the Programmes and Initiatives category (<i>Economic Regeneration Voucher Scheme</i>) and <i>Malta Investments Management Co. Ltd of the Contributions to Government Entities</i> category.
13 Commerce	1,664,000	1,664,000	-	-	

STATEMENT B
RECURRENT EXPENDITURE 2020: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

VOTE	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION +	-	€	REMARKS
14 Ministry for Education and Employment	347,308,000	357,123,000	9,815,000	-	€	The decrease under Personal Emoluments (<i>Salaries and Wages</i>) was accompanied by additional uptake under the Operational and Maintenance Expenses category. Higher expenditure is expected under Programmes and Initiatives category (mainly <i>Church Schools, Learning Support Assistance in Private Schools, and Afternoon School Programme/Skola Sajf/Klabb3-16</i> and the <i>Malta Council for the Voluntary Sector</i> of the Contributions to Government Entities category due to assistance granted in view of the pandemic.
15 Education	301,026,000	318,702,000	17,676,000	-	€	A variance is expected under Personal Emoluments (Allowances). Higher expenditure is expected under the Programmes and Initiatives category to cover the <i>Extension of School Transport Network</i> and under <i>Contractual Services of the Operational and Maintenance Expenses</i> category.
16 Ministry for Energy and Water Management	97,077,000	112,664,000	15,587,000	-	€	The Programmes and Initiatives category (<i>Feed in Tariff</i>) and <i>Engineering Resources Ltd</i> in the Contributions to Government Entities Category, are likely to give rise to this budget variance by year end.

STATEMENT B
RECURRENT EXPENDITURE 2020: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

VOTE	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION		REMARKS
			+	-	
	€	€	€	€	
17 Ministry for Finance	185,557,000	187,365,000	1,808,000	-	There is a decrease in the Programmes and Initiatives category under <i>EU Own Resources</i> which was utilised to cover part of the shortfalls under <i>Expenditure Reporting Schemes, Compensation Payments and Court Judgements</i> occurring during the year.
18 Economic Policy	1,750,000	1,750,000	-	-	
19 Treasury	39,537,000	32,237,000	-	7,300,000	A decrease is expected in expenditure under the Programmes and Initiatives category <i>EFSS/ESM Credit Line Facility and Interest Expenditure/SEPA Banking Charges</i> , which was partly utilised to cover higher expenditure than the original forecast in view of the <i>Expenses linked to the issuance of Malta Government Stocks, Compensation Payment by Government and Interest Expenditure/SEPA Banking Charges</i> .
20 Public Debt	697,855,000	696,607,000	-	1,248,000	Expenditure under Local Borrowing will be lower than originally forecast in view of <i>Interest (MGS) and Interest (Treasury Bills)</i> . An increase is expected under <i>Early Repayments of MGRSB</i> .
21 Commissioner for Revenue	20,050,000	21,081,000	1,031,000	-	A variance is expected to occur under <i>Office Services and Contractual Services</i> of the Operational and Maintenance Expenses category.

STATEMENT B
RECURRENT EXPENDITURE 2020: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

VOTE	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION		REMARKS
			+	-	
	€	€	€	€	
22 Customs	12,453,000	12,095,000	-	358,000	
23 Contracts	1,866,000	1,866,000	-	-	
24 Ministry for Tourism	123,213,000	124,465,000	1,252,000	-	It is expected that the <i>Professional Services</i> under the Operational and Maintenance Expenses category will require a higher cash budget by year end.
25 Ministry for Home Affairs and National Security	39,300,000	50,758,000	11,458,000	-	Supplementary funding is required under the <i>Materials and Supplies and Contractual Services</i> items of the Operational and Maintenance Expenses category, <i>Detention Services</i> of the Programmes and Initiatives category and under the <i>Correctional Services Agency and Agency for Welfare of Asylum Seekers</i> in the Contributions to Government Entities category.
26 Armed Forces of Malta	57,222,000	55,907,000	-	1,315,000	A variance is expected under the <i>Personal Emoluments</i> category (<i>Salaries and Wages</i>).
27 Police	78,356,000	83,975,000	5,619,000	-	Variances under the <i>Personal Emoluments</i> category (<i>Salaries and Wages, Allowances and Overtime</i>) are expected to materialise by year end.

STATEMENT B
RECURRENT EXPENDITURE 2020: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

VOTE	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION		REMARKS
			+	-	
	€	€	€	€	
28 Probation and Parole	1,416,000	1,379,000	-	37,000	
29 Civil Protection	9,282,000	9,376,000	94,000	-	A variance is expected under the Operational and Maintenance Expenses category (<i>Materials and Supplies</i>).
30 Ministry for Justice, Culture and Local Government	98,593,000	106,865,000	8,272,000	-	Supplementary provisions are required under <i>Summoning and Expenses of Witnesses, Jurors and Experts in Criminal Court Trials</i> in the category of Programmes and Initiatives, and under the Contributions to Government Entities category (<i>Heritage Malta</i>).
31 Local Government	52,829,000	47,129,000	-	5,700,000	There is a decrease in the Programmes and Initiatives category under <i>Separation of Waste Bins and Additional Street Sweeping Services</i> .
32 Ministry for the Environment, Sustainable Development and Climate Change	88,652,000	94,657,000	6,005,000	-	Variances are expected under the Operational and Maintenance Expenses category (<i>Contractual Services</i>), as well as the <i>Solid Waste Management Strategy</i> under the Programmes and Initiatives category.
33 Ambient Malta	18,078,000	18,628,000	550,000	-	Variances are expected under the Programmes and Initiatives category (<i>Landscaping-Malta</i>).

STATEMENT B
RECURRENT EXPENDITURE 2020: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

VOTE	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION		REMARKS
			+	-	
	€	€	€	€	
34 Ministry for Foreign Affairs and Trade Promotion	34,737,000	76,710,000	41,973,000	-	Variances are expected under the Operational and Maintenance Expenses category (Contractual Services to cover Covid-19 repatriation flights), as well as the <i>Overseas Development Aid</i> under the Programmes and Initiatives category.
35 Ministry for Transport, Infrastructure and Capital Projects	101,671,000	119,654,000	17,983,000	-	Savings are projected in the Personal Emoluments category (<i>Salaries and Wages</i>), which compensate partly for increases under the Programmes and Initiatives category (PSO - <i>Public Transport, PSO Inter-Island Transportation</i>), as well as the <i>Lands Authority</i> , under Contributions to Government Entities.
36 Ministry for Gozo	48,271,000	47,372,000	-	899,000	Savings are projected in the Personal Emoluments category (<i>Salaries and Wages and Allowances</i>) and <i>Gozo Employment Scheme</i> under the Programmes and Initiatives category will be partly required to cover increases under Operational and Maintenance Expenses category (<i>Materials and Supplies and Rent</i>).

STATEMENT B
RECURRENT EXPENDITURE 2020: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

VOTE	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION		REMARKS
			+	-	
	€	€	€	€	
37 Ministry for the Family, Children's Rights and Social Solidarity	108,813,000	116,770,000	7,957,000	-	Higher expenditure is expected in the Personal Emoluments category under <i>Salaries and Wages</i> and also under the Programmes and Initiatives category namely <i>Housing Programmes and Assistance to Help the Elderly live Independently</i> . Supplementary provisions are required under <i>Support</i> and <i>Housing Authority</i> within Contributions to Government Entities category.
38 Social Policy	391,816,000	346,911,000	-	44,905,000	The decrease is mainly due to <i>State Contribution</i> under the Programmes and Initiatives category in reflection of lower social security contributions expected to be received.
39 Social Security Benefits	1,061,995,000	1,075,780,000	13,785,000	-	Savings are expected under the Contributory Benefits Category, mainly <i>Invalidity Pensions</i> and <i>Bonus</i> and under Non- Contributory Benefit category mainly <i>Children's Allowances, Old Ages Pensions, Medical Assistance, and Bonus</i> . Supplementary funding is required under <i>Short-term Benefits</i> under the Contributory Benefits category and <i>Supplementary Assistance</i> and <i>In-work Benefit</i> in the Non-Contributory Benefits category.
40 Pensions	100,664,000	102,625,000	1,961,000	-	A variance is expected in the Programmes and Initiatives category, mainly in <i>Pensions and Allowances under the Pensions Ordinance</i> .

STATEMENT B
RECURRENT EXPENDITURE 2020: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

VOTE	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION + €	- €	REMARKS
41 Elderly and Community Care	166,003,000	175,764,000	9,761,000	-	Variances are projected under <i>Allowances</i> from the Personal Emoluments category and under Operational and Maintenance Expenses category (<i>Contractual Services</i>). Supplementary funding is required due to higher take up of services under the Programmes and Initiatives category namely <i>Residential Care in Private Homes and Care at Home</i> which is partly compensated by a decrease in <i>SVPR Service Contract</i> .
42 Ministry for European Affairs and Equality	23,596,000	23,051,000	-	545,000	A variance is expected under the Personal Emoluments category (<i>Salaries and Wages and Allowances</i>).
43 Industrial and Employment Relations	1,705,000	1,832,000	127,000	-	
TOTAL RECURRENT EXPENDITURE AND PUBLIC DEBT SERVICING	5,131,198,000	5,428,170,000	296,972,000	-	

STATEMENT C
CAPITAL EXPENDITURE 2020: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

VOTE	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION		REMARKS
			+	-	
	€	€	€	€	
I Office of the President	589,000	639,000	50,000	-	
II House of Representatives	2,188,000	488,000	-	1,700,000	Lower expenditure is expected under <i>Rehabilitation and Adaptation Works</i> .
III Office of the Prime Minister	46,987,000	42,479,000	-	4,508,000	Lower expenditure is projected under various items including <i>Special Projects, Horizontal Corporate Projects, Incubator Project, ICT - Horizontal Projects, National Identity Management System</i> (Identity Malta Agency). This is partially offset by higher projected expenditure under <i>Malta Digital Innovation Authority</i> .
IV Ministry for Health	50,998,000	53,405,000	2,407,000	-	Expenditure under <i>Property, Plant and Equipment</i> (Mater Dei Hospital) will be higher than originally forecast in view of COVID-19 pandemic. Lower expenditure is envisaged under <i>Structural Funds 2014-2020</i> .
V Ministry for Economy, Investment and Small Businesses	38,800,000	434,783,000	395,983,000	-	Higher expenditure resulting from the financial assistance in relation to Wage Supplement Scheme, and <i>50% utility bill refund</i> and <i>The Subsidy on Rent</i> for businesses due to the COVID-19 pandemic, which are being provided through Malta Enterprise.

STATEMENT C
CAPITAL EXPENDITURE 2020: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

VOTE	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION		REMARKS
			+	-	
	€	€	€	€	
VI Ministry for Education and Employment	100,791,000	63,140,000	-	37,651,000	Expenditure is anticipated to be lower mainly under <i>Maltese Spell Checker, Structural Funds 2014-2020, University of Malta and MCAST Capital Programmes, Information Technology in Non-State Schools</i> and various projects related to the Sport Vote namely the <i>Indoor Pool at the Cottonera Sports Complex, Marsasala Waterpolo Pitch and Shooting Range</i> .
VII Ministry for Energy and Water Management	39,416,000	28,389,000	-	11,027,000	Lower expenditure is expected under this Capital Vote principally under <i>Cohesion Funds 2014-2020</i> and <i>Management of Farm Slurries in Malta</i> .
VIII Ministry for Finance	24,959,000	52,608,000	27,649,000	-	Higher expenditure is expected under <i>Investment - Equity Acquisition and Property, Plant and Equipment</i> (under Ministry and Customs).
IX Ministry for Tourism	32,861,000	16,753,000	-	16,108,000	Expenditure is projected to be lower mainly under <i>Foundation for Tourism Zones, Grand Harbour Regeneration Corporation, Regeneration Works and Structural Funds 2014-2020</i> .
X Ministry for Home Affairs and National Security	44,941,000	29,602,000	-	15,339,000	Lower expenditure under this Vote is mainly attributed to <i>ICT, and Property, Plant and Equipment</i> (Civil Protection and Armed Forces of Malta).

STATEMENT C
CAPITAL EXPENDITURE 2020: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

VOTE	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION		REMARKS
			+	-	
	€	€	€	€	
XI Ministry for Justice, Culture and Local Government	28,353,000	24,472,000	-	3,881,000	Savings under Structural Funds 2014-2020, Local Councils Capital Projects, MICAS and Property, Plant and Equipment (Culture and the Arts) will be partly offset by higher expenditure expected under <i>Improvements at Museums and Historical Sites, and Restoration Works and Property, Plant and Equipment</i> (Court Services Agency).
XII Ministry for the Environment, Sustainable Development and Climate Change	70,962,000	59,393,000	-	11,569,000	Savings are expected to materialise under <i>European Maritime and Fisheries Fund 2014-2020, European Agricultural Fund for Rural Development 2014-2020, European Territorial Cooperation Programme 2014-2020, Cohesion Fund 2014-2020, WasteServ Malta Ltd, Property, Plant and Equipment (Public Abattoir) and Upgrade of Parks and Public Gardens</i> (Ambjent Malta).
XIII Ministry for Foreign Affairs and Trade Promotion	2,483,000	2,993,000	510,000	-	Higher expenditure is expected under <i>Property, Plant and Equipment</i> .
XIV Ministry for Transport, Infrastructure and Capital Projects	167,646,000	161,884,000	-	5,762,000	The higher expenditure expected under <i>Cohesion Fund 2014-2020</i> will be accompanied by the lower expenditure anticipated under <i>Structural Funds 2014-2020 and Maritime Facilities</i> .

STATEMENT C
CAPITAL EXPENDITURE 2020: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

VOTE	APPROVED	REVISED	VARIATION		REMARKS
	ESTIMATE	ESTIMATE	+	-	
	€	€	€	€	
XV Ministry for Gozo	19,220,000	16,724,000	-	2,496,000	Overall lower expenditure is expected under <i>Road Construction/Improvements</i> . This is partially offset by a higher expenditure expected to be registered under <i>Restoration and Improvements of Tourism and Heritage Sites, Marsalforn Masterplan and Upgrading of St Francis Square</i> .
XVI Ministry for Family, Children's Rights and Social Solidarity	23,807,000	20,277,000	-	3,530,000	Lower expenditure is expected mostly under Structural Funds 2014-2020.
XVII Ministry for European Affairs and Equality	50,036,000	22,527,000	-	27,509,000	Lower expenditure is anticipated mainly under <i>Internal Security Fund - Borders and Visa and Structural Funds 2014-2020</i> .
TOTAL CAPITAL EXPENDITURE	745,037,000	1,030,556,000	285,519,000	-	