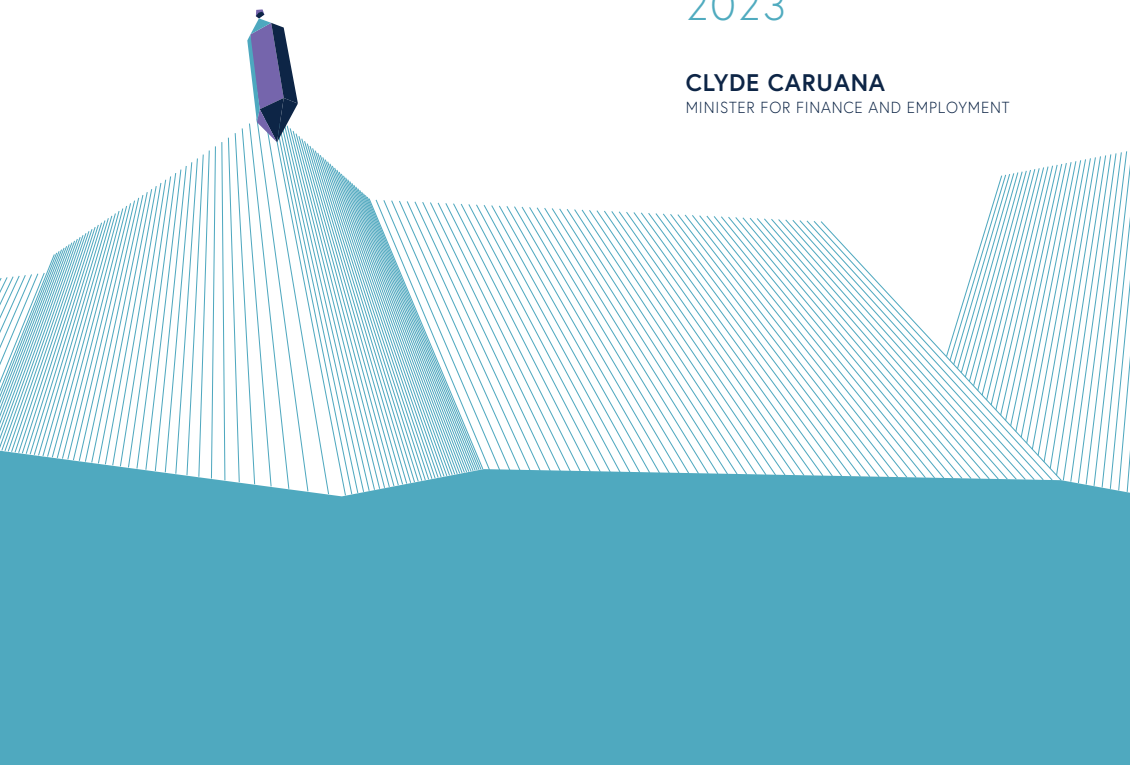


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BUDGET SPEECH 2023

CLYDE CARUANA
MINISTER FOR FINANCE AND EMPLOYMENT





GOVERNMENT OF MALTA
MINISTRY FOR FINANCE
AND EMPLOYMENT

Budget Speech

2023

Hon. Clyde Caruana
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Introduction

In the third year of this administration, and in my second year as Minister for Finance, we have faced unprecedented challenges.

The events that have unfolded over these past three years usually happen over a span of decades.

Therefore, Mr Speaker, in the first budget of this legislature, I am proud to say that notwithstanding these challenges, our Malta is still going strong.

I am proud that, despite the challenge of saving lives during the pandemic,

despite the economic turmoil and the sacrifices made to safeguard people's livelihoods,

despite the unprecedented expenditure to keep businesses from closing down,

despite the crisis in supply chains worldwide,

despite the return of war to European soil,

despite the fact that petrol and diesel prices have almost doubled worldwide,

despite the drastic increases in electricity bills around Europe,

and despite all the challenges the Government and the people were faced with, the country was, is, and shall remain strong.

And because the country is strong, it will be possible to create prosperity through which we shall support those most in need.

We did not cower in the face of these huge adversities, and we will definitely not be afraid of the future. Despite the negativity, despite the fear - we are still standing. Our economy was, is, and will remain strong.

Our country is strong because it has a long history of resilience. Our country is strong because the Maltese people are strong.

Mr Speaker, our country has a long history. The nation is strong-willed because it has been through a lot. 120 years ago, Malta's population consisted of only 190,000 people. Our country was part of the British Empire. A small country indeed, but it proved to be crucial as a military base in the Mediterranean. This country was among the most bombarded during the Second World War.

After the devastation left behind by the war, this nation began its fight to become a sovereign nation.

This nation believed that the future of the Maltese people should be decided in the city of Valletta. The road to where we are standing today was long and full of immense sacrifices.

For the first time in its history, our people managed to obtain the right for Malta to be led by the Maltese. Today we are the smallest country in the European Union, but we have our place around the decision-making table.

We are a people with the freedom to decide, whether for good or for ill. Our fate is in our hands - and it is precisely because our people have the right to govern themselves that we can decide differently from other nations if we believe that this is in the best interest of the Maltese People.

When the Russian tanks invaded Ukrainian territory last February, this act brought with it great humanitarian challenges. It only took a few days for it to become clear that we were going to face equally great economic challenges.

Once again, European countries chose to put burdens on the people instead of finding ways to support them.

Other countries were unable to carry this burden, so they turned to businesses and families.

But the Labour Government did not do so, Mr Speaker.

The Labour Government cannot do so when there is another way. This is the difference between one side and another.

We were the only ones in Europe who said 'no' to high bills. The only country where electricity and fuel prices did not increase

during such a sensitive period. And we took this step on the first day this challenge was presented to us.

In our country, because we can, and because we are a self-governing nation, we have taken the best decisions in the interest of the Maltese and Gozitan people.

We have chosen a different policy that we believe is beneficial for the country and its economy.

I acknowledge that such a decision is politically difficult and risky, but I firmly believe that this is the wisest decision.

The last time energy bills increased in our country, the economy collapsed.

The last time this happened, families were crippled by electricity bills.

If we had to act today as the Nationalist Government had done then, the impact would have been much more devastating.

This is how big the energy crisis is in international markets.

Mr Speaker, allow me to explain in more detail by giving figures so that everyone can understand what I am talking about. Back in 2008, when the bills had gone up, the Government of the day saw to it that Enemalta increased its income from bills by around €100 million.

Which means that at the time, they had collected €100 million more from people's pockets because they were incapable of doing otherwise. Today, the blow suffered is six times harder – since that is how much it is going to cost us in the coming year – and we are not asking for a single euro from the people.

You ruined the economy and burdened the people; in our case, despite all these challenges, the economy will grow, and we are not burdening anyone.

This example alone tonight will help people conclude that we are credible and capable of running the country's economy and finances, and you are not. They were deceived – and how! – That is why they do not trust you.

We all know that because of such a decision, it took years for the economy to recover.

We saw families suffer. We saw businesses close down. We have seen huge protests in the streets. We saw great instability. A total paralysis in investment for years and years.

Today, if this Government had not taken the decisions it has taken, the increase in electricity bills would have been such that for every €100 paid, one would have to start paying around €230. Imagine: a small business that currently pays €500 every three months would instead receive a bill of around €1,200.

The effects this would have had on an insular country, such as Malta, which is already affected by inflation coming from abroad, would have been catastrophic.

Many would have said, behind closed doors, that they know this increase is a result of what is going on abroad and not the Government's fault.

But I am sure that those same people would go out there and say that it is the Government's fault, just to translate the people's discontent into political points. Empty points, since they would be abusing people's suffering for a political purpose.

Those are populist elements we can do without. Flighty politicians who say whatever is necessary to score points with the crowd.

They paint a simple portrait of the world. They depict the world as if there is a magic wand that solves everything, and that magic wand happens to be – coincidentally – in their hands.

Populism does not tell the truth to the people.

Over a long enough period of time, history has always disregarded such people.

And today, we are also witnessing the political collapse of such politicians who, in recent years, managed to gain power in the United States and in Europe.

Mr Speaker, we prefer to leave populism to others.

We choose the path of accountability and seriousness.

Our choice in this Parliament is to do our job, to think of sensible policy and, yes, to oppose them.

No taunting. No populism. No shouting.

Only simple, intelligent and purposeful policy.

A policy that leaves a direct effect on people and that does not go with the flow or with whatever the internet says. Families, in their silence, want such policies and politicians, and I believe that the steps we took to protect families and businesses from increases in energy prices were a result of this.

Mr Speaker, we had five principles in this policy to guide us on this difficult and complex path.

The first principle is our social conscience. Our Labourite heart prevents us from burdening low-income families with sky-high electricity bills that can never be acceptable.

We can see what is happening around us.

In Europe, it is the low-income families who will suffer the most from these electricity bills.

Poverty is already rearing its head in these countries. Our heart was, still is, and shall remain a socialist heart.

The second principle is the need for economic stability. We are focused on keeping the economy going rather than letting it collapse, as happened in the past.

If companies with a high energy consumption level – from manufacturing to engineering – are burdened with higher bills, they would not survive, and after a short time, they would shut down.

We have seen what is happening to our neighbours. Hundreds and thousands of businesses are going bankrupt because they cannot pay their energy bills.

Our country's inflation would have been one of the highest in Europe had we not done what we did.

When businesspersons cannot bear an excessive burden, workers suffer with them, and unfortunately, it is they who end up on the street, with the Government having to foot the social bill.

If we had not taken those steps, the impact on the economy would have been much greater.

It was a natural step to wisely arrive at this conclusion for the good of the production sector.

The third principle is that this country changed its energy policy over the last ten years.

The fact that there is a 130% burden increase instead of 400% as in countries such as Italy, Germany and the Baltic countries, was crucial.

These countries depend solely on gas, the same gas we buy from the interconnector and the cost of which increased substantially over the past few months, whereas today, our country is mostly affected by the price of LNG, which is linked to the price of oil, which, although it increased quite a bit in recent months, that increase is much lower than the gas rate in Europe.

This mix gave us the flexibility to minimise purchases from the interconnector at the opportune time – just as the Ministry for Energy did by using the most economically viable energy source.

Because we did so, the burden of costs in our country was only 130% and not 400% or more. This lighter burden left us in a position to be able to absorb this cost as a country, even if the bill is estimated to reach one thousand million over two years.

The fourth principle is that the fiscal position of our country is strong.

As I have previously said, Mr Speaker, this is a strong country. Whatever those who see only doom and gloom say, figures tell a different story.

As I will have the opportunity to explain further on, the fiscal position of our country, contrary to that of other countries, allows us to provide support and to operate our fiscal policy in a flexible manner.

Above all, the steps we took during the Covid-19 pandemic meant that our country's economy remained on track.

Indeed, our country was the only one in the European Union to emerge from the pandemic with more people working, fewer unemployed people, and fewer inactive people when compared to the situation before the beginning of the pandemic.

There were those who wanted to halt the economy by instilling fear,

but I am proud to say, on behalf of this Government that, that plan failed.

It failed in last March's election, and that type of policy will keep on failing in the future because a politics of fear does not work. People want a mature and rational policy.

Let me continue by giving the reasons why we chose not to increase the burden of bills.

The fifth principle which led the Government away from that path is that this Government knows what it is doing.

You know where you stand with us.

In this budget, we are saying how things really are – outright.

There is no playing with numbers or empty words.

This budget calls a spade a spade.

Our job is to ponder and take decisions. Even difficult ones.

As you have seen during the Covid-19 pandemic, we are not going to accept point-blank what others do abroad.

We know which decisions are appropriate for our country.

We will not be carried along with the current like some weak piece of driftwood.

On the contrary, Mr Speaker,

We know how to swim against the current.

Today, Mr Speaker, we are seeing a Europe that is changing its political direction with regard to higher energy bills.

Today we see governments which are far bigger than us, with many more administrative resources than us, who are changing their direction and taking decisions we took nine months ago.

Some have now publicly admitted that the initial choice of placing the energy burden on the public was wrong.

Malta is not experiencing the nightmare of sky-high bills and a lack of energy supply as is happening a short distance away from us.

Malta is not asking large businesses to halt their work because there is insufficient energy.

Workers in Malta are not working only once or twice a week because their workplace cannot afford the bills they are receiving.

This is what our fathers fought for!

They fought so that the Maltese People could be sovereign.

So that they could decide their future and not follow anyone blindly – and that is why this Government did what it did. It took the difficult decisions – because a sovereign people with a sovereign Government protects the interests of the country and no one else's.

Chapter 1 – Economic Developments

Great powers, such as the Romans in ancient times and the Germans just a hundred years ago, fell because of inflation.

Inflation is the biggest challenge for our country and for the world in the coming years. The increase in interest rates by the European Central Bank to curb inflation will have an impact on the Maltese economy, and I shall explain why.

The United States' Federal Reserve is taking the inflation challenge very seriously through aggressive substantial increases in interest rates. There are indications that it will continue to do so in the coming future as inflation is not subsiding.

Since the Central Banks, especially the European Central Bank, do not want to see their currency devalued against the dollar, as this leads to an increase in the price of imported products, including that of energy, there is unprecedented pressure for interest rates to rise similarly.

The International Monetary Fund [the IMF] is making it clear that the months ahead of us will be difficult ones with complex challenges. Global growth forecasts have dropped to 3.2% for this year, while for next year, a growth of 2.7% is being predicted. This is a substantial reduction from the 6.0% in 2021.

The IMF is predicting that inflation will rise from 4.7% in 2021, to 8.8% this year, and 6.5% in 2023.

The IMF states that the main reasons were and still are the repercussions of the pandemic and the war in Ukraine.

A high inflation rate is eventually very damaging to any economy. This is because the more prices rise, the more unions and workers will demand compensation. On the other hand, that same demand for compensation could lead to another increase in prices.

It is a vicious circle that could take an unpleasant course if it is not stopped. In light of all this, our job is to keep following what is happening internationally and to keep taking the decisions necessary to maintain stability in our country.

Despite everything, this Government understands the social and human impact of the increase in the cost of living.

While what I just explained sheds light on what is happening in the economies around us, I would like to explain the context of why prices of items increase in supermarkets, too – including those one might not expect to increase.

If you take an item manufactured in Italy, where the bills for businesses have increased fivefold, it is natural for that item to increase in price when it is sold.

Now when that product is purchased by a Maltese importer, its price will be higher and this will be reflected on the price tag at the supermarkets we buy from.

Malta imports more than 40% of its food from Italy and England – two countries where inflation is rampant. This is not abuse on the part of these foreign factories; rather, they are reluctantly raising prices due to the high energy bills they are receiving.

These types of cases have led to an increase in the cost of living in our country because we import most of our essentials. From that aspect, the Government cannot introduce price control, and I shall also explain why.

Let us say that a packet of pasta used to cost 80c. For the sake of the argument, the Government can say that the price of that packet of pasta cannot exceed one euro.

If, due to energy prices in Italy, the Maltese importer of pasta is faced with a €1.10 price from the Italian factory, then, the only option he has is not to import that product.

It is impossible for the importer to buy at €1.10 and sell at €1.

Therefore, he will simply not import it and any other item whose purchase price is higher or equal to the price ordained by law. This would mean that supermarket shelves will be empty.

Manufacture of the local product in Malta still became more expensive because it is not just energy prices which increased abroad but those of materials and other costs too. Many people think that there are others who are taking advantage.

My appeal to these people and to those who produce and sell in Malta is to think in the longer term and seize this opportunity to show the value of their product to the Maltese consumer. We often hear that foreign products are better, but it is not always the case.

Economic sense says that these producers should keep their prices competitive so that people buy Maltese products, perhaps even for the first time. We have quality Maltese products in various sectors, from food to furniture. This Government believes in Maltese manufacture and production.

This is where the benefit of the Government's strategy becomes visible. Since energy bills have not increased because the Government has absorbed that rise in prices, then the impact of the increase in the cost of living was minimised as far as possible, although the factor of importation still remains, as I have just explained.

It all revolves around energy because that is an aspect of the economy that we have more control over.

In other areas, such as monetary policy, the Government of a Member State of the European Union has limited influence.

Therefore, in order to see to it that inflation does not increase beyond our control, the allocation for the coming year in the field of energy and cereals, as announced in the pre-budget document, will exceed €600 million.

This means a cost of €70,000 per hour and nearly 10% of the Government's total annual expenditure. One euro out of every 10.

Imagine a person has a net salary of €1,000 per month. When they deduct all expenses, they spend €980 on rent, their car loan, fuel, electricity and daily food. If you send that person a bill of €100 per month, there is very little that person can do with only €20 left from their salary.

What are they meant to do? Not pay the rent, the car loan, or buy fuel? Should they not buy food? 10% does not seem like a lot but when your expenditure is fixed, it becomes a complex challenge.

The same applies to the Government. The majority of the Government's expenditure is bound to workers' wages, established payments, and there is little room for manoeuvre in terms of percentages.

Therefore, when we say that every euro out of 10 the Government spends goes to energy, it also means an exercise in discipline for the country's administration, and here again, the Government was able to manoeuvre and keep going without a hitch. At the end of this cycle, the administration will emerge strong since it would have been able to get where it wanted to, by being efficient and prudent with its expenditure.

A more efficient Government that achieves its goals with better use of money. We are doing what you did not manage to do.

I will talk about the Government's fiscal policy further on, so that I can explain better how both what I have already said and what I will be announcing, is now sustainable.

Chapter 2 - A socially conscious society

Mr Speaker, what is happening on a macroeconomic level, that is, the foreign economic impact on our country, is very important; equally important are the issues that Maltese and Gozitan families discuss at their dinner table.

I am proud to say that because of what I mentioned earlier, not only did our country manage to stay on its feet, but we can also support even more those with the least means.

Other countries are helping as we are going to help, but they do not necessarily afford to do so. They may not necessarily be sustainable in their expenditure.

The difference between Malta and these countries is that we are going to introduce more social assistance prudently and wisely. We are spending within our means. As Finance Minister, I could have taken those billion euro for energy and spent them in direct aid.

I am sure many would pat me on the back for that move, but on the other hand, we would have increased expenditure without addressing inflation, and at the same time, the economy would have been impacted by energy burdens.

Therefore, what needs to be done should be done thoughtfully and sustainably. While I believe that the one billion euro we will spend in these two years is an indirect social measure –

otherwise, the burdens on families would grow – that expenditure will put us in a position wherein the economy will grow.

When the economy grows, the Government translates that income into more social assistance.

Therefore, as an economist, I believe that we cannot spend what we do not have.

But as a Labourite, I believe that our society is also judged by how much we help those with the least means.

Based on these values, the Government remained steadfast on requests to change the COLA mechanism and to reduce it this year. We did not give in to this because we want to send a message that this Government will stand firmly in support of workers against the impact of inflation. We want to be fair with workers, just as we are helping businesses with electricity bills and with support during the pandemic.

Thus, as I already had the opportunity to mention on other occasions, the cost of living adjustment will be €9.90 per week. This adjustment will be granted to all employees, pensioners as well as persons on social benefits. Students' stipends will increase on a pro-rata basis.

Just as we did not hesitate to take drastic decisions on energy to curb inflation, we will continue to take drastic decisions to keep supporting those who need it the most.

I am therefore proud, Mr Speaker, to announce that the increase for Maltese and Gozitan pensioners this year will amount to €12.50 per week, including the COLA. This means that the Government will be granting pensioners an annual increase of €650. This translates into a total increase of €65 million in the pockets of 100,000 pensioners.

Year after year, this Government increases pensions for our elderly.

Even in complex times, even in times where the Government is expected to raise taxes and reduce assistance, this Government remains committed to helping pensioners.

The vulnerable in our society are those who are most at risk from the impact of the cost of living. Here too, Mr Speaker, we see how important it is to absorb the increases in energy prices. If this Government had not intervened so that these would not rise, this year the COLA would have risen by almost €25 with inflation.

This would have been a disproportionate burden for families because it would have meant that the cost of living would have been much higher than it is today – it would have been too much of a burden for thousands of businesses.

I believe that the increase in COLA alone, before electricity bills, would have meant that many businesses would fail and many workers would be dismissed.

Additional COLA mechanism for the vulnerable

Despite the fact that the COLA this year is among the highest, as this Government promised, a new COLA mechanism will be introduced for the most vulnerable. Around 80,000 people will receive an additional COLA increase from the Government without any additional burden on businesses.

As promised in the last budget, the Ministry for Finance and Employment has developed a suitable mechanism to compensate those most in need for the cost of living. The need for such a specific mechanism comes from the fact that the Retail Price Index, the RPI, or those statistics on which the COLA (the compensation we always grant for the cost of living) is calculated, does not always best reflect the consumption of the households that are most in need and those with an income below the average. Therefore, the COLA is not enough to give back to those families in need, the spending power they lost when prices started to rise.

This is even more evident in periods when inflation is higher than normal, where research shows us that the most typically affected are those products and services that are most needed and used by people with a relatively low income.

It is for this reason that the mechanism we are launching today addresses specifically vulnerable families, and it is triggered when two circumstances occur:

The inflation rate in the previous 12 months is higher than 2%.

Individual inflation in the previous 12 months of three of the five basic components according to the RPI (Food; Accommodation; Electricity, Water, Gas and Fuel; Costs related to home maintenance and household appliances; and private healthcare) exceeds the average of the previous five years.

Once these two conditions are met, the mechanism that adequately compensates those who are affected the most is triggered so that the more a family is in need, the more persons there are living in a household, and the less the income of that family is, the more allowance is given to that family.

The mechanism addresses all those receiving social benefits and who earn less than the average income (Median Equivalised Income), which for this year was €17,796. Thus, this year, 80,000 individuals and 37,000 families will be benefitting from this investment in society. I am pleased to announce that these families will be receiving this allowance before this Christmas.

Adjustment of tax exemption on pension income

The non-taxable pension income limit will be raised again by the same amount by which pensions will be increasing so that those who earn up to the equivalent of the maximum pension will remain non-taxable. Thus, this amount next year will rise to €14,968. Those with a married computation will continue to be entitled to a maximum of €3,600 in tax-exempt income from other sources per year. We will also introduce a new limit concerning pensioners who were born from 1962 onwards, which will be tied to the highest pension such persons can receive.

The cost of living bonus is to be paid in full to all pensioners

The process whereby the cost of living bonus is gradually paid in full to all pensioners who retired after 2008, which we started in 2022, will continue.

Thus in 2023, 56,000 pensioners will benefit from a maximum variable additional increase of €1.50 per week, at a cost of nearly €1.7 million.

Service pensioners

Once again, we are increasing by €200 the portion of the service pension that is not taken into consideration for the purposes of the social security pension assessment. Thus, in 2023, the exempted amount for this purpose will increase to €3,266.

Service pensioners who are 72 years of age or over will continue to benefit from the improvement we introduced in the past two years regarding the portion of their service pension commuted into a gratuity, which now will not be considered at all in their pension calculation.

Further adjustment of widows' pensions

We will continue to gradually adjust the widows' pension rate so that by the end of the legislature, it will equate to that previously received by their late spouse.

With this adjustment, we are estimating that nearly 9,000 widows will benefit from additional increases in their pensions

that can amount to a further €3.54 per week on average, with an expenditure of around €1.6 million.

Entitlement to short-term benefits for workers receiving a widows' pension

To date, workers who are receiving a widows' pension because they become widows or widowers at a young age are not entitled to the contributory unemployment, sickness or injury on duty benefits, since they are receiving the widows' pension.

As of next year, this will change, and they may now be entitled to these benefits as well if they need them and according to the contributions they pay.

Contribution credits for persons with mental health issues

The Government is aware of the problems faced by people with mental issues, even more so when these appear at a young age and before they join the workforce.

These people even have problems with regard to their pension since they would have missing contributions as they might not have worked on a regular basis, and if they went through periods of illness before joining the workforce, they would not be covered by contribution credits.

From next year we will start giving two years of contribution credits to whoever has not worked for a period of time between the age of 18 and the age of 30 and is certified to have received,

during that time, regular treatment from a psychiatrist who is or was a consultant employed by the Government.

A further increase for elderly persons who do not qualify for a contributory pension

We are granting an increase of €50 in the annual bonus for persons who have reached their retirement age but who do not qualify for a pension due to insufficient contributions.

In 2023, the bonus payable to those with less than five years of contributions will increase to €450 per year, while that for persons with over five years but less than ten years of contributions will increase to €550 per year.

About 15,000 persons, mostly married women, will benefit from this increase for a total expenditure of almost €800,000.

Further addressing of past injustices

Since 2017 we have started a process whereby we are addressing thousands of anomalies in the past. Every year we have kept our promise, and we will continue to do so.

To date, we have settled the cases of police overtime that had not been paid by the previous Government and the case of the Malta Electricity Board. This year we will also be settling the payments due to the ex-port workers.

Next year we will again vote a further €8 million in order to continue making the payments due to the former members of

the Forces (Korpi), apprentices and student workers who then joined the public sector. With next year's payment, these cases will also be settled.

We will also be looking into the cases of former members of the Forces (Korpi) who then joined the public sector, ex-workers of the Gas Board, former MEB apprentices and former workers of Telemalta.

We will not stop there. We will be voting a further €2 million to gradually start addressing a number of other anomalies, as promised in our Electoral Manifesto.

To this end, a few weeks ago, the Cabinet approved the appointment of a committee that will be supervising the entire process throughout this legislature.

All this means that from 2017 to 2023, we will be giving a total of €83.5 million to address injustices under previous Governments.

Increase in Children's Allowance

After we promised the Child Guarantee in the Electoral Manifesto and launched the National Plan for this purpose earlier this year, we will now gradually begin to implement that plan.

For this purpose, during 2023, we will be increasing the children's allowance by €90 for each child as part of our promise to gradually increase this allowance by €450 throughout the legislature.

This measure will affect more than 41,100 families with 62,000 children and will cost €5.6 million.

Improvements for foster carers

We will be introducing a system whereby those parents who adopt the child they are fostering locally will continue to receive part of the Foster Care Allowance.

To date, the Foster Care Allowance stops immediately as soon as the parent adopts, but as of 2023, the benefit will no longer stop immediately but will begin to decrease gradually over a period of four years or until the child's 21st birthday, whichever comes first.

In this way, 80% of the fostering allowance will be paid in the first year of adoption, 60% in the second year, 40% in the third year and 20% in the fourth year.

This is in addition to the refund grant related to the adoption of children locally, which currently amounts to €1,000, as well as the children's allowance in case of adoption of children under 16 years of age.

Increased assistance for those suffering from coeliac disease

Since we are aware of the fact that food prices have also risen for those who have coeliac disease, we will be increasing the grant to these persons by €20 per month.

Increased allocation for schools with the largest number of vulnerable students

Besides the €10,000 annual grant for heads of schools to ensure that students are not deprived of necessities such as food or other basic resources, the allocation of funds to schools should reflect the reality of that school. Together with schools and a team of multidisciplinary professionals, we will design programmes aimed at addressing the challenges that children face. The schools with the largest intake of students coming from a difficult environment will receive a higher allocation, as well as all the resources necessary to conduct this programme.

We are also announcing that, as promised, scheme 9 will be extended so that eligible children will not have to choose from the services offered but will be eligible for all of them.

Beneficiaries of social assistance shall receive the full cost of living adjustment

As of this year, persons living on social benefits started receiving the full cost of living adjustment for the first time. Undoubtedly this was a timely measure for the times we are living in today.

Therefore, next year these persons will once again receive the full cost of living adjustment; thus, that assistance will also increase by €9.90 per week.

Improving the Tapering of Benefits

In recent years we have made great progress in reducing the number of persons who depend on social benefits, and more

than 9,000 individuals who were living on social assistance have benefited from the incentives we introduced, such as the tapering of benefits, and are now earning their livelihood from work.

Therefore, next year we will continue to improve the tapering of benefits whereby a beneficiary shall continue to receive 10% more of the benefit in the 3 years mentioned. Thus, they will continue to receive 75% of the benefit in the first year of work, 55% of the benefit in the second year and 35% in the third year.

Right of beneficiaries of sickness and unemployment benefits to receive non-contributory Medical Assistance

To date, persons who are not in employment and who are receiving either the unemployment contributory benefit or the sickness contributory benefit cannot benefit from non-contributory Medical Assistance.

This will also change from next year, and therefore, they will be entitled to non-contributory Medical Assistance as well, even if they receive any of these contributory benefits and if they are not working.

Increase in the Carers Grant

In 2021 we started acknowledging those parents who cannot work in order to care for their child with a severe disability. At that time, we started paying a benefit of €300 per year, which increased to €500 this year.

In our Electoral Manifesto, we promised an increase in this benefit to half the net National Minimum Wage from 2023.

Thus as of 2023, this benefit will be increasing from €500 to a little over €4,500 per year and will be paid every three months.

Personal Assistants

For the year 2023, we will be investing the sum of €4.2 million in the concept of Personal Assistants and Independent Community Living so that more persons with disabilities can reach their potential. This will be the first step to finalise the Personal Assistants reform over the coming year according to the European Network for Independent Living's guidelines.

Tax credit for therapies

In order to address the reality of parents of children with disabilities who, in addition to availing themselves of therapies offered for free by the Government, invest thousands of euros out of their own pockets every year in other therapies for their children, the Government will be giving parents a tax credit of €200 annually for each child with a disability.

Grant on the purchase of new or second-hand, ECO-friendly vehicles modified to be driven by wheelchair users

Persons who buy a Drive from Wheelchair car will benefit from a maximum subsidy of 20% of the price of the car. In addition, those who buy a second-hand modified car that is already registered (including cars equipped with lifts or ramps for

wheelchair access) will be given the possibility to benefit from a maximum subsidy of 10% of the price of the car. This is in addition to the exemption from registration tax. In order for a vehicle of this type to qualify for the subsidy, its emissions must be below 180g CO₂.

Contribution credits for those on Carers Allowance

Persons who qualify for the Increased Carers Allowance or the Carers Allowance to date qualify for contribution credits that count towards their pension for the period they are receiving any of these allowances, provided that prior to this time, they would have paid an average of 20 social security contributions per year since reaching their 18th birthday.

From next year we will be lowering this average to 15 social security contributions per year as in the case of the entitlement to the two-thirds pension so that more persons who are making the sacrifice of leaving the workforce to care for an elderly relative, start benefitting from these credits.

Despite this improvement, there might still be people who do not qualify for the credits according to this measure, and therefore, as we promised in the Electoral Manifesto, we will still start giving those who do not qualify for credits up to 4 years of social security contribution credits.

In addition, we will be giving whoever is receiving any of the carer's allowance the opportunity to pay up to 5 years of missing social security contributions when they turn 59, should they need

to, in order to improve their right to the retirement pension when they reach retirement age.

Acknowledgement of the right to the Carer's Allowance of persons living together

Since there may be situations where people who are living together face legal restrictions in registering their cohabitation, we will be introducing changes so that people who have proof of having lived together as a couple for at least 10 years will be considered registered cohabitants and, therefore will be able to qualify for the Carer's Allowance.

Justice for the beneficiaries of social assistance when caring for an elderly relative

To date, single persons who live alone on social assistance and move in with an elderly relative to take care of them would have their income reduced if they qualify for the Carer's Allowance.

This is because they would no longer be entitled to social assistance since they would no longer be the head of the family, while the allowance rate they receive would be lower.

As of this coming 1st January, we will be introducing a change whereby these people will still receive the same amount of benefit as before, and thus we will be removing this anomaly.

St Vincent de Paul Residence

In the coming years, St Vincent de Paule Residence will invest in a new CT scanner costing €1.6 million and an ultrasound machine

to improve the digital imaging service. The renovation of St Joseph Hall, which costs around half a million euro, will continue, while the community services offered by St Vincent de Paul will be extended. Furthermore, a garden for persons with dementia will be inaugurated at the Residence with an investment of one million euro.

Active Ageing

During 2022, we continued to emphasise the importance of more elderly people continuing to live in the community and remaining active through various initiatives, including the extension of the Silver-T service, an increase in the funding of the Carer at Home scheme and the Home Helper of Your Choice subsidy as well as a screening campaign against strokes whereby the elderly could have medical tests done free of charge.

A New Outreach Clinic at Padova House Għajnsielem

New facilities will be offered through a vascular clinic, podiatry, occupational therapy, psychotherapy and other interventions. These shall complement the already existing services provided by the day centre for people with dementia and the night shelter within the same house.

The voluntary work sector

We will extend the spaces from where voluntary organisations can operate by adding a one-stop-shop service. Thanks to this service, the same organisations will find information, services and support in one place in order to improve the assistance they are given while supporting their work in our communities.

MCESD

We also want the social partners within the MCESD to continue participating fully in consultations before decisions are taken. Thus, as we have done in the past, we will use European funds so that social partners will be able to do this better.

Social and Affordable Accommodation

Mr Speaker, in the budget for the last financial year, the Government continued to invest in the accommodation sector. We introduced the concept of Affordable Accommodation with the launch of the joint Foundation with the Church, which will dedicate its work exclusively to this purpose.

We announced the Nikru Biex Nassistu (Rent to Help) scheme, through which we managed to keep the waiting list for alternative accommodation stable, with around 1,300 applications currently being processed. This amount is far from the list of 3,000 we were used to previously.

We launched the idea of a care plan that covers every aspect of the lives of the beneficiaries who are allocated housing. In the coming days, we will publish an Expression of Interest to recruit a number of professionals who will administer this personalised care plan according to the needs of each new social housing tenant.

The Equity Sharing scheme, which applied to people aged 40 and over, has been extended to people aged 30 and over, and

we also reduced the tax on the sale and purchase of property that has been rented out at affordable rates.

€10,000 grant for first-time buyers

Mr Speaker, as promised, this Government will be giving a €10,000 grant over a span of ten years to every first-time buyer who purchases a property with a value that does not exceed €500,000.

This measure will apply to every purchase made from 1st January 2022 and will not be subject to a means test; it will be applicable to every commercial bank that operates in Malta and Gozo and grants loans on residential property.

We believe, Mr Speaker, that this initiative will give our young people a strong impetus to become homeowners and will help them in the first years after making this important investment.

Extension of the Deposit Payment Scheme to include properties up to €225,000

Back in 2020, this Government introduced a scheme whereby people who wanted to purchase a property and were eligible for a loan from a commercial bank but could not save enough for the 10% down payment could still buy their residential home.

This was done through an interest-free loan of 10% which was being guaranteed by the Government to commercial banks. This scheme applied to the purchase of property with a maximum

value of €175,000 and was successful since we had around 200 contracts signed by beneficiaries of this scheme.

Mr Speaker, the Government would like to boost this scheme's success by increasing the maximum value by €50,000 up to a new maximum of €225,000, which better reflects the average value of property on the market.

Increase in the capping of the Rent Benefit

We will raise the capping of the scheme's maximum benefit to €500 per month for a one-bedroom residence, €600 per month for a two-bedroom residence and €700 per month for a three-bedroom residence so as to update its terms and conditions to reflect today's reality better.

New Hope Guarantee

The New Hope Guarantee scheme began to operate this year. Under this scheme, a number of applications by people who will acquire a loan from APS Bank have already been approved. In the coming weeks, another two prominent banks will enter the scheme, while others are in advanced negotiations to participate.

Removal of the means test for social subsidies granted to persons with disabilities

In this budget, we are also going to eliminate an anomaly we had in our social services, in which we include all benefits relating to housing. We had a situation where people with disabilities were being deprived of certain assistance because the grants

they received as a result of their disability were included in the means test.

From now on, we are going to disregard all the income that comes from disability allowances in the computation of the means test for schemes issued by the Housing Authority; in this way, we will continue to help people with disabilities live an independent life and have full access to the property and rental markets.

Chapter 3 - Sustainable public finances

I will now go on to explain how the energy and social sector measures I have just announced are sustainable from an economic point of view and within the Government's fiscal framework. Throughout 2021, the Maltese economy continued its recovery from the pandemic and grew by 10.3%. This growth was 4.9 percentage points higher than that of the European Union, so much so that Malta was one of the economies that recovered the fastest from the pandemic.

However, the war between Russia and Ukraine has renewed the threat to the availability of essential supplies, such as energy, iron and steel, basic agricultural commodities and animal feed, while problems in transport and logistics networks persisted. This aggravated the inflationary pressures that had already formed because of disruptions in supply chains caused by the pandemic.

Despite all this, the Maltese economy continued to perform better during the first half of this year, both with regard to domestic demand and to net exports. This was primarily due to the fact that tourism recovered better than foreseen. There was also a robust performance in the export of technological and professional services and the gaming industry, as well as a good performance in some aspects of manufacturing.

The Maltese economy is expected to maintain its positive momentum in the second half of the year, albeit with a slower growth rate. This is consistent with an assumed slowdown in the global economy and greater uncertainty resulting from the war in Ukraine, while high inflation is expected to start weighing on

real disposable income and on the excess savings accumulated during the pandemic.

Against this background, the Maltese economy is expected to grow by 6.0% in real terms in 2022. Economic growth is expected to be driven mainly by domestic demand, which contributes 4.4 percentage points to the growth rate, while net exports are projected to contribute 1.8 percentage points, driven by positive developments in tourism. In addition, inventories are expected to produce a reduction of 0.1 percentage points to the growth rate.

In this context, Malta's economy is expected to register a robust growth in employment of 4.0%, while the unemployment level is projected to reach a low rate of 3.1%. The inflation rate is anticipated to reach 5.7%, primarily due to increases in the prices of food and services. Had the Government not subsidised energy and cereal prices, this inflation figure, according to the latest estimates, would have been around 12.8%.

In 2023, the Maltese economy is predicted to grow by 3.5% in real terms and by 7.3% in nominal terms. Domestic demand is expected to contribute 2.5 percentage points, while net exports are expected to contribute only a marginal 0.9 percentage points to the growth rate, in line with the deterioration of the external environment over which we have no control.

Private consumption is anticipated to grow more moderately by 4.0%. In 2023, despite a projected increase in borrowing costs, investment is anticipated to grow by 5.9%.

The external environment is expected to deteriorate significantly in 2023, as the lack of energy supply in Europe is expected to lead to a long-term inflationary environment, leading to stricter financial conditions, which will suppress growth.

This slowdown in global economy is anticipated to result in a decrease in exports, which are expected to grow at a slower rate of 2.5%, supported by continued recovery in tourism and a growth in exports of other services. Imports are forecast to grow moderately at 2.0%, in line with a slowdown in external economic activity, though supported by a recovery in investment.

These growth forecasts translate into an expected increase of 3.4% in employment next year, while the unemployment level is projected to remain relatively low at a rate of 3.1%. Inflation is expected to drop to 3.7% as increases in the prices of food and services are expected to persist, but at a more moderate rate.

Despite the strength of the Maltese economy, the uncertain economic climate that still persists around us continued to support the need for the Government to intervene and sustain economic growth. According to estimates by the Ministry for Finance and Employment, without this support from the Government, the economy would have taken a hit of around 2.3% while inflation would have been among the highest in Europe with around 7.1 percentage points more than it actually is at present. The number of people at risk of poverty would have increased by nearly one percentage point to 16.3%.

This strong intervention that the Government is ready to carry on with for as long as necessary had an impact on the Government's finances. However, we will still manage to reduce the deficit from 7.8% last year to 5.8%, as I predicted in the last budget. I would like to say, Mr Speaker, that there were many last year who said that I will get my financial targets completely wrong this year and that I am being overly optimistic. Today, I can say with satisfaction that I was more on target than anyone thought.

That decrease in deficit was partly due to the hard work of the Inland Revenue Department. When you exclude economic growth, the Commissioner for Revenue collected €120 million more. This is the result of the work done to strengthen enforcement as well as the introduction of various measures, such as the increase in interest for those who do not pay on time, which are resulting in these tens of millions more.

While we will continue to be fair to everyone in difficulty – it is not in the interest of the business and much less that of the taxpayer that a business goes bankrupt – we will ensure that everything due according to the law is collected. With these additional €120 million, the Government can invest more to protect, since that is its mission, and not to be an overdraft facility.

I shall now speak a bit about debt. Public debt as a proportion of the GDP is projected to be 57.0% in 2022.

It is worth noting that debt is still lower than the European criteria of 60.0%, as a result of a responsible fiscal policy in recent years

that has given us the necessary leeway to support the economy in exceptional circumstances.

Despite these results, and conscious of our promise to continue supporting the economy in this difficult time, the Government remains committed to maintaining control over public finances.

It is predicted that the Government's deficit next year will remain close to what is foreseen for this year and will reach 5.5%. Despite plans to continue providing support to control the prices of basic products and services, if the war in Eastern Europe continues, the deficit is expected to decrease further over the following years until it falls below 3.0% in 2025.

Our plan is to keep public debt as close as possible to or below 60.0%, and so far, the forecast indicates that this is possible. After 2024, public debt as a percentage of GDP will again resume the downward pace.

Mr Speaker, I would like to be perfectly clear.

One of my intentions at the beginning of the year was to implement a reduction in the income tax rate in this budget. But the developments that took place in the international field and the need to provide certainty and stability to protect families and businesses in the fairest and most sustainable way means that, the country had to look at other priorities first.

Since we promised it, we will definitely implement it at the appropriate time. As we have seen in other countries,

irresponsible tax deductions can upset an entire country. The fiscal and economic measures we take today must make sense, given the context of our economy. In this budget, we are introducing tax credits on particular activities to reflect our principles in favour of families and businesses that invest in sustainability and digitalisation.

While the tax reduction would have left an average of €510 extra in the pockets of families where both parents work, the Government's energy policy is saving an average of €1,300 in electricity bills and an average of €700 in fuel costs per car for an average family. And this is just one measure out of the many I have already mentioned. Thus, everyone can understand that families have benefitted much more thanks to the decisions we have taken.

The European Central Bank is moving towards a tight monetary policy to suppress inflation on a European level. A reduction in the income tax rate at this stage would not align with this policy and could send conflicting messages to the economy.

Mr Speaker, as I explained in the past weeks, debt is the strongest metric by which a government's financial strength and sustainability can be measured.

Therefore, having given a technical explanation, now I would like to give a few examples to explain better and to reassure everyone that this country is not going to take on a greater debt burden or one that it cannot withstand. Because, here, too, our

friends in the Opposition provide out-of-context and abstract figures to instil fear.

Let me give a numerical example by comparing two families. A family could have €2,000 in debt and an income of €20,000. This would mean that their debt-to-income ratio would be 10%. Another family has €3,000 in debt, but its income is €40,000, which means that its debt burden is 7.5%.

For the second family, the absolute value of the debt is greater, but in reality, economists look at the burden, or the percentage, compared to the income. Thus, in other words, it is not the level that counts but what burden a family can afford with its income. The same applies to a country.

During the first year of the Economics course at the University, one is taught that if the debt in absolute terms increases yearly, but as a percentage of the GDP, it remains the same, this is something positive and means that wealth is still growing and that the country is progressing. If you think that the Maltese people are incapable of noticing and understanding all this, you are mistaken.

Year after year, the variation of debt compared to the economy remained at the same levels. Other countries have a debt-to-GDP ratio of 150% and even almost 200%. In many countries, the figure is greater than 100%. As I said, in Malta, the figure is at around 60%.

In other words, when you argue that the Government has lost control of debt, the figures say otherwise. The figures say the opposite: you are wrong and will continue to be wrong. You are dead wrong on this one.

Chapter 4 – Further Investment in People

Mr Speaker, in the last ten years we have achieved important results in the employment sector with unemployment rates decreasing every year. We have also seen significantly higher rates of women and young people in employment. Today the challenge is no longer to find a job but rather what value and income a person gains from their work. Therefore, for our country to be able to achieve a better standard of living, we must increase the value of the worker's hour of work through better quality and better productivity.

The National Employment Policy 2021-2030 follows those lines of thought. Work is currently underway on the national skills census, which shall provide an objective picture of the skills of the current market. Following this, there will be a digital skills audit.

We will also launch a consultation process to develop a national economic migration policy, which is Recommendation 22 of the National Employment Policy document, during which we shall see what steps need to be taken while moving forward in a manner that is sustainable for the country.

Together with this step, work will begin next year on Recommendations 38, 39 and 40, where we will see to it that our country has the visibility and knowledge necessary to introduce sensible policies in the area of third-country workers.

Measures include strengthening the market analysis research capacity to facilitate the temporary and cyclical needs of both

the worker and the employer using technology, as well as evaluating the needs of businesses and the skills that the market cannot currently satisfy.

The main principle, however, always remains the improvement of the local market before looking toward skills from third countries.

Rewarding hard work

In the last Budget, we continued to improve workers' wages through the reduction of the part-time tax rate from 15% to 10%, the reduction of the tax rate on overtime to 15% on the first €10,000 income from overtime work and the increase in the In-Work Benefit whereby apart from increasing the rates, we raised the ceiling so that more people would be eligible for this benefit. The total expenditure on these three measures will amount to €20 million.

It is with pleasure that I announce that, apart from these measures, the Tax Refund given these past few years by this Government and which we substantially increased last year, will be given again next year. The value of the cheque will now be between €60 and €140 (see Table 4.1), with the highest refund being given to the lowest income earners.

This measure will benefit over 250,000 people at a total expenditure of €26 million.

Adjustment to the tax exemption for active pensioners

In the last Budget, we announced that over a period of five years, pension income will no longer be considered part of the taxable income. This is being done to encourage pensioners to remain active and continue working beyond retirement age.

Against this background, this year, around 20% of the pension income will no longer be considered as part of the taxable income, while from next year, the amount not considered as part of the taxable income will increase to 40%.

This measure comes at a total cost of €27 million, and almost 17,000 pensioners will benefit from it.

In-Work Benefit for employees with atypical working hours

Towards the end of this year, those employees whose basic pay does not exceed €20,000 and who work atypical hours in the sectors of accommodation and food service activities, administrative and support service activities, manufacturing, transportation and storage, and wholesale and retail trade, will be receiving a €150 grant. As promised, this measure will be extended to next year, and thus these employees will be receiving another €150 cheque.

Further reductions in the income tax rate for authors and co-authors

Mr Speaker, in the previous legislature, we reduced the tax rate on income that authors and co-authors derive from royalties

from the sale of their literary works to 15%. We want to give all possible support to Maltese Literature and to Maltese authors, and therefore we will be reducing this tax again by half, to 7.5%.

The impact of the cost of living on Government employees and private contractors

The cost of living has impacted the collective agreements and the relativity between grades in the public sector; therefore, the Government will be agreeing to a proposal from trade unions on ways to mitigate the impact of the cost of living on agreements that included the COLA and ways to maintain relativity.

This proposal will be implemented next year at a cost of €10 million.

Similarly, the Government will be ensuring that private sector workers working under a Government contract will be paid the full Cost of Living Adjustment as the Government will be issuing the difference from the established rates.

The cost of this measure is €3 million, and it has the ultimate goal of supporting workers in an equitable way.

The Minimum Wage

As an Economic and Social Council, the MCESD is leading discussions related to the minimum wage within the Low Wage Commission. The aim is to find a common position for the country which would benefit both workers and businesses alike.

Work-Life Balance

We have increased paternity leave from one or two days to ten paid days, and we have introduced two months of Parental Leave for each parent to be paid at the sickness benefit rate.

Along with this, five days of unpaid leave were also introduced for carers of a relative or a person who lives in the same residence and who require care for medical reasons. Apart from this, a study will begin on the revision and harmonisation of Wage Regulation Orders.

School Renovations

This is another budget with a strong investment in education.

During the next year, the work at the Ħal Għaxaq School, the Msida School and the Rabat Primary School, as well as the construction of a sports complex at the Santa Luċija School, will be completed. Works on the Nadur School in Gozo will continue.

In addition, after lifting the restrictions linked to the pandemic, we will reintroduce the distribution of fresh fruit and vegetables in primary schools and start a discussion to launch this initiative in secondary schools as well.

A new laptop for each seventh-year student

As promised in the Electoral Manifesto, we will extend the one-tablet-per-child initiative and give out a new Laptop to each seventh-year student starting from the next scholastic year.

Strengthening the existing scholarship and tax credit programmes

We will strengthen the existing scholarship and tax credit programmes for those students who wish to continue their studies at Master's and Doctorate levels, also using funds under the European Social Fund.

Extension of Training Schemes

We will continue the Youth Guarantee scheme with an investment of around €10 million as well as training schemes such as the Training for Employment and Investing in Skills and the Access to Employment and Vaste schemes.

The University Act

We will continue discussions on a National level for the completion and presentation of the University Act. This law will be linked to the Education Act, which came into force toward the end of last year and complements the MCAST Act.

The Institute for Tourism Studies

As promised, work on the new Institute for Tourism Studies campus will be commencing in Smart City.

ITS is working on an operational restructuring process whereby it will be implementing its strategic plan.

In addition, we will be ensuring that ITS extends its academic scope to programmes up to MQF 7 accredited by the Institute itself.

New Sectoral Agreement for educators

Discussions on a new sectoral agreement for educators will be commencing in January.

Research and Innovation

In 2023 we will increase investment in research and innovation, including through a new Technology Extension Support programme with a substantial investment of €5 million, where through the participation of the private sector, we will finance innovative projects in various areas. We will also extend participation in the Horizon Europe programme and strengthen the National STEM Community Fund.

Table 4.1: Tax Refund

Computation: Single	Amount
Income	
	2023
€0 - €15,000	€125
€15,001 - €30,000	€95
€30,001 - €59,999	€60
Computation: Married	
Income	
	2023
€0 - €20,000	€140
€20,001 - €40,000	€110
€40,001 - €59,999	€65
Computation: Parent	
Income	
	2023
€0 - €15,000	€135
€15,001 - €30,000	€105
€30,001 - €59,999	€60

Chapter 5 – Sustained Economic Growth

Like the rest of the world, even our country felt the impact of the pandemic and that of the current war in Ukraine; however, our economy continued on its resilient path and economic progress at a good pace. This did not happen by chance but is the result of the investment made in the industrial infrastructure as well as a strategy that looks toward a more diverse and sustainable economy.

The strategy for the future will be focused on safeguarding those industries that are yielding growth while cultivating a culture of innovation for new economic niches and sectors that contribute to sustainable growth.

Strengthening the start-up ecosystem in our country

During the past year, Malta Enterprise assisted in 35 Start-up projects, with a total investment of €22 million.

Next year we will be launching a one-stop shop under the brand Start in Malta. This one-stop shop will offer assistance services so that more start-ups can establish themselves in our country as well as assistance in the applications of the schemes administered by Malta Enterprise and other entities in our country. We will also be launching the EU Start-ups Summit in our country. This international conference will bring some of the best European start-ups to our country.

A new Business Incubation Centre

All the efforts being made in the field of innovative Start-ups should also result in our country having a high-level Business Incubation Centre. Malta Enterprise, which manages the Kordin Business Incubation Centre, will be developing, through European funds, a new Business Incubation Centre equipped to be a top-quality touch-down facility for innovative Start-ups that continue to diversify Malta's economy.

Investment in Small and Medium-Sized Enterprises

Next year we will continue to offer cash grant opportunities with an investment of about €40 million to small and medium-sized enterprises under the Business Enhance scheme. In addition, Malta will also be participating in the InvestEU initiative with other opportunities for enterprises. The financial instruments for businesses with European funds will continue in the coming years.

Digital Innovation Hub

A very important development this year was the European Commission's decision to have Malta's proposal for a Digital Innovation Hub (DIH) project financed by European funds. The DIH aims to provide digital transformation opportunities to Small and Medium-Sized Enterprises (SMEs) and Start-ups, through technologies such as Artificial Intelligence, Cyber High-Performance Computing (HPC) and cloud solutions.

Assistance to Malta's and Gozo's businesses to invest in sustainable digital business models

Malta Enterprise will be doubling its financial assistance in the form of cash grants to all Maltese companies that invest in digital and sustainable projects. In fact, the grant will be covering 50% of the eligible investment, up to a maximum of €100,000.

Gozitan businesses and start-ups will continue to benefit from an additional 10% in financial assistance in the form of a tax credit, and this grant can be doubled to 20% if the companies invest in projects that reduce the carbon footprint of operations.

We will also be doubling the tax credit these businesses can benefit from when they invest in their own companies.

In fact, Maltese enterprises will now be able to benefit from a maximum of €40,000 in tax credit when they invest in digital projects, in projects that reduce energy and water consumption or in investments that increase efficiency by reducing raw material waste or waste.

All businesses in our country will be able to benefit from this increase, including small and medium-sized ones, the self-employed and even family businesses.

We will increase assistance for businesses to meet the ESG criteria

Malta Enterprise will be developing guidelines for companies to obtain the ESG (Environmental, Social, Governance) credentials.

We will also extend this process in the form of technical support for small and medium-sized enterprises through collaboration with European countries that, like us, want to encourage their businesses to make this leap in quality.

Venture Capital Fund

A study on the establishment of a Venture Capital Fund is ongoing. The objective is to have a framework for Venture Capital funds aimed at helping industries establish themselves in Malta.

Osaka Expo

Once again, the Government has confirmed its participation in the 2025 World Expo, which will be held in Osaka, where our country will be present among 150 other countries to exhibit its economy, technology, tourism and all that we have to offer as a country progressing forward.

Investment incentives for enterprises

Last year we introduced a benefit to recognise the investment made by groups of companies to support businesses affected by Covid-19.

To reward investment, we had issued a scheme that allows them to avail of the benefits granted to investments affected by the pandemic and use them for tax on income derived from companies that remained sustainable.

We want to encourage and reassure everyone that investment in Malta is rewarded.

Therefore, we are extending this scheme for another year. Thus, groups of companies having unabsorbed or unutilised capital allowances in 2020 and 2021 due to losses sustained during the pandemic will be able to apply for the relative tax deduction benefit against any taxable income derived by other companies forming part of the same group for the basis year 2022 (Year of Assessment 2023) as well.

We will continue to mitigate price hikes in the cost of international transport for businesses

Last year we extended the rent subsidy incentive to reach a large number of eligible businesses. This led to about €700,000 in direct assistance to Maltese and Gozitan businesses.

As from next year, Maltese businesses will be able to benefit from the financial assistance of €50,000 instead of €25,000 per year for the first three years of this assistance. We will also be doubling the period in which our businesses will be able to benefit from this scheme from three years to a maximum of six years.

Simplification for businesses

We have appointed a committee that is collaborating with stakeholders on the right to a basic bank account for businesses, as well as a Credit Review Office that facilitates both the interests of commercial banks and that of their clients regarding loan

applications. The proposal for the creation of a due diligence repository is also being studied.

Along the same lines, the Malta Business Registry is also working so that all the services it offers to businesses are modernised with new technology with the objective of increasing efficiency, transparency and accountability.

New investment opportunities

In partnership with the private sector, we will continue to give a new lease of life to buildings whose potential has not yet been fully exploited and that have not been taken proper care of by our country.

Therefore, the Cabinet approved the issuing of calls for expressions of interest with the objective of giving a new lease of life to Evans Building and the old fish market in Valletta, and the Chalet in Sliema. We want to see quality projects that respect the value of the place, are sustainable and create new opportunities. We are exploring other sites in addition to these.

Investing in Social enterprises

After the entry into force of the Social Enterprise Act, we want to ensure that this sector thrives and reaches its full potential.

Thus, a number of benefits that are currently available only to commercial companies will be extended to Social Enterprises established in our country. The first scheme that will be extended to social enterprises is the Micro Invest scheme. Thanks to this

measure, social enterprises will be eligible to tax credit that can amount to €70,000 spread over three years.

Concession for the transfer of family businesses

We are once again extending the concession on a reduction in stamp duty from 5% to 1.5% when family businesses are transferred inter vivos to their children or to younger generations.

Gaming

The gaming sector in our country directly employs around 11,000 people, and this figure rises to around 16,000 if we include jobs for services provided to the industry. In the esports and video game development sector, we saw that the Unity Centre of Excellence specialised training programme for teachers to train students for a career in the Video Game Development industry was concluded earlier this year.

Following the completion of the work on the incubator for start-ups in this sector, known as basecamp, this incubator will be entirely occupied by companies working from there by the end of this year.

The Film Industry

The film industry continues to create job opportunities and attract more investment. Investment in the infrastructure of the Malta Film Studios will continue with the building of the first sound stages in our country.

The education and training of people in this industry will strengthen the quality and competitiveness and allow more Maltese people to work in productions that choose our country.

We want to create a sustainable career-based film industry that continues to shift from a seasonal sector to a sector that offers work all year round.

Residence schemes

Our country has always tried to be attractive in order to attract quality foreign citizens to come and settle in Malta and thus leave wealth in Malta's economy. Over time, various residence schemes were created for this purpose, including tax-related schemes. The first market was the English one, but then the interest also spread to citizens of other countries. Schemes to attract people of this sort, such as the Global Residence Programme and the Malta Residence Programme, have been in force for a number of years.

Therefore, we feel the need to perform an evaluation to see whether these need to be updated, given the international changes that have occurred over time. An example would be the situation of British citizens after the developments in recent years.

For this purpose, it is proposed that necessary changes are made to update the law regarding these programmes, the related guidelines and their practical administration. We need to ensure that Malta remains attractive in this regard, while ensuring that

the integrity of such programmes and their use are maintained, especially given the current international pressures.

Tourism

During 2022 the tourism sector in Malta showed strong signs of recovery after two challenging years. Until August of this year, the number of tourists who came to Malta reached 81% of the volume reached in the same period in the record year of 2019. These tourists generated 10.76 million nights and an expenditure of €1.3 billion, which is almost 86% of the expenditure during 2019. We are estimating that by the end of this year, we will have attracted more than 2.1 million tourists among us.

Incentives for long-stay tourism in Gozo

The market of tourists who spend the winter months in our country is increasing, and we see this as something that will continue to grow.

Therefore, together with the Gozo Tourism Association, we will launch an incentive scheme to attract this type of tourism to the island of Gozo in partnership with tour operators so that Gozo enjoys more tourism in the low season.

Agency for the Regeneration for Development of Tourism Zones

From January 2023, The Foundation for the Development of Tourism Zones will become the Agency for the Regeneration for Development of Tourism Zones. The Agency will continue to

focus on the formulation and implementation of regeneration plans, as well as on the introduction and implementation of the Town Centre Management concept with a pilot project in Paceville, beach maintenance and the protection of the holistic environment of tourism zones.

A Ship and Aviation Register

In the coming months, we will continue to consolidate Malta's leading position in Europe with regard to the ship register and continue to position Malta as the jurisdiction of choice in the aviation industry.

To date, more than 750 aircrafts are registered in our fleet. In the coming days, we will be announcing more airlines that will be relocating to Malta to join many others that have already done so, such as WizzAir Malta and Flexjet. The next step is the civil aviation policy and the implementation of a master plan regarding the airport to enable our country to introduce relatively new niches for us, such as leasing and cargo, drones and eVTOLs, while at the same time consolidating business and commercial aviation.

Adequate infrastructure for industries

During this year, we continued working with the private sector to develop industrial buildings that could host business clusters and to provide the appropriate infrastructure. In fact, later this year, the works on Taxiway Lima will be completed; this will continue to help aircraft maintenance companies operating in the airport area. In Gozo, we will open a new space next to the

Xewkija industrial estate that will provide small and medium-sized enterprises with an area for workshops and a parking area for large vehicles.

During the next year, we will create new plots for various clusters through INDIS Malta to meet the ever-increasing demands. Apart from that, work will begin on various extensions of factories established in our country.

We will be launching a pilot project that will focus primarily on the manufacturing and aviation sector to address the needs of the industry by assisting in the upskilling of the current workforce and in the training of new workers.

Air Malta

Over the past two years, Air Malta was a major challenge. The way different Governments took decisions left Air Malta in a position where it could never be efficient.

Year after year, the Government has continued to pay tens of millions, and this bottomless pit created bigger problems instead of solving them.

If we had continued on that path, a day in the not-too-distant future would have come when the financial burdens of the company would no longer be viable, and it would have stopped operating overnight and abruptly because no one would give work to a company that cannot afford to make payments.

There are no sacred cows for the European Commission, and it is not going to give special treatment it has not given to many countries and much larger national airlines.

We have built a good working relationship with the European Commission, and we must find a better solution in the country's best interest while respecting European rules and the free market.

We drafted a working plan to address the company's expenses better. The European Commission is evaluating the different options laid out before it, but I cannot stress enough that Malta had, has, and will continue to have a national airline.

Whatever the result of the next steps, there is still much more work to be done so that Malta can have an airline that departs from Luqa to a destination in Europe, at least without losing money, and while being cost-effective.

It certainly does not give me any pleasure and much less earn me votes to take hard decisions that will not please everyone. But what is certain is that we can no longer have an airline that consumes tens of millions a year in a context where a country like ours, which is insular and on the periphery, must necessarily have an airline.

There is no joy in doing such things, but they need to be done, and I am willing to keep doing them.

Artisan

During this year, work on the Ta' Qali Crafts Village continued. In addition to continuing the construction process related to the rented buildings in the village, the works on the Incubator and the Interpretation Centre have been completed, while the works on the centre for Start-ups and the Dying Crafts are ongoing. With regard to the regularisation of the Artisan sector, this year, a new online Register was launched.

Digitalisation

During the coming year, we will continue our massive investment in digitalisation from the Recovery and Resilience Plan (RRP). In the public sector, this includes, among others, an investment of over €10 million in the justice sector and around €6 million in the maritime register. We will also invest in the digitalisation of the health sector, including e-health and the digitalisation of the Department of Pathology. The private sector will continue to be incentivised in this area through grants, which shall cover self-employed persons who operate on a small scale under the Business Enhance programme with a €15 million grant.

Lands

We will re-open the scheme for shops that are owned by the Government and that are currently rented or given in emphyteusis, and that are located outside Valletta. This measure aims to help businesses extend their lease or emphyteusis to a 45-year emphyteusis.

This month a scheme was launched to solve cases of individuals or families who have bought houses or apartments partially built on property which in time, turned out to be Government-owned. The scheme offers a title that consolidates the property of these people individually and at affordable prices. Next year, we will continue to announce schemes with the aim of reducing bureaucracy and continue to address problems that have been pending for a large number of years in the Lands Authority.

We will also address the issue of people whose house is built on land given in agricultural emphyteusis or leased. After the pilot project that was conducted in Tas-Salvatur in Rabat, we will give the opportunity to more people who live in other parts of Malta to buy the title of the land where they live.

Chapter 6 – Further Modernisation of Health Services

It is very satisfying that year after year, despite the challenges we face, the health services in our country continue to grow, improve in quality, and be brought closer to those who use them. It is equally satisfying that in the critical times the world is going through, Malta's health services are once more praised by international institutions, including the World Health Organisation.

Due to the adjustments necessary after Brexit and the effects of the war between Russia and Ukraine, the Government has absorbed the cost of around €3 million in price hikes of medicines and another €4 million in increased consumption of medicines whose prices have gone up, compared to previous prices.

New Free Medicines and Medical Treatments

Next year we will continue to introduce free medicines in the Government Formulary:

- The Human Papillomavirus (HPV) vaccination that will be given to all boys born in the year 2000 and after.
- Medicines for those who suffer from multiple sclerosis.
- A wider range of people will benefit from medicines that treat diabetes and osteoporosis.
- The specialised nutrition formulas, which are taken through intubation, will also be updated.
- Persons undergoing interventions involving third-party

gamete donation will start benefitting from the stimulating medicines that are complementary to the services offered by the Assisted Reproductive Technology Clinic (ART). The Government Formulary will also be updated to include a number of these free medicines.

- Another fund so that urgent cases of patients with suspected or diagnosed cancer are given the necessary treatment up to the 12-week period established by the same Charter.
- Chemotherapy Pumps that the patient can use in the comfort of their home, if and as prescribed by the treating consultant.

New Services

In 2023 we will be adding many services, including the introduction of Oncology Clinics at the primary care level, the introduction of a Diabetes Centre at the Qormi Health Centre, the introduction of Genitourinary (GU) Clinics in the community as well as GP Appointment Clinics in Health Centres. Patients with high blood sugar levels will continue to be monitored through the Remote Patient Monitoring project.

The services provided by the ART Clinic, which provided support to those who wanted a first child, but had infertility problems, will be extended to those who want a second child. Pre-Implantation Genetic Testing (PGTM) will also be offered in accordance with the protocol of the Embryo Protection Authority.

We will also extend the Nurse Navigator service to the Sir Anthony Mamo Oncology Centre (SAMOC) so that, from the date of diagnosis to the end of the whole process, breast cancer patients and their family members will be assisted as

necessary. On the other hand, patients residing in Gozo who have completed cancer treatment will benefit from the service of the Holistic Needs Assessment (HNA) Clinic, offered at the Gozo General Hospital.

To consolidate the introduction of the GU Clinics in the community, Mater Dei Hospital intends to expand existing services by providing Point of Care (POC) testing intended to treat serious cases of sexually transmitted diseases as soon as possible.

In addition, we will centralise the services currently provided within the CDAU and the CYPS in a major state-of-the-art centre so that the service provided is consolidated and integrated according to the needs of the children.

Capital Projects in Health

Mr Speaker, our long-term investments in infrastructural projects will continue in the coming years. Among these are the project for the construction of a new Blood Bank, the project for the new Outpatients building and the Underground car park at Mater Dei Hospital, the Ċensu Moran Regional Centre in Paola, the new Centre in Rabat Gozo, the modernisation of the wards in Mount Carmel Hospital as well as the renovation and modernisation projects of smaller Health Centres and Community Clinics (Bereġ). To these, I add the investment in the infrastructure of the Accident and Emergency Department and the Medical Imaging Department, as well as the third Cardiac Catheterisation Suite.

Mental health

Sheltered accommodation will support assisted community living, and persons suffering from addiction shall also benefit from this. We will also introduce a Therapeutic Centre for those with a dual diagnosis of mental illness and addiction. We will also launch an Academy for Recovery and Wellbeing so that service users, carers and professionals can obtain the necessary education on how to reduce stigma, increase knowledge in this area and take the best preventive initiatives.

In the coming years, we will build the new Acute Psychiatric Care Hospital in the vicinity of Mater Dei to offer a specialised service that complements the one currently offered at Mount Carmel Hospital. This will be done through European funds.

The Mental Health Services (MHS) will be promoting a policy of promotion, prevention and support on a macro level in order to increase education on mental health at the workplace.

Chapter 7 - Sustainable Development for the Malta of Tomorrow

In the last Budget, we introduced several measures and initiatives to encourage sustainable development. One of the measures was the introduction of fiscal incentives for aesthetic property, which I am pleased to announce was successful.

Continuation of the Fiscal Incentives for more aesthetic property

As I announced in the last Budget, those who buy or sell a property that was built more than 20 years ago and has been vacant for more than 7 years or a property in a UCA can benefit from a full exemption from Capital Gains tax and stamp duty on the first €750,000 of the sale price.

Through these measures, over 2,800 sellers and buyers of properties in a UCA saved between them over €18 million in taxes, while 210 persons who sold or bought a property that has been built for more than 20 years and has been vacant for more than 7 years have saved between them over another one million euro.

We received around 246 applications from first-time buyers making use of these schemes. These are benefitting from a €15,000 grant if the property is bought in Malta and €30,000 if bought in Gozo.

Moreover, people who bought or already own such properties are benefitting from VAT savings of up to a maximum of €54,000

on the first €300,000 expenditure on restoration and finishing works.

The schemes will continue over the next two years, as I explained in the last budget.

In the first quarter of next year, we will also establish a Board to oversee new properties that are built and finished according to quality and aesthetic guidelines that are to be drawn up, so that the owners of such properties can also benefit from tax reductions and grants, as promised.

Property Schemes

We will be extending the reduced stamp duty schemes for first-time buyers, second-time buyers and the purchase of property in Gozo for another year.

Road Infrastructure

In order to strengthen economic competitiveness, it is crucial to invest in high-quality infrastructure as part of a long-term plan that addresses Malta's present and future needs.

From 2018 to the end of this year, we will have invested a total of €507 million in road infrastructure improvements in our country.

Several large infrastructural projects, such as the Marsa Junction and the Central Link that had been left to gather dust on the shelves, were completed with this investment.

In addition, over 1,000 residential, rural and secondary roads were reconstructed with new services and maintenance during this period.

Over the next three years, we will continue to complete and implement large projects. The Mrieħel Underpass will soon be completed, with other priorities being the Ħal Kirkop Tunnels, the Airport Intersection Project and the Luqa Junction. There are new plans for the Msida Creek project, which will now also be given a boost. The programmes to build residential roads will obviously continue. The robust road-building programme will also continue in Gozo.

Maritime Infrastructure

Maritime industry is experiencing substantial growth in the area of ship repair. The Government has understood that our ports need dredging to help this sector attract work on ships of a certain size. Dredging work has already started during the past few months, costing €7 million. Next year, Infrastructure Malta will be issuing a call for tenders to continue the work in other parts of the Grand Harbour.

The Government has just signed a contract to begin extension works on the Pinto and Lascaris Wharves with the aim of having a straight wharf for the docking of large ships of around 330 metres.

Projects for cleaner air

At the moment, some of the most ambitious environmental projects in our country are related to installing systems that allow large vessels, such as passenger or cargo ships, to switch off their engines while they are berthed in our ports. These will instead connect directly to the national grid. With an investment of €50 million, this project will reduce air pollution and improve the quality of life of people living in the South of our country and around the Grand Harbour.

Work on the Grand Harbour is proceeding at a good pace, and the project is expected to be completed next year. Progress has been made on the process to implement this type of project in the Freeport as well.

Sustainable Urban Development in Gozo

Apart from the 10% commitment of the European Union cohesion and agricultural investment funds, Gozo will also benefit from around €60 million in investment under the Sustainable Urban Development initiative. The areas in which these funds will be invested will be determined next year so that the work related to this initiative can kick off immediately.

Land Reclamation

Work is ongoing on another area, namely, land reclamation. In the past few months, we met with experts to explore a number of projects that would not only respect and improve the environment but also give the area concerned and, ultimately, our country the added value they deserve. The next step in this

project is the commencement of a study in the coming weeks and months to determine the economic and financial feasibility and the environmental and social impact of such projects on our country.

Free Public Transport

On 1 October, residents in our country started benefitting from free public transport. In order for this change to be successful, there has to be a change in behaviour, greater enforcement on our roads and measures to ensure that there are no obstacles on bus routes.

We will continue to electrify the public transport fleet with an investment of millions of euro; a large amount of the fleet will consist of electric vehicles.

It is worth reminding that a few years ago the Government started offering school transport for students free of charge. We need each and everyone's cooperation in order for these measures to be successful.

Traffic

It is obvious that one of the main challenges the country is facing is traffic congestion.

Apart from the fact that next year we will continue working to have more officers on our streets, we will be discussing extensively with the stakeholders concerned to ensure that a number of services in our streets are not provided before 9.00

a.m. These services should not have their vehicles on our roads during rush hour.

Further incentives for the purchase of cleaner vehicles

During this year, we launched the largest package of financial grants for transport in the form of eco-friendly schemes and sustainable transport, with a total of €25 million available during 2022. The aim of this investment is to instigate a change in use towards electric mobility, reduce emissions from the transport sector by promoting the use of electric vehicles in the private and commercial sectors and reduce the fleet's average age. Malta managed to obtain €50 million in funds from the European Union for new electric vehicles.

I am pleased to say that, to date, the number of registered electric or plug-in hybrid vehicles exceeds 10,000.

Grant for the purchase of new electric vehicles

Therefore, the financial grant aiming to incentivise the acquisition of new electricity-powered vehicles will be renewed, and whoever buys a new electric vehicle, including motorcycles, will be entitled to an €11,000 grant, which would go up to a maximum of €12,000 if the vehicle scrappage scheme is availed of as well. The same applies to the scheme which incentivises the purchase of mopeds, pedelecs and bicycles assisted by an electric motor.

The grants for plug-in hybrids were exhausted last May, but those who ordered a plug-in hybrid vehicle until the end of May, and whose vehicle has not yet arrived in Malta but will do so in 2023,

are still guaranteed the grant that will amount to €11,000. The total expenditure on these grants will be €20 million.

Renewed financial grant for scrappage of polluting vehicles in Gozo

The financial grant of the scheme for the scrappage of polluting cars in Gozo will remain at €2,000.

Extension of schemes promoting cleaner small motorcycles

The grant which incentivises the purchase of small motorcycles that run on petrol will be extended, and the grant for those who convert their vehicle to run on gas instead of petrol will also be extended.

Extension of other schemes promoting cleaner vehicles

Next year, electric and plug-in hybrid vehicles will still be exempted from registration tax and from payment of the annual road licence fee for a period of 5 years from the date of first registration.

Extension of schemes for installation of photovoltaic panels and diesel particle filters (DPF) and selective catalytic reduction (SCR) systems on vehicles

The scheme whereby vehicles such as minibuses, coaches and trucks that have photovoltaic panels installed on top are given a grant up to a maximum of €900 will be extended. This also applies to the scheme whereby minibus, coach and truck operators install diesel particle filters (DPF) and selective catalytic reduction (SCR) systems.

Ferry Landing Stations

Recent years have revealed that alternative means of transport by sea were successful. We worked on the ferry landing stations in Valletta, Mgarr, Cottonera and Sliema. The contract for the commencement of works on the Buġibba pier has been signed; in the meantime, an evaluation is currently being performed on the call for tenders for works on the Marsamxett pier. These are also areas that prove we are making the best use of the European funds we managed to negotiate for our country.

Transport to Gozo

We will continue to invest in the connectivity between Malta and Gozo.

After strengthening the Gozo Channel service in recent years, we are determined to see that the fast ferry service provides a proper service to Gozitans and Maltese and to anyone who makes use of it.

For this purpose, the Government is discussing with the European Commission the possibility of a public service contract for the next two years.

Once there is an agreement, the operators would commit to providing this necessary service according to the needs of the Gozitan and Maltese people.

In that case, it is agreed that a new schedule will be drawn up with predetermined prices that the operators would have to comply with.

Work will also continue on the construction of a Rural Airfield in Gozo, for which an application has been presented to the Planning Authority after extensive consultation.

This project will be conducted on land that is already committed for a similar development, and the existing runway will be extended by 271 metres up to a length of 445 metres, without any negative environmental impact.

Chapter 8 - A Green Economy: From a challenge to an opportunity

Mr Speaker,

This Government is committed to leading Malta and Gozo toward a decarbonised economy. A neutral, carbon-free economy.

Therefore, this Budget will continue to build on the previous one by continuing to incentivise families, businesses and operators to make use of cleaner and more sustainable transport and energy. This will be complemented by a strong investment by the Government in the energy sector, in the environment sector and in the management of our country's resources.

Energy

This year the route of the second cable interconnector with Sicily was identified. Maritime, geophysical and geotechnical surveys have been conducted, and work has started on the environmental study. This interconnector, with an investment of over €160 million, will not only increase the supply of electricity but also provide more flexibility in the way we supply electricity to the country.

We will continue investing in Enemalta's Distribution Network, which is progressing at a very good pace, to improve service quality and ensure that the grid can withstand electricity from renewable sources. The plan involves interventions on all levels of the distribution system, and its implementation is progressing well. New primary transformers were installed, and around thirty

new substations were switched on while work was carried out to strengthen the networks. This strong investment programme will continue in 2023.

Schemes for efficient energy

We will again offer schemes for the installation of solar panels and batteries for renewable energy storage, heat pump water heaters and solar water heaters and the restoration of wells in old residential homes.

8MW will be allocated as a Feed-In Tariff scheme for photovoltaics of less than 40kWp for houses, while we will continue to extend the FIT schemes for residential houses over 20 years.

A total of 16.5 MW has also been allocated to medium to large renewable energy systems, whose generation is equivalent to 6,050 homes in one year. This is in addition to the allocation for massive scale projects beyond 1MW.

More Charging Points

Work is currently ongoing for the installation of around 1,200 more charging points by 2024 in addition to the existing 340. At the same time, we will continue to encourage private companies and businesses to replace their fleet with an electric one by benefitting from interest-free loans to complement their investment in electric vehicles and charging stations.

Renovation in Private Sector Buildings

In addition, the grant scheme under the RRP for the climate-friendly renovation of commercial buildings in the private sector with a value of around €20 million will continue during the coming year.

Offshore Renewable Energy

The Government has just conducted a market consultation process for activities in the exclusive economic zone around Malta, particularly for activities of renewable energy generation. During the coming year, we will be launching the implementation phase by inviting the private sector to participate with investment in this field.

The biggest investment in the environment

The Government is committed to making the biggest investment in the environment and in the quality of people's lives. For this purpose, a new agency will be set up to coordinate the implementation of one of the main measures of the Government's Electoral Manifesto, namely the allocation of €700 million over a period of seven years to environmental projects.

This project will lead to more gardens, urban greening projects and more open spaces that can be enjoyed by Maltese and Gozitan families.

We want the communities and the residents to be at the centre of the work of this entity while we will also see that the private sector is given the opportunity to invest in the realisation and

maintenance of these projects through PPPs and alternative financing methods.

The first phase will see the launch of a number of projects in various localities, including Cospicua, Birżebbuġa, Hamrun, Marsa, Siġġiewi and San Ġwann.

The agency will also coordinate green urban reclamation projects. One of the first is a project that will be carried out together with Wasteserv Malta at what was the Sant'Antnin recycling plant. This will be converted into another open area for families, to be added to several gardens completed earlier this year.

The Management Plan 2022–2027 for the Inwadar National Park, whereby the sites for afforestation could be determined, was finalised this year. Preparation work on two identified sites, which involved the restoration of rubble walls at Żonqor and the removal of construction waste material, started immediately.

This year, a site next to St Clement Park has been identified for the extension of this much sought-after park. Works also continued on the Park tal-Majjistral; these will be completed at the beginning of 2023. Next year, work will continue on this park and the Marsascalea Park.

During 2022, the Department for Public Works continued work on the extension and the embellishment of the Ta' Qali National Park.

Extensive work was done on the part known as the Formal Garden. Work also continued on the development of a concert area on land that, until recently, was used as a concrete factory. This has now been converted into a turfed space where international concerts can be held.

This space can be enjoyed by the public when it is not being used for concerts. By the end of 2022, this project is expected to cost a total of €36.7 million, while another €13 million will be allocated for next year.

Apart from a pilot project in San Ġwann, we have collaborated with various Local Councils on, among others, the Serenity Garden in Santa Luċija, Ġnien l-Indipendenza in Birżebbuġa, the Pollinator Garden in San Ġwann and the gardens in Attard, Kalkara and Cottonera.

Cleaning and restoration works in a number of valleys have also been completed. Through these projects, with a total investment of €2 million, we will be reaching the goal of water storage while preserving Malta's historical heritage. Next year, we will continue with the rehabilitation of several valleys.

During the coming year, we will launch an investment programme in green urban areas both with national funds and through European Union funds. We will also invest in strengthening biodiversity by investing in Natura 2000 zones as well as in Marine Protected Areas (MPAs).

Car parks

As part of the work on the promise of more open spaces for the public, an assessment is ongoing on changing open car parks into open spaces and creating underground car parks instead. The plan is to issue the first calls for a concession for the construction and operation of these spaces by the first quarter of next year.

Waste management

While extensive work is continuing on the EcoHive projects, the largest investment ever made in the waste management sector in our country, the Multi-Material Recovery Facility, will also start operating in Hal Far by the beginning of 2023. This will help in the recycling of various materials which otherwise would end up in the landfill.

Next year we will be launching a project of around €50 million on an Organic Processing Plant so that we can also be more efficient in this area and maximise the use of waste in our country. In fact, this plant will yield both electrical energy and compost for the agricultural sector.

We will introduce new gate fees from 1st January 2023 to reduce the amount of waste that ends up in the landfill and encourage increased waste separation. In November, we will also be opening a Material Recovery Facility in Magħtab, which will help to continue increasing the recycling rates. Last year, we opened several Reuse Centres in the Civic Amenity Sites and led education campaigns, thanks to which we managed to increase the recycling rate.

In the coming years, a Skip Management Facility will be built through which we will reduce around 47,000 tonnes of bulky waste from the landfill, which will instead begin to be separated and processed in order to meet the recycling targets.

Water

We are continuing to look for alternative ways to improve the efficiency of water use in our islands. Therefore, we are introducing measures that include the reuse of treated greywater and the treatment of wastewater from businesses or enterprises that operate along the coast.

We have invested in water production and distribution systems, including an increase of about 30% in the production capacity of the reverse osmosis plants in our country. This year, the second phase to increase water production by another 20% and to increase water reserves was launched with an investment of more than €12 million. This will help to continue to meet the demand beyond 2030.

Work is underway to replace around 40 kilometres of old mains, 25% of which have already been replaced.

A new water transfer main will be installed between the Reverse Osmosis plant in Ċirkewwa and the Ta' Qali reservoirs with an investment of €11 million, together with a main that will deliver water from Naxxar to Salini at a cost of €3.5 million.

The shoring up of the sewage treatment plant at Sant'Antnin is in its final stages, and the plant is expected to start operating by the end of the year. With an investment of around €7 million, this measure will increase the capacity of sewage treatment in the South of Malta by more than 20%. We will also be conducting another project that will address sewage overflows in the Marsa area.

Agriculture, Farming and Fisheries

The Government is working on developing the first National Policy for Sustainable Food, which will also include the Action Plan for Organic Production in Malta.

Last June, we opened the Surveillance Unit within the Malta Food Agency. A team of people was recruited, and these started working on the management and improvement of the Farmers' Market, the implementation of the common Fresh Fruit and Vegetable Marketing Standards, as well as the quality control and improvement of fruit and vegetables brought to and sold at the fruit and vegetable market (il-Pitkalija). Investment in the fruit and vegetable market continued this year, while we increased assistance to farmers to improve the quality of their products and obtain certification.

Work on the launch of an initiative for carbon farming has started. This year we implemented the first phase of the project with a pilot project. This project will continue throughout 2023; its effect will be analysed, and a strategy will be created.

In addition, we tabled in Parliament an important bill that will lead to amendments in the Agricultural Leases (Reletting) Act.

We will also be investing in our fishermen's knowledge with a new IT system that will reform the Fisheries and Aquaculture sector by modernising the infrastructure with digital tools and a more efficient service. In 2022, an extensive investment was made to upgrade the infrastructure of the water and electricity service pillars in fishing ports.

During the coming year, this sector will continue to benefit from grants and financial support, including through European Funds, to increase investment and improve operations.

Chapter 9 - A just, safe and equal country

During this year, several reforms continued to be implemented in the field of justice in order to address efficiency in this field. Other important reforms, such as those in the process of taking evidence and referral system in the criminal justice field, are also planned to be implemented.

Next year, a legal framework on a fixed term for the completion of the taking of evidence, full disclosure of the evidence by the prosecution at the start of the taking of evidence, as well as the elimination of referrals, will be established.

To strengthen the democratic framework of our country, the Government also presented three ambitious bills that aim to strengthen the profession of journalism, while providing greater protection to journalists in their work.

We will look into making better use of the Court's administrative space by converting it into a building housing new chambers in the Court's main building with the aim of increasing the number of hearings and, at the same time, reducing the duration of cases.

We will be carrying out a complete review of the procedure used before the Family Court, both from the civil and the criminal aspects, with the aim of achieving more effective and efficient justice.

We will be implementing a reform in the field of magisterial inquiries with the creation of a new section that specialises in inquiries.

United Nations Security Council

As of 1st January of next year, Malta will have a non-permanent seat on the United Nations Security Council for the second time in our history, exactly 40 years after the first term.

Malta is continuing to intensify its work on bilateral, economic and commercial relations. Proof of this is the official opening in June 2022 of the first Maltese Embassy in South America in Brasilia, Brazil.

This year, nearly a quarter of a million euro were donated in humanitarian aid to the Ukrainian people through the Development Assistance funds. We also distributed thousands of doses of the Covid-19 vaccine to nations in need and gave contributions to international institutions for the benefit of the people of Syria, Yemen, and Palestinian refugees, among others.

Asset Recovery Bureau

Work is currently underway on the construction project of a specialised building that will be equipped with the latest technology to house an asset-tracking laboratory and an adequate space for the preservation of confiscated assets. This is a very important area that we will continue to strengthen in the years to come.

Consumer Rights Protection

In 2023, the Government will reinforce the remedies available to consumers, as promised in the Electoral Manifesto, by once again raising the maximum amount of claims that can be presented before the Consumer Claims Tribunal to €5,000.

New Strategy for Local Government

In August 2022, a document was launched for consultation on a new Strategy for Local Government. This strategy is expected to be concluded early next year, which incidentally also marks the 30th anniversary of the establishment of the Local Government in Malta.

Euro Pride

Mr Speaker, as the Prime Minister announced, in 2023, Malta will be hosting the Euro Pride event for the first time in history. Euro Pride will be sending a strong message to the international community that Malta, the country that has ranked at the highest position for the past seven years with regard to the best rights for LGBTIQ people, is a living example of how change can really make a difference in people's lives.

Disciplinary Corps, Police Force, Armed Forces and Civil Protection

The incentives introduced in 2016 for people who remain in employment after reaching the retirement age bore fruit. Therefore, it is time to start a process in order to extend these incentives to those officers of the Disciplinary Corps who

continue to give their service after they have given 25 years of service. This initiative will give members of the Disciplinary Corps the opportunity to improve their pension by 23% after four years of additional service.

We will introduce the concept of service pension for five years to the widows of Disciplinary Corps officers who pass away before they complete 25 years of service or during the period between the end of service and retirement age.

The Police provide community policing services in 76% of Maltese and Gozitan localities. We will ensure that in 2023 every town and village in Malta is covered by this service.

The existing buildings of the Armed Forces of Malta are undergoing a transformation with the use of a Virtual Small Arms Training Simulator with an investment of €1.3 million and a new building and ancillary facilities that will amount to an investment of around €12 million.

With an expenditure of €10 million, we continued to strengthen the AFM Air squadron by equipping its fleet with the latest technological equipment, with maintenance on the existing helicopters and planes, as well as with the purchase of trucks that tow military planes onto the Apron.

Logistical preparations to accommodate the largest vessel that the Armed Forces of Malta will have, continued and the vessel is expected to arrive in Malta by the end of this year; its cost of €53 million was co-financed by European funds.

We will continue investing in equipment and in the purchase of vehicles for the Police and the Armed Forces, as well as the purchase of industrial and domestic fire engines, a Hazmat vehicle with a trailer and specific equipment for electric vehicles for Civil Protection. The Maritime section has purchased a €2 million boat to react quickly to fires on small and medium-sized boats and provide first assistance in case of fires on large vessels.

Correctional Services

In 2023, the Electronic Monitoring Bill will be implemented after approval by Parliament. Work on the renovation of the existing buildings of the Corradino Corrective Facility, together with the work on the new building of the rehabilitation centre, will continue, and the security around the perimeter of the Prison building will be enhanced.

The Victim Support Agency

Since its inception, the Victim Support Agency has provided support to more than 1,600 victims. These include victims of criminal offences such as aggravated robbery, fraud, violence (including domestic violence), sexual harassment, hate speech and acts of hate, and others. In 2023 a national 24-hour helpline will begin to operate, to continue strengthening the holistic service offered to victims of many forms of crime.

Reinforcing the fight against Domestic Violence

After the recent changes that acknowledge femicide in the Criminal Code, we will strengthen the inter-ministerial committee to ensure more holistic work by all Government entities as well

as by national stakeholders and non-governmental organisations. This must be done concurrently with the strengthening of the Commission on Gender-Based Violence and Domestic Violence.

We will also conduct training programmes for professionals in this field, including police officers, professionals in the health and social sectors, educators and the judiciary.

Sustainability in reinforcing the measures employed against money laundering and terrorist financing

Good governance has been and will remain a priority to ensure sustainability according to the guidance of the FATF, MONEYVAL and other organisations. Thus, while we have done our best to get off the FATF grey list in a short period of time, we will continue to ensure that this progress is effectively maintained. Therefore, reforms will continue wherever necessary to increase the trust we have gained in the institutions. For this purpose, we will ensure that entities such as the FIAU, the Malta Business Registry, the MFSA, the Police, the Commissioner for Revenue, the Asset Recovery Bureau and others are given all the support necessary to continue to do their work effectively. In this way, we continue to ensure that the entities licensed in Malta are not used for money laundering and terrorist financing.

Chapter 10 – Continuing the investment in culture and sports

The Labour Government invested in protecting our national heritage for future generations after years of neglect.

As promised, we have published the National Cultural Policy which is propelling the vision and direction in this area for the next ten years. This policy will be the basis of future investment which will implement the 184 so-called outcomes that are being proposed.

National Heritage

In 2022, 20 restoration projects were completed, while currently, various works are ongoing on 25 other projects.

In the coming years, the restoration of the Grandmaster's Palace will be completed, while investment will continue in the restoration of the bastions and in the restoration of churches and chapels in several localities.

Work continued on the Tas-Silġ project, while we will invest heavily in the renovation of Villa Guardamangia, the only house outside the United Kingdom in which Queen Elizabeth II lived.

The drafting of a tender for the restoration of the aqueducts in the limits of Rabat Gozo at a value of €2.5 million is also underway, and it is expected to be issued soon.

The cultural and creative sector

The cultural and creative sector has always continued to flourish, develop and grow. We have worked hard to introduce measures and continue to strengthen the platform of the sector because we want to continue to build on the solid foundations, we started to build over the last few years. We continued to do this after the Covid-19 pandemic, where we invested more than €2 million in measures such as the Event Assurance Scheme, the Seat Utilisation Scheme and the Programme Support Scheme, which were of great help to the sector. In addition, in the last Budget, I announced a reduction in the income tax rate for artists.

For the first time in our country's history, Malta will be taking part in the London Design Biennale to serve as a showcase for the sector and for our country's artistic and creative field, while the work for Malta's participation at the next edition of the Venice Biennale in 2024, will continue.

2023 will also be a very busy year for MICAS, since this year will see the completion of works on the balconies, the sculpture garden, the fourth phase of the project as well as the completion of the administrative offices.

Sports

We will increase the hours and establish the minimum number of Physical Education lessons. We are already studying an ongoing pilot project to move towards a model where children have one session of physical activity a day.

After submitting the plans for the construction of a new circuit in Ħal Far, we will see to it that this is built and completed in this legislature.

The investment by the National Development and Social Fund (NDSF) for the construction of a National Motorsport Centre in Ħal Far will see an upgrade of the existing drag racing and karting tracks. This circuit will raise the level of motorsports and attract new championships to our country.

With an investment of €9 million, we will continue to turn the Marsa Sports Complex into a sports hub of international standards, and we will also continue investing in turning the Marsa athletics track into a state-of-the-art track.

We will see to it that the works on the Olympic-size swimming pool in Bormla and the works on the sports facilities at the former Maria Assunta school in Ħamrun are finished in this legislature.

Above all, we will continue preparations so that Malta can successfully host the Small Nations Games in 2023. This will be a very important event for our athletes, for whom we are also making a record investment in their training and preparation.

Similarly, we are preparing for the UEFA Under-19 European Championship in 2023.

The completion of renovations of a number of sports facilities is also continuing.

Along with work on the Gozo Museum, work has also continued on the project of the building of the Aquatic Centre, which involves the restoration and addition of more sports facilities. Work has advanced well now and is expected to continue in 2023. This project will be offering new facilities to Gozo and will place Gozo in a position to attract sports tourism. It is a dream that will become a reality in the near future.

Increase in the tax rebate for sports, artistic or cultural activities
We will increase the tax rebate from €100 to €300 per year for parents who send their children to sports, artistic or cultural activities.

Conclusion

Mr Speaker, the people are certain of one thing: with us, they know where they stand.

Because this is a Government that, despite the challenges,

despite the cost of energy,

despite investing more than last year,

despite greatly increasing pensions,

our country's deficit will once again decrease.

Today we came here as a Government; we explained the challenges, and we were not afraid to talk about what is good and what is not so good.

We called a spade a spade. Because that is what political honesty demands.

The world is complex, but we are determined to protect and improve people's livelihoods.

But surely, the world is not all doom and gloom as others portray it.

My country, with all its faults, remains my country.

My country, with all its faults, is still worth fighting for.

Because my country has more than just faults.

It has courage. It has resilience. It has the hope of its people. It has the will to keep improving. To keep changing.

To the families, we are saying, 'We will continue to be right behind you. We will continue to be the fortress that protects you from the troubles out there. We will not do miracles, but we will work hard'.

To the families, we say, 'We will keep helping you. Malta is a country where progress should reach everyone'.

To our elderly, we say, 'Just as you were there for us, we will be there for you, and we will continue to be there for you and help you because this is another social budget from a social Government.'

To the pensioners, I say, 'We have been there for you again. Despite the storm, your pension will still increase this year.'

We are not going to leave you behind. We want to make sure that we continue to make up for the wealth you have left us'.

To those who keep creating wealth in this country, we say, ‘Keep opening the doors of opportunity’.

and to the young people, we say, ‘Chase opportunities and aspire for an even better country’.

To the workers, we say, ‘We are your voice. We did not leave you on your own during the pandemic, and we will not leave you on your own now.

We are the ones who are working on securing your work and livelihood.’ Because a man without a decent job is a man without dignity. And so, saħħa ’l-ħaddiem, strength to the worker.

It is easy to be negative. It is easy to fall into the trap of the comments on the internet.

But just as you can only have one mother, you can only have one country. It is our responsibility to improve – through honesty, transparency and accountability in what we do.

Today’s message was based on that.

Saħħa ’l-ħaddiem u seddaq l-għaqda, strength to the worker and affirm unity. Because when this nation is united, it can face the biggest challenges in its history, and because we were united, we overcame and built a country.

Saħħa 'l-ħaddiem f'din l-art ħelwa, strength to the worker in this Motherland. Because though this land is full of contradictions and colours, it is a cherished land because it is our home.

This is the Malta that has always taken care of its children.

This is the Malta that, from a colony, became a nation.

This is free and brave Malta.

This is the Malta that gives strength to the worker.

This is a united Malta that rejects division.

This is Malta that can continue to be better.

This is Malta that will continue to fight for progress.

This Malta will have a brighter future tomorrow.

Table A.1

FISCAL POSITION 2021 - 2025						
	2021 Actual € '000	2022 Revised € '000	2023 Estimates € '000	2024 Estimates € '000	2025 Estimates € '000	
Consolidated Fund						
Tax Revenue	4,897,429	5,376,000	5,756,763	6,059,658	6,413,043	
Non-Tax Revenue	514,784	554,249	611,357	458,524	482,958	
Total Revenue	5,412,213	5,930,249	6,368,120	6,518,182	6,896,001	
Recurrent Expenditure	5,715,010	5,854,977	6,206,817	6,318,279	6,388,205	
Capital Expenditure	746,831	856,341	922,224	725,301	800,016	
Primary Balance	(1,049,628)	(781,069)	(760,921)	(525,398)	(292,220)	
Interest Payments	184,249	173,578	219,000	282,000	300,000	
Recurrent Surplus / (Deficit)	(487,046)	(98,306)	(57,697)	(82,097)	207,796	
Consolidated Fund Surplus / Deficit	(1,233,877)	(954,647)	(979,921)	(807,398)	(592,220)	
Financing						
Direct Loan Repayments	(462,502)	(468,964)	(445,637)	(489,299)	(459,728)	
Early Repayments of MGRSB	(5,090)	(6,669)	(5,598)	(3,875)	(2,900)	
Foreign Loan Repayment	-	-	-	-	(80,000)	
Contributions to Sinking Funds - Foreign	(50)	(50)	(50)	(49)	(49)	
Contributions to Special MGS Sinking Fund	(30,000)	(25,000)	(30,000)	(30,000)	(30,000)	
Equity Acquisition	(34,500)	(45,038)	(12,510)	(10)	(10)	
Repayment of Loans to Government	2,226	2,784	2,784	2,784	2,784	
Sale of Shares / Assets	889	889	889	889	889	
Public Sector Borrowing Requirement	(529,027)	(542,048)	(490,122)	(519,560)	(569,014)	
Foreign Loans	(1,762,904)	(1,496,695)	(1,470,043)	(1,326,958)	(1,161,234)	
Consolidated Fund balance as on 1 January	300,584	-	-	-	-	
Local Loans	(807,682)	(715,895)	(1,012,590)	(882,633)	(909,591)	
	1,554,107	1,200,000	1,600,000	1,300,000	1,250,000	
	746,425	484,105	587,410	417,367	340,409	
	(715,895)	(1,012,590)	(882,633)	(909,591)	(820,825)	
Consolidated Fund balance as on 31 December						
Consolidated Fund Surplus / Deficit	(1,233,877)	(954,647)	(979,921)	(807,398)	(592,220)	
General Government Adjustments	90,980	6,647	7,921	14,398	28,220	
General Government Surplus / Deficit	(1,142,897)	(948,000)	(972,000)	(793,000)	(564,000)	
Gross Domestic Product	14,681,315	16,337,000	17,537,383	18,690,348	19,828,068	
General Government Surplus / Deficit as a % of Gross Domestic Product	-7.8%	-5.8%	-5.5%	-4.2%	-2.8%	

Table A.2

STATEMENT OF PUBLIC DEBT

	2021	2022	2023	2024	2025
					€'000
Malta Government Stocks	6,265,121	7,060,000	8,319,508	9,257,872	10,147,362
Malta Government Retail Savings Bonds	474,942	375,375	282,573	185,698	94,512
Treasury Bills	576,920	890,000	763,000	787,000	695,000
Foreign Loans	420,717	420,591	420,463	420,342	340,229
EBU's / Local Councils	154,383	154,402	154,402	154,402	154,402
Currency	93,502	105,963	112,049	118,743	126,106
ESA Rerouted Debt	282,209	300,337	320,337	340,337	345,337
General Government Public Debt	8,267,794	9,306,668	10,372,332	11,264,394	11,902,948
Gross Domestic Product	14,681,315	16,337,000	17,537,383	18,690,348	19,828,068
Debt as a % of Gross Domestic Product	56.32%	56.97%	59.14%	60.27%	60.03%

Table A.3

FISCAL POSITION 2021 - 2022						
	2021		2022			
	Actual € '000		Approved € '000		Revised € '000	
Consolidated Fund						
Tax Revenue	4,897,429		5,134,325		5,376,000	
Non-Tax Revenue	514,784		570,385		554,249	
Total Revenue		5,412,213		5,704,710		5,930,249
Recurrent Expenditure		5,715,010		5,329,471		5,854,977
Capital Expenditure		746,831		930,897		856,341
Primary Balance	(1,049,628)		(555,658)		(781,069)	
Interest Payments		184,249		181,417		173,578
Recurrent Surplus / (Deficit)	(487,046)		193,822		(98,306)	
Consolidated Fund Surplus / (Deficit)		(1,233,877)		(737,075)		(954,647)
<i>Financing</i>						
Direct Loan Repayments	(462,502)		(469,567)		(468,964)	
Early Repayment of MGRSB	(5,090)		(5,850)		(6,669)	
Foreign Loan Repayment	-		-		-	
Contributions to Sinking Funds - Foreign	(50)		(50)		(50)	
Contribution to Special MGS Sinking Fund	(30,000)		(25,000)		(25,000)	
Equity Acquisition	(34,500)		(5,038)		(45,038)	
Repayment of Loans to Government	2,226		2,784		2,784	
Sale of Shares / Assets	889		889		889	
		(529,027)		(501,832)		(542,048)
Public Sector Borrowing Requirement		(1,762,904)		(1,238,907)		(1,496,695)
Foreign Loans		300,584		-		-
Consolidated Fund balance as on 1 January	(807,682)		(731,335)		(715,895)	
Local Loans	1,554,107		1,200,000		1,200,000	
		746,425		468,665		484,105
Consolidated Fund balance as on 31 December		(715,895)		(770,242)		(1,012,590)
Consolidated Fund Surplus / (Deficit)		(1,233,877)		(737,075)		(954,647)
General Government Adjustments		90,980		(113,625)		6,647
General Government Surplus / (Deficit)		(1,142,897)		(850,700)		(948,000)
Gross Domestic Product	14,681,315		15,162,720		16,337,000	
General Government Surplus /(Deficit) as a % of Gross Domestic Product	-7.8%		-5.6%		-5.8%	

STATEMENT A
REVENUE 2022 : REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

HEAD	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION + - €	REMARKS
TAX REVENUE				
Direct - Income Tax	1,920,000,000	2,180,000,000	260,000,000	Higher revenue is anticipated by year end, when compared to the original budget, as shown in the revised forecast based on revenue trends and expectations.
Social Security	1,215,280,000	1,288,000,000	72,720,000	Additional revenue under Social Security Contributions is expected to materialise in reflection of employment performance.
Indirect - Customs and Excise Duties	345,100,000	317,000,000	- 28,100,000	Lower revenue is anticipated by year-end, when compared to the original budget, as shown in the revised forecast as a result of lower receipts mainly under <i>Machine-made Cigarettes</i> and <i>Petroleum</i> due to announced measures. However, higher receipts are expected under <i>Import Duty - Ad Valorem</i> .
Licences, Taxes and Fines	389,700,000	366,000,000	- 23,700,000	Lower revenue is expected by year end mainly under <i>Duty on Documents</i> and <i>Motor Vehicle Registration Tax</i> .
Value Added Tax	1,264,245,000	1,225,000,000	- 39,245,000	Lower revenue is anticipated by year end, when compared to the original budget, as shown in the revised forecast.
TOTAL TAX REVENUE	5,134,325,000	5,376,000,000	241,675,000	

STATEMENT A
REVENUE 2022 : REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

HEAD	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION + €	- €	REMARKS
NON-TAX REVENUE					
Fees of Office	114,938,000	117,918,000	2,980,000	-	Higher revenue is anticipated by year-end, when compared to the original budget, as shown in the revised forecast as a result of higher receipts under <i>Guarantee Fees</i> and <i>Residency Malta Agency</i> .
Sales	42,214,000	44,144,239	1,930,239	-	Higher revenue is expected by year end mainly under <i>Homes/Institutions for the Elderly</i> .
Reimbursements	4,803,000	2,303,000	-	2,500,000	Lower revenue is expected by year end mainly under <i>Non-Contributory Social Assistance</i> and <i>Indirect Cost related to EU projects</i> .
Central Bank of Malta	18,400,000	22,172,636	3,772,636	-	Higher revenue has materialised when compared to the original budget, as shown in the revised forecast.
Rents	35,880,000	35,880,000	-	-	

STATEMENT A
REVENUE 2022 : REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

HEAD	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION + €	- €	REMARKS
NON-TAX REVENUE (continued)					
Dividends on Investment	46,600,000	48,105,000	1,505,000	-	The revised forecast reflects the actual dividends which are expected to materialise by year end.
Interest on Loans made by Government	276,000	276,000	-	-	
Grants	248,426,000	212,602,000	-	35,824,000	Variance is due to actual reimbursements of corresponding expenditure, expected to be received from the EU Commission under its various funding programmes.
Miscellaneous Receipts	58,848,000	70,848,000	12,000,000	-	Higher receipts are expected to materialise by year-end under <i>Proceeds from Auctioning of Emission Trading Units</i> and <i>Miscellaneous Receipts</i> .
TOTAL NON-TAX REVENUE	570,385,000	554,248,875		16,136,125	
TOTAL REVENUE	5,704,710,000	5,930,248,875	225,538,875		

STATEMENT A
REVENUE 2022 : REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

HEAD	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION + - €	REMARKS
NON-ORDINARY REVENUE				
Local Loans	1,200,000,000	1,200,000,000	-	-
Repayment of loans made by Government	2,784,000	2,784,000	-	-
Proceeds from Sale of Shares	889,000	889,000	-	-
TOTAL NON-ORDINARY REVENUE	1,203,673,000	1,203,673,000		
GRAND TOTAL	6,908,383,000	7,133,921,875	225,538,875	

STATEMENT B
RECURRENT EXPENDITURE 2022: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

VOTE	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION		REMARKS
			+	-	
1 Office of the President	4,903,000	5,550,000	647,000	-	Additional funds are required under the <i>Hosting of Conferences</i> within the Programmes and Initiatives category to host the Arriolos Conference.
2 Parliamentary Services	10,928,000	10,928,000	-	-	
3 Office of the Ombudsman	1,420,000	1,420,000	-	-	
4 National Audit Office	3,900,000	3,900,000	-	-	
5 Commissioner for Standards in Public Life	759,000	759,000	-	-	
6 Office of the Prime Minister	62,139,000	63,492,000	1,353,000	-	Savings are expected under Personal Emoluments (<i>Salaries and Wages and Allowances</i>) and under the Operation and Maintenance Expenses category (<i>Travel</i>) and as well under the category Contributions to Government Entities. These savings will partly be offset the supplementary provision required under Contributions to Government Entities category to cover Early Retirement Schemes being provided through <i>Resource Support and Services Ltd</i> .
7 Information	1,450,000	1,613,000	163,000	-	

STATEMENT B
RECURRENT EXPENDITURE 2022: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

VOTE	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION + - €	REMARKS
8 Government Printing Press	1,794,000	1,813,000	19,000	-
9 Electoral Office	7,741,000	9,429,000	1,688,000	-
10 Public Service Commission	714,000	694,000	-	20,000
11 Industrial and Employment Relations	2,138,000	2,036,000	-	102,000
12 Ministry for Health	897,353,000	911,574,000	14,221,000	-
13 Ministry for Foreign and European Affairs	48,421,000	53,637,000	5,216,000	-

The variance is due to higher expenditure under Personal Emoluments (*Overtime*), under the category for Operational and Maintenance Expenses (*Transport and Contractual Services*) as well as under Programmes and Initiatives (*Covid-19 Supplies*) which partly compensate for lower outlay under the same category (*New Medicines, Chief Medical Officer Medicines, Medicines and Surgical Materials, National Diabetes Strategy and Long Term Medical Beds*).

Increases are projected in the Personal Emoluments category (*Salaries and Wages and Social Security Contributions*), as well as the Operational and Maintenance Expenses category (*Rent, Travel, Contractual Services and Professional Services*). In response to actual requirements, supplementary funding is required under *European Peace Facility, Overseas Development Aid and Trade Malta*.

STATEMENT B
RECURRENT EXPENDITURE 2022: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

VOTE	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION + €	VARIATION - €	REMARKS
14 Ministry for Senior Citizens and Active Ageing	211,933,000	208,939,000	-	2,994,000	Lower expenditure is expected to result by year-end mainly under Personal Emoluments and Operational and Maintenance Expenses.
15 Ministry for Equality, Research and Innovation	22,653,000	6,754,000	-	15,899,000	Expenditure items forming part of this Recurrent Vote were transferred onto other recurrent votes following changes to the Ministerial portfolios.
16 Ministry for the National Heritage, the Arts and Local Government	57,899,000	61,286,000	3,387,000	-	Supplementary funding will be required by year-end mainly under Contributions to Government Entities (<i>Heritage Malta</i>).
17 Local Government	56,257,000	55,240,000	-	1,017,000	Savings are expected in the Programmes and Initiatives category under <i>Support to the Community Workers Scheme</i> and <i>Local Councils' Special Initiatives</i>
18 Ministry for Transport, Infrastructure and Capital Projects	115,951,000	123,215,000	7,264,000	-	Higher expenditure is expected to materialise under <i>Salaries and Wages</i> , the Programmes and Initiatives Category most notably under <i>Grant for Electric Bicycles and Motorcycles</i> , <i>Scrappage Scheme to Purchase Motor Cycle</i> , <i>Public Service Obligation - Inter-Island Transportation</i> and <i>Grant for Electric Vehicles</i> . This will be partly offset by savings under <i>Transport Malta - Administrative Fee</i> and <i>Transport Safety Investigation Agency</i> .
19 Ministry for Social Justice and Solidarity, the Family and Children's Rights	61,616,000	59,571,000	-	2,045,000	Savings are envisaged under Personal Emoluments, mostly under <i>Salaries and Wages</i> and the Programmes and Initiatives category.

STATEMENT B
RECURRENT EXPENDITURE 2022: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

VOTE	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION + €	VARIATION - €	REMARKS
20 Social Policy	413,739,000	425,566,000	11,827,000	-	An increase is expected under the Programmes and Initiatives Category since higher expenditure is required under the <i>State Contribution</i> in reflection of higher social security contributions expected to be received.
21 Social Security Benefits	1,212,984,000	1,204,484,000	-	8,500,000	Savings are anticipated mainly under <i>Retirement Pensions</i> and <i>Old Age Pensions</i> .
22 Pensions	104,228,000	103,728,000	-	500,000	Savings are anticipated mainly under <i>Pensions</i> and <i>Gratuities</i> .
23 Ministry for Justice and Governance	41,899,000	48,294,000	6,395,000	-	Lower expenditure in the Personal Emoluments category under <i>Salaries and Wages</i> and in the Contributions to Government Entities category partly compensates for an increase in provisions under <i>Summoning and Expenses of Witnesses, Jurors and Experts in Criminal Court Trials</i> in the Programmes and Initiatives category.
24 Ministry or Agriculture, Fisheries, Food and Animal Rights	40,839,000	53,147,000	12,308,000	-	Supplementary provisions are required in the Operational and Maintenance Expenses category (<i>Contractual Services</i>), as well as <i>Insurance Guarantee Scheme</i> . Higher expenditure is expected due to the addition of a Parliamentary Secretary's office.
25 Ministry for Social Accommodation	40,092,000	39,582,000	-	510,000	A lower subvention may be required by year end when compared to the approved estimates.

STATEMENT B
RECURRENT EXPENDITURE 2022: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

VOTE	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION + €	- €	REMARKS
26 Ministry for Education	366,515,000	377,074,000	10,559,000	-	The transfer of expenditure items from other recurrent votes, as a result of the change in ministerial portfolios, has given rise to the variance under this recurrent vote.
27 Education	337,598,000	363,961,000	26,363,000	-	A variance is expected under the Programmes and Initiatives category to cover the <i>Extension of School Transport Network</i> due to resulting actual demand.
28 Ministry for the Economy and Industry	49,807,000	48,660,000	-	1,147,000	It is envisaged that the approved budgetary provisions under the Programmes and Initiatives category will not be required in full by year-end.
29 Commerce	1,935,000	1,935,000	-	-	
30 Ministry for Inclusion and Social Wellbeing	59,257,000	53,109,000	-	6,148,000	The transfer of expenditure items from other recurrent votes, as a result of the change in ministerial portfolios, has given rise to the variance under this recurrent vote.
31 Ministry for the Environment, Climate Change and Planning	87,823,000	73,931,000	-	13,892,000	Savings are expected mainly in the Personal Emoluments category under <i>Salaries and Wages</i> , <i>Social Security Contributions</i> and <i>Allowances</i> and under <i>Solid Waste Management Strategy</i> in the Programmes and Initiatives category.
32 Ambient Malta	18,624,000	18,510,000	-	114,000	Savings are expected mainly under the Programmes and Initiatives category.

STATEMENT B
RECURRENT EXPENDITURE 2022: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

VOTE	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION + €	VARIATION - €	REMARKS
33 Ministry for Gozo	57,241,000	58,470,000	1,229,000	-	Additional funds are projected to be required under <i>Salaries and Wages and Agriculture, Fisheries and Animal Welfare Services</i> . These will be partly offset by savings under <i>Tourism Promotion including Product and Human Development and Gozo Employment and Youth Trial Schemes</i> .
34 Ministry for Home Affairs, National Security and Law Enforcement	65,639,000	69,185,000	3,546,000	-	A variance under the Programmes and Initiatives Category resulted following transfer of the allocated budgets of various items from another recurrent vote as a result of a change in Ministerial portfolios. This is partly offset from anticipated lower expenditure under <i>Detention Service</i> . Additional funds are likely to be required under <i>Personal Emoluments</i> , notably <i>Salaries and Wages and Allowances</i> , as well as under the <i>Agency for the Welfare of Asylum Seekers</i> .
35 Armed Forces of Malta	69,222,000	65,760,000	-	3,462,000	Lower expenditure is expected to materialise under <i>Salaries and Wages and Allowances</i> .
36 Police	86,317,000	86,147,000	-	170,000	
37 Probation and Parole	1,523,000	1,506,000	-	17,000	
38 Civil Protection	10,593,000	10,549,000	-	44,000	

STATEMENT B
RECURRENT EXPENDITURE 2022: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

VOTE	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION + €	- €	REMARKS
39 Ministry for Tourism and Consumer Protection	150,699,000	145,543,000	-	5,156,000	Saving are expected under the Personal Emoluments category (<i>Salaries and Wages and Allowances</i>) and the Programmes and Initiatives category (<i>mainly Radiation Protection Commission and Malta Laboratory Network</i>), together with funds transferred from the Contributions to Government Entities category. These savings partly offset the increase under Programmes and Initiatives (<i>Screen Malta</i>).
40 Ministry for Energy, Enterprise and Sustainable Development	177,492,000	567,232,000	389,740,000	-	Higher expenditure is expected under the Personal Emoluments category (<i>mainly Salaries and Wages and Allowances</i>). Funds were also allocated under the Programmes and Initiatives category (<i>Gas Stabilisation Fund, Electricity Distribution Network and Energy Support Measures</i>). This increase was partially compensated by savings under the Programmes and Initiatives category.
41 Ministry for Finance and Employment	296,078,000	311,108,000	15,030,000	-	Higher expenditure is expected under Operational and Maintenance Expenses (<i>mainly Contractual and Professional Services</i>) and Programmes and Initiatives (<i>mainly Child Care for All</i>).
42 Economic Policy	1,927,000	2,036,000	109,000	-	Higher expenditure is expected under Personal Emoluments (<i>Salaries and Wages and Allowances</i>).

STATEMENT B
RECURRENT EXPENDITURE 2022: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

VOTE	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION + €	- €	REMARKS
43 Treasury	31,851,000	99,156,000	67,305,000	-	Higher expenditure is expected under Programmes and Initiatives (mainly <i>Tax Relief Measure</i>). The Economic Stimulus Payment has also been allocated funds for the current year.
44 Public Debt Servicing	681,884,000	674,046,000	-	7,838,000	Expenditure under Local Borrowing will be lower than originally forecast with respect to the <i>Interest (MGS) item</i> .
45 Commissioner for Revenue	21,467,000	26,717,000	5,250,000	-	Higher expenditure is expected under Programmes and Initiatives (mainly <i>Expenditure Reporting Schemes</i>).
46 Customs	13,206,000	14,635,000	1,429,000	-	Higher expenditure is expected under Personal Emoluments (mainly <i>Salaries and Wages and Allowances</i>).
47 Contracts	2,407,000	3,601,000	1,194,000	-	Higher expenditure is expected under Personal Emoluments (mainly <i>Salaries and Wages and Allowances</i>).
TOTAL RECURRENT EXPENDITURE AND PUBLIC DEBT SERVICING	6,012,855,000	6,529,522,000	516,667,000	-	

STATEMENT C
CAPITAL EXPENDITURE 2022: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

VOTE	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION + €	- €	REMARKS
I Office of the President	476,000	326,000	-	150,000	
II Parliamentary Services	1,749,000	1,749,000	-	-	
III Office of the Prime Minister	53,312,000	51,033,000	-	2,279,000	Savings projected mainly under Property, Plant and Equipment (<i>Servizz.gov</i> and <i>Broadcasting Authority</i>), Asylum, Migration and Integration Fund and Structural Funds 2014-2020 will be partly compensated by higher expenditure expected under Internal Security Fund - <i>Borders and Visa</i> , and Internal Security Fund - <i>Police</i> .
IV Ministry for Health	75,363,000	58,548,000	-	16,815,000	Savings are anticipated under Structural Funds 2014-2020, National Recovery and Resilience Plan and Property, Plant and Equipment (<i>Oncology and Mount Carmel Hospital</i>).
V Ministry for Foreign and European Affairs	4,067,000	5,953,000	1,886,000	-	Higher expenditure is expected under <i>Property, Plant and Equipment</i> to cater for the acquisition of property in New York.
VI Ministry for Senior Citizens and Active Ageing	6,548,000	5,840,000	-	708,000	Lower expenditure is expected under Structural Funds 2014-2020.
VII Ministry for Equality, Research and Innovation	2,957,000	963,000	-	1,994,000	The transfer of expenditure items onto another Capital Vote as a result of the change in Ministerial portfolios has given rise to the variance under this Vote.

STATEMENT C
CAPITAL EXPENDITURE 2022: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

VOTE	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION + €	- €	REMARKS
VIII Ministry for the National Heritage, the Arts and Local Government	31,381,000	28,416,000	-	2,965,000	Despite the higher expenditure expected under the <i>Grandmasters Palace Regeneration Project</i> , lower expenditure is anticipated under a number of locally funded projects and also under EU Funded projects falling within <i>Structural Funds 2014-2020</i> and <i>EEA/Norwegian Financial Mechanisms 2014-2020</i> .
IX Ministry for Transport, Infrastructure and Capital Projects	177,420,000	216,547,000	39,127,000	-	Expenditure is projected to be higher under <i>European Maritime and Fisheries Fund 2014-2020</i> , <i>National Recovery and Resilience Plan</i> , <i>Ta' Qali National Park</i> , <i>Roads construction/improvements and Maritime Facilities</i> . This is partially offset by lower expenditure under <i>Structural Funds 2014-2020</i> , <i>Connecting Europe Facility</i> , <i>Cohesion Fund 2014-2020</i> , <i>Ghadira Bay Extension</i> , <i>Grand Harbour Regeneration Corporation Capital Programme</i> , <i>Reconstruction of Lascaris Wharf</i> and <i>Vehicle Registration and Administration System</i> .
X Ministry for Social Justice and Solidarity, the Family and Children's Rights	4,348,000	3,316,000	-	1,032,000	Lower expenditure is anticipated under <i>ICT - Software and ICT - Support</i> as well as under the <i>Fund for the European Aid to the Most Deprived</i> . This is partly offset by higher expenditure under the <i>EEA/Norwegian Financial Mechanisms 2014-2020</i> .

STATEMENT C
CAPITAL EXPENDITURE 2022: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

VOTE	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION + €	- €	REMARKS
XI Ministry for Justice and Governance	6,119,000	4,758,000	-	1,361,000	Savings are expected to materialise under <i>State Advocate Capital Programme</i> which are partly offset by expected higher expenditure under the EU-Funded programme <i>National Recovery and Resilience Plan</i> .
XII Ministry for Agriculture, Fisheries, Food and Animal Rights	37,747,000	31,978,000	-	5,769,000	Net lower expenditure is expected mainly under projects that are funded by the European Union.
XIII Ministry for Social Accommodation	3,711,000	2,843,000	-	868,000	Expenditure is anticipated to be lower under <i>Structural Funds 2014-2020</i> .
XIV Ministry for Education	93,359,000	82,594,000	-	10,765,000	Expenditure is anticipated to be higher in <i>Non-State Schools Information Technology in Government Schools</i> Capital vote and by the transfer of line items due to the change in Ministerial portfolios. This was compensated by savings under <i>ICT Software, Structural Funds 2014-2020</i> , <i>European Territorial Cooperation Programme, Direct management Funds, National Recovery and Resilience Plan</i> , and the <i>National Book Council</i> .
XV Ministry for the Economy and Industry	45,081,000	54,790,000	9,709,000	-	Higher expenditure is anticipated under <i>Security Posture Programme</i> , whereas lower expenditure is expected under <i>Airport Taxi Ways, Upgrading of Roads in Industrial Estates and Single Digital Gateway Regulation</i> .

STATEMENT C
CAPITAL EXPENDITURE 2022: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

VOTE	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION + €	- €	REMARKS
XVI Ministry for Inclusion and Social Wellbeing	31,071,000	13,843,000	-	17,228,000	The transfer of expenditure items onto another Capital Vote as a result of the change in Ministerial portfolios has given rise to the variance under this Vote.
XVII Ministry for the Environment, Climate Change and Planning	47,503,000	28,304,000	-	19,199,000	Lower expenditure is expected under the Ministry, European Maritime and Fisheries Fund 2014-2020, Structural Funds 2014-2020, <i>Waste Management, Environment Resources Authority and Building and Construction Authority</i> .
XVIII Ministry for Gozo	27,043,000	22,735,000	-	4,308,000	Lower expenditure is expected to occur under <i>Accommodation for Students in Malta, Law Courts, European Territorial Cooperation Programmes 2014 - 2020, Gozo Museum and Gozo Aquatic Centre</i> .
XIX Ministry for Home Affairs, National Security and Law Enforcement	61,880,000	54,236,000	-	7,644,000	Expenditure is expected to be lower principally under <i>ICT Software, National Risk Reduction Strategy, Property, Plant and Equipment (Correctional Services Agency), National Identity Management Systems, Person Register, Fire Stations (CPD) and the Armed Forces of Malta Capital Programme</i> .
XX Ministry for Tourism and Consumer Protection	23,551,000	24,431,000	880,000	-	Higher expenditure is anticipated under Structural Funds 2014-2020 and under the Malta Film Commission. However, the additional funding is partly compensated by savings in the National Recovery and Resilience Plan, and the Policy Development and Programme Implementation Directorate.

STATEMENT C
CAPITAL EXPENDITURE 2022: REVISED ESTIMATES COMPARED TO APPROVED ESTIMATES

VOTE	APPROVED ESTIMATE €	REVISED ESTIMATE €	VARIATION + €	VARIATION - €	REMARKS
XXI Ministry for Energy, Enterprise and Sustainable Development	96,837,000	82,175,000	-	14,662,000	Higher expenditure under Structural Funds 2014 - 2020, Water Services Corporation and Malta Enterprise are expected to be offset by savings under the Ministry and Parks Malta.
XXII Ministry for Finance and Employment	104,412,000	126,001,000	21,589,000	-	Expenditure is expected to be higher mainly under <i>Investment - Equity Acquisition and Structural Funds 2014-2020</i> . This is partially set off by savings from <i>Customs, Financial Intelligence Analysis Unit and Malta Financial Services Authority</i> .
TOTAL CAPITAL EXPENDITURE	935,935,000	901,379,000	-	34,556,000	

