



Malta's National Reform Programme Under the Europe 2020 Strategy

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BACKGROUND

The Commission presented the 2012 Annual Growth Survey on 23 November 2011, thereby launching the 2012 European semester of economic governance. The Annual Growth Survey is a key part of the governance structure for the Europe 2020 strategy, setting out what the Commission believes should be at the forefront of the EU's agenda in terms of economic and budgetary policies and reforms to boost growth and employment. It calls for the EU and Member States to focus on the following five priorities:

- Pursuing differentiated, growth-friendly fiscal consolidation.
- Restoring normal lending to the economy.
- Promoting growth and competitiveness.
- Tackling unemployment and the social consequences of the crisis.
- Modernising public administration.

These five priorities together with the Country Specific Recommendations issued by the European Council last June will be comprehensively addressed in Malta's forthcoming National Reform Programme. The National Reform Programme sets out Malta's agenda for structural reform and features measures to boost growth and jobs, aimed at achieving the Europe 2020 Strategy's ambitious targets. The NRP also includes the short-term commitments made under the Euro Plus Pact.

Even though significant progress was registered on the measures and priorities contained in last year's NRP, there is no time for complacency. The worsening global economic outlook and the European debt crises mean that we must focus with renewed determination on new measures aimed at fostering growth and competitiveness.

In line with the emphasis which EU member states are putting on the attainment of improved public finances and on higher levels of competitiveness in their respective economies, Malta's overriding macroeconomic objectives continue to be the achievement of sustainable economic growth, and the strengthening of Malta's fiscal consolidation process. Government remains firmly focused upon the need to attain lower deficit and debt ratios, thereby ensuring fiscal sustainability over the medium term. These policy objectives are complemented by a focus on the attainment of a higher employment target level, low and stable inflation and a low unemployment rate.

In March 2011, Malta joined the other member countries of the Euro area and six non-Euro area Member States by agreeing to sign the Euro Plus Pact which calls for additional commitments in the areas of competitiveness, employment, sustainable public finances and financial stability, going beyond what has been agreed at EU level. These national commitments are integrated in the National Reform Programmes and therefore are also assessed within the framework of the European semester.

The commitments are grouped into four priority areas which have been identified at the EU level:

- Fostering competitiveness.
- Fostering employment.
- Contributing further to the sustainability of public finances.
- Reinforcing financial stability.

The National Reform Programme can be regarded as the counterpart of the Stability Programme. It is worth highlighting that the Stability Programme to be submitted by mid-April will contain more details on Malta's medium to long term fiscal consolidation strategy and therefore the NRP to be submitted in April will be consistent with this Programme. This will ensure that the measures contained in the NRP will take into account the fiscal constraints whereas the growth strategy outlined in the NRP will help sustain the fiscal consolidation strategy contained in the Stability Programme.

The aim of aligning the Stability and Growth Pact and the Europe 2020 Strategy is to bring a stronger ex-ante dimension to economic coordination and surveillance in the EU, allowing the EU to draw timely lessons from national developments and Member States to fully incorporate the European perspective and guidance into their national policies for the following year. This will also ensure greater consistency and effectiveness in terms of policy direction and reporting at all levels.

This consultation document is being issued as part of the consultation process leading to the final NRP which Government will be submitting to the Commission by mid-April, taking into account the outcome of the March European Council. In this document, we are presenting a number of new measures intended to address the Country Specific Recommendations and Europe 2020 targets thus increasing the potential of our economy. Particular emphasis has been laid on new measures intended to deliver higher levels of employment, increase in productivity, improve education levels and promote social cohesion, further research and development and innovation.

This document also features a detailed progress report on last year's NRP measures. Given that the NRP is a rolling programme, a number of measures featured in last year's NRP are now fully implemented and therefore new measures are being proposed in their stead. It is hoped that interested parties will submit their ideas and feedback on the proposed measures whilst also suggest other measures that could contribute towards the NRP objectives. It is Government's intention to continue to seek the active involvement of all stakeholders in the preparation of the NRP and Euro Plus Pact.

Written views and comments shall be received until the 28th of March, 2012. To help guide your response, we have identified the following questions:

Question 1: Do you have any comments on the proposed measures?

Question 2: Is there any particular measure that you would like to see featured? How does this measure contribute to the achievement of the NRP targets and objectives?

Question 3: Do you have any comments on the Euro Plus Pact measures?

Any additional feedback would be appreciated.

Responses may be sent via e-mail to pdd.mfei@gov.mt

Or by regular post to:

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PART 1 - THEMATIC COORDINATION

In its first NRP under the Europe 2020 Strategy, Malta presented its strategy to strengthen the economy in a smart and sustainable way, taking into account the fiscal consolidation strategy laid out in the Stability Programme. During the past year Government focused on the implementation of the various measures included in the first NRP with a view to reach the five Europe 2020 national targets covering employment, R&D, energy, education and poverty reduction. In this connection, an extensive overview of the multitude of initiatives and reforms undertaken during the past year is being provided in this chapter, highlighting the results achieved to date.

While there is no doubt that these initial measures cover a broad policy spectrum and encompass the main policy initiatives undertaken by Government in these five priority areas, nevertheless new measures are being brought forward in this chapter in order to comprehensively address the latest country specific recommendations and the five priorities set by the Commission for this year's Annual Growth Survey, as endorsed by the March European Council.

A good number of the following measures build upon those already featured in last year's NRP, thereby reinforcing Government's determination to foster competitiveness. These new measures also reflect Government's strategy, as laid out in the Budget for 2012 to safeguard employment, to incentivise investment, to develop the economy, to invest strongly in education, to reduce bureaucracy, whilst also strengthening pensions and social benefits.

EMPLOYMENT

EU Target:

- 75% of the 20-64 years old in employment by 2020.

Malta has set the following target:

- An employment rate of 62.9% by 2020.

3.1.2.1: Community Work Scheme

The Community Work Scheme (CWS) aims at providing the long-term unemployed the opportunity to undertake community work under the direction of Local Councils and NGOs' with a view of enabling them to obtain further skills, improve their employability and their chances of finding employment on completion of such an experience through improving their work ethic. Participants will have their income increased up to 75% of the minimum wage and will be required to carry out 30 hours community work a week. The duration of one term is 6 months. Participation is mandatory and those who refuse work without a valid reason are removed from the unemployment register and lose their entitlement to the unemployment benefit. Thus, such a scheme will contribute towards tackling the problem of undeclared work since persons who refuse to participate in the scheme may be engaged in undeclared work while also receiving unemployment benefit. In this way, the scheme serves a dual purpose.

The scheme was introduced in 2009 and in 2010 it was extended to include also the short term unemployed which will be introduced gradually along the coming years. Currently, the eligible Maltese participants are jobseekers who have been registering for work for more than 5 years. As from 2012, unemployed persons registering for more than 4 years will also be eligible to participate in the scheme. In Gozo, jobseekers who have been registering for more than 3 years are eligible to participate in the scheme and the unemployment period will continue to be reduced. As at end of December 2011, a total of 225 persons were actively participating in the scheme, 163 in Malta and 62 in Gozo. A number of entities participated in this scheme including 35 Local Councils in Malta (118 participants), 12 Local Councils in Gozo (43 participants), 19 NGOs in Malta (45 participants) and 9 NGOs in Gozo (19 participants).

The scheme's target is to have 250 participants per year. As at end December 2011, a total of 225 persons were actively participating in the scheme, 163 in Malta and 62 in Gozo. This represents a total of 441 CWS placements throughout 2011 representing both new and renewed clients enrolled onto the scheme.

3.1.2.2: Revision of Means Testing for Social Assistance

As from January 2011, part of the income from work of people who are receiving social assistance is no longer being considered in the financial means test for the family to qualify for social assistance. The amount of wages which is being exempted from the means test is equal to the difference between the national minimum wage and the full social assistance rate applicable for two people.

A Legal Notice to implement this measure has been issued. Internal processes have been adjusted and up to end of July 2011, over 68 women whose husband was in receipt of social assistance have benefitted from this measure.

3.1.2.3: Pro-Rata NI Contribution for Part-Time Self-Employed Women

Self employed women working on a part time basis, as in the case of employed persons, are now being given the opportunity to choose to pay a 15% pro rata contribution on their income instead of the minimum currently stipulated by law. This pro rata contribution also grants pro rata rights for some social benefits.

By December 2010, Social Security Contribution rates were submitted /communicated to IRD in order to collect the appropriate RATE.

3.1.2.4: Child Care Centres

Childcare services are offered to children aged between three months and three years. A personalised service of quality care for all children is offered most particularly to children at risk of social exclusion. The childcare centre coordinators work closely with other professionals and with the families to help ameliorate the families' situation. Regular information sessions/workshops are organised for the service users and the general public.

The childcare centres follow the National Standards for Child Day Care Facilities (2006). The service is not offered on a first come first served basis, but is offered to the families who

need it the most. Therefore, all applications are assessed and prioritized accordingly. Family contribution for the service is means tested.

The National Childcare Unit was created in March 2010 within the Foundation for Educational Services (FES). This Unit currently coordinates the management of the operations of Smartkids Child Care Centres and also co manages the centres in which government has a public private partnership agreement.

During 2011, FES was committed to open two new child care centres: 'Il-Bebbuxu' in Sta Venera and 'It-Tghanniqqa' in Floriana. In fact, 'Il-Bebbuxu' became operational in May 2011, and till the end of December 2011, 79 children had benefited from its service. Refurbishment works at 'It-Tghanniqqa' commenced in June 2011 and became operational in the first week of December 2011. 25 children are currently using its service.

In the first week of January 2012, another child care centre 'It-Tbissima' was opened in Qormi. It forms part of the St George's Primary School. This project is part of an Early Intervention Complex, since in Qormi there will also be the relocation of Unit Ghozza, which is a unit supporting teenage pregnant mothers.

It is planned that in 2012, another 2 centres will be opened, one in Marsa and another in Zurrieq. Refurbishment works in relation to the planned childcare centre situated in the Marsa Primary School have started and are moving at a fast rate. It is envisaged that this centre will start operating in the coming months. With respect to the planned childcare centre in Zurrieq, by October 2011, plans were drawn up by the Foundation for Tomorrow Schools for the construction of this centre. At the end of 2011, these plans were submitted to MEPA for the attainment of the relevant permits. This centre will be situated within the primary school of Zurrieq

The Foundation for Tomorrow Schools has also drawn up plans for the construction,of another childcare centre in San Gwann which is planned to be situated next to the San Gwann Primary School. These plans were also submitted to MEPA.

Notwithstanding the identification of the above sites, other sites are being explored so as to identify other locations for the opening of other childcare centres. One possibility is the setting up of a childcare centre in Msida.

Out of five centres which were targeted to be opened between 2011 and 2013, two have already been opened and became operational by end of 2011, these are located at St. Venera and Floriana. The Qormi childcare centre has become operational in January 2012, while the development of another centre in Marsa is well underway. The plans for the construction of another two childcare centres, one in Zurrieq and the other in San Gwann have been submitted to MEPA for the attainment of the relevant permits.

3.1.2.5: Afternoon School Programmes in the Community

FES has been providing an after-school care service – Klabb 3-16 – since October 2009. The service aims to provide an after-school care service within school structures; to bridge the gap between day school and regular working hours of parents in employment; and to utilise schools after regular school hours. It is a service for school-age children (3 to 16 years old) which runs throughout the year.

By end February 2012, FES was offering the service from within 6 schools (B'Kara, Fgura, Mosta, Żurrieq St. Paul's Bay, and M'Scala). Work on the new San Gwann centre is at an advanced stage.

New localities are being identified for new Centres to be opened between 2012 and 2015. In fact by October 2011, the Foundation had already established a roadmap for the new Klabb 3-16 centres to be opened in 2012 in the following locations: Qormi, Rabat (Gozo), Pembroke, Siġġiewi, Paola and Żabbar. For 2013, Birżebbuġa, Santa Venera, Nadur (Gozo) and Mellieħa were identified as locations where new centres will be opened.

In the mean time, various meetings were held with college principals, school administrators and even parents in order to promote this service to the community and therefore increase the participation in the service. Various information was disseminated via printed leaflets and also through audio visual media.

3.1.3: Other Ongoing Measures

3.1.3.1: Incentives to Attract More Inactive Women to the Labour Force

a) The introduction of incentives aimed to attract inactive women to enter the labour market are proving to be successful, as a result of which over 8,600 women returned to the labour market while saving around 10 million Euros in income tax payments. Female participation during the last ten years has increased from 32.2% to 40.5%. Further new and extended measures were announced in the budget 2012 are being included in this year's NRP.

b) This measure is being partly undertaken by ETC through the INT scheme (Ibda Negozju Tieghek) which is aimed to assist individuals interested in starting their own business. This initiative includes guidance, training in businesses related issues and mentoring. Participants who have completed the training programme and presented a viable business plan are awarded an enterprise grant of €2330. The scheme is offered both to male and female clients. During 2011, three calls were launched for the INT Scheme (in January, June and 24th October). By the end of October 2011, the number of participants who applied and started the training was 19, 22, and 15 respectively. 14 out of the 41 participants (24 males and 17 females) who applied for the first two calls have completed the training. In order to encourage further uptake of this scheme, from next call to be issued in February 2012, the financial grant will be increased from €2,330 to €5000.

Moreover, the Corporation also organises training programmes aimed to assist individuals who have a small business or are interested in enhancing their business management skills. During 2011, ETC organised 16 courses in the following areas: Managing Change; Managing Market; Business Planning; Managing Time; Managing Operation; Managing People; Managing Finance; Negotiating Skills; Legal Aspects; What is Business. The total number of participants till end of December 2011 was of 201, of which 108 were males and 93 were females. In January 2012, a Business Planning training course started with a total of 22 participants (11 males and 11 females).

3.1.3.2: Publicity campaign to attract more women to the labour market

The project is a social marketing campaign 'NISTA - The Benefits of Sharing Life's Responsibilities Campaign'. It is an EU co-funded project spanning over two years and is to be concluded by 2012. It includes a 13 week TV series that promotes financial independence for women and greater involvement of men in the sharing of non-remunerated family work. It also targets employers by highlighting the benefits that increased work-life reconciliation measures at work can have, for both employers and their employees.

The campaign aims to increase the female employment rate by promoting: the benefits of financial independence for women through formal employment and self-employment; sharing of non-remunerated work at home; and a second income for the family, to achieve a better standard of living. It also promotes the decrease in the feminisation of poverty through dependence on the State and/or their spouse/partner where financial matters are concerned, and a change in the workplace mentality by targeting employers on the benefits and win-win solutions that can be achieved through the introduction of various work-life reconciliation measures in their organisations. When comparing the female employment rates in the first quarter of the year for 2009, 2010, and 2011, one can note an increase of 3.6% in the female employment rate according to the Labour Force Surveys of these respective years as issued by the National Statistics Office. Besides the Nista' campaign, there are a number of other external factors including tax incentives that are also contributing to this increase.

Phase 1 of the campaign was targeted towards the Society in General. During this phase, the existing stereotypes about women's and men's roles in the family and at work were challenged. The idea that 'through proper work-life reconciliation, a family can achieve a better balance' was promoted. Such promotion was made through TV and radio Spots and billboards. Phase 1 was completed in September 2011.

The project is currently in phase 2 which is targeted towards women. During this phase, women are being encouraged to consider their re-entry into the labour market. The advantages of becoming more financially independent are being highlighted. Phase 2 will also address the consequences of dependency on state benefits for the whole society. TV and Radio spots in connection with Phase 2 started to be aired during the end of 2011 and is planned to be completed in March 2012. During January 2012, billboards were designed and placed at chosen sites. TV and Radio testimonials were approved by the Corporation and the contractor started working on the production of these testimonials which were aired during February 2012. Discussions on the format of the 13 week TV program also initiated, and the contractor is to submit a report with all the ideas for the TV program.

Phase 3 of the campaign will focus on Promoting Men in the Family sphere. This part of the campaign will focus on challenging traditional gender roles and more specifically men's roles within the family which are often limited to their bread-winning role with limited sharing of non-remunerated tasks. Therefore, this part of the campaign will target men through a number of television adverts and testimonials, radio adverts and billboards which will promote the benefits of their greater involvement in the family. Phase 3 is planned to kick start by End March/Beginning of April 2012 and is planned to be completed in June 2012.

Phase 4 will focus on Employers for work-life balance. Employers will be targeted through television spots and articles in specific magazines targeted to employers. This campaign will aim to highlight best practice employers who have implemented measures favouring better work-life reconciliation for their employees, and demonstrate the benefits that work-life reconciliation measures have for businesses, thus creating a win-win solution for all involved. Phase 4 is planned to commence in June/July 2012 and is planned to be completed in September 2012.

3.1.3.3: Encouraging Older Workers to Continue Working

(a) In order to encourage older workers to continue working, new legislation was introduced in 2008 through which persons of pensionable age under the age of 65 are now able to work without losing their pension entitlements, irrespective of the amount of earnings and irrespective of their age. The new legislation requires that such persons contribute by means of a social security contribution from their employment. Therefore, there is now no longer a limit on the amount of earnings from gainful activity (i.e. a capping of earnings) in order to qualify for a Retirement Pension prior to age 65. Prior to this legislative measure, persons under 65 years of age had to forfeit their pension if gainfully occupied and earning more than the Maltese National Minimum wage. This measure is bearing fruit. In fact this is registered in recent data published by Eurostat whereby the employment rate for persons aged 60-64 has increased from 10.8% in 2000 to 14.2% in 2010.¹

(b) Government has introduced a new medical assessment as part of the criteria for qualification to the invalidity pension to ensure that the system will not lead to early exit from the labour market. Malta is currently looking at how this process can be improved in other areas where benefit entitlement is linked to unemployment through work incapacity. Statistical data shows that since the introduction of the invalidity reform proposals in 2007 a significant amount of savings has been made on pension expenditure and also the pension population has been substantially reduced thereby acting as an effective deterrent to labour market exit. In the years 2008-2011, the number of beneficiaries was reduced by 3,161 persons and thus making them available for gainful employment. This resulted in an annual recurrent saving to Government of approximately € 10,330,961.

(c) The reform of the pension system will also contribute to encourage older people to remain active and contribute towards the country's economic and social development. Currently, the official retirement age is 61 years. In 2014, the official retirement age will be 62 years (cohort 1) and in 2019, it will be 63 years (cohort 2). This means that within the Europe 2020 strategy period, Malta will be experiencing an increase in the number of persons older than 55 years remaining in employment. The effective retirement age of cohort 1 is expected to increase to a range between 59.2 and 60.3 years, depending on the year of birth (1952-1955) whilst the effective retirement age of cohort 2 is expected to increase to a range between 61.4 and 62.35 years, depending also on the year of birth (1956-1958). The effective retirement age in 2008 stood at 57.5 years.

Currently Malta is still in process of monitoring the effective retirement age, in particular of cohorts 1 and 2. The quoted expected outcome is provisional and based on the male population.

3.1.3.4: Strengthening Employability Prospects

a) Employment Aid Programme

The aim of the Employment Aid Programme is to contribute towards the integration of disadvantaged persons and persons with disability in the labour market. It aims to facilitate access into employment through financial assistance and upgrade the skills of those furthest away from the labour market through work experience. Employers receive a grant

¹ The figure for 2000 represents data with reduced reliability due to sample size

equivalent to 50% of the wage costs in case of disadvantaged persons for a period of 52 weeks (subsidy for applications received before 1st January 2011 was for a minimum of 26 weeks to a maximum of 39 weeks depending on the target group). Assistance in respect of registered disabled persons is for 75% for the first and 60% for the subsequent second and third year (excluding NI), for a three year period or until September 2013 whichever comes first. The Programme is funded by the ESF and falls under Priority Axis 3 – Promoting an equal and inclusive labour market

The total number of applications received until end of January 2012 was 4,305. Out of these, 657 (15%) applications were received from Gozo i.e. employers based in Gozo who want to employ a person living and working in Gozo, whilst 3,648 (85%) applications were received from Maltese employers engaging persons living and working in Malta.

The NRP target was to support a total of 1,530 persons through this project. This target has been surpassed since a total of 2,337 of these applications were successful and were placed on the scheme. 515 of which were placed in Gozo, whilst the rest (1,822) were placed in Malta. Out of these successful posts, 1,039 were females, whilst the number of males amounted to 1,298 (56%). Although it is still early to gauge effectiveness, so far, the deliverable/outcome of placing 10% from the total number of placements to Gozitans living in Gozo seems to have been reached. In fact, by January 2012, 22% of the placements were from Gozo, but this would still need to be measured during the project lifetime that will terminate by the end of 2013.

b) Youth Employment Programme

The aim of the Youth Employment Programme is to increase the employability and labour market integration of young people, particularly disadvantaged young jobseekers and also of those in precarious work who would benefit from further training and from greater knowledge of their rights and responsibilities at work. The programme involves various aspects, including guidance, training, knowledge of relevant labour and social security legislation. The programme involves active outreach to identify and assist young people who may not be aware of ETC's services. Various relevant media are being used, and a website dedicated for young people has been developed, which will enable labour market integration of youths and inform them of the range of ways in which they may strengthen their employability. The Programme is funded under the ESF and falls under Priority Axis 3 – Promoting an equal and inclusive labour market.

During 2010, the YEP Website was launched, and a team of a psychologist, career guidance practitioner, occupational therapist and youth workers is providing its services. By December 2011, outreach with 5,348 youths had taken place, exceeding the NRP target of 4,860 youths. These were reached through various activities and information sessions. Activities included the youth days with the first set being held in October 2010 and the second set held in October and November 2011 as well as the broadcasting of YEP TV programmes with the first series being aired on 07th January 2011 and the second series broadcasted on 15th October 2011 up till mid January 2012. Other activities included: TV and Radio interviews, printing and dissemination of posters, flyers and brochures, information talks to NGOs, the promotion of YEP in various localities throughout national and cultural activities, participation in Cohesion Policy 2007-13 Annual Event, various information talks to PSD and guidance teachers, school social workers and students, outreach with new ETC registrants and various job start workshops with a number of colleges, youth groups and with immigrants.

This project was to be completed by the end of 2011, but due to the success registered, the project has been extended by another year till December 2012. In fact, calls for the

provision of services for another Career Guidance Practitioner, Psychologist, Occupational Therapist and Activity Facilitation and Support Services were published in January 2012.

c) Apprenticeships

As part of its ongoing measures, the ETC manages two apprenticeships namely the Extended Skills Training Scheme (ESTS) and the Technician Apprenticeship scheme (TAS). One of the aims of these schemes is to support youngsters so that they receive adequate training prior to entering the labour market. The Apprenticeship format is a combination of on-the-job and off-the-job training. This is undoubtedly beneficial for apprentices and even for the employers. Most of the employers engage apprentices with the intention of employing them as full time employees subsequent to their apprenticeship. The employers are generally keen on the principle of training a youth through a two or three year apprenticeship and 'mould' the apprentice according to their needs, cultures, standards and systems. Some employers engage apprentices as a proactive approach to create replacements for future retirements or if they will foresee that additional workforce would be required in the near future. The benefit for apprentices from such a system is that they will have the opportunity to consolidate what they are taught at the Vocational Education and Training (VET) Institute as they can get the feel of both worlds. Apprenticeship also allows them to earn a small remuneration from their employer and facilitates their transition from school to work. Statistics have proved that such a system also enhances the employability of the participants. Apprentices who prove to be loyal, motivated and willing to learn will have their employment secured subsequent to their apprenticeship. Most of the candidates are retained by their employer and those who leave do so either out of their free will to opt for better opportunities or to pursue with further training. From those candidates who did not pursue further studies after completing their apprenticeship on 30 September 2011, 68% were found to be in full-time employment and 21% in part time employment.

In order to identify ways to improve the current system, discussions are held regularly with various stake holders. The schemes were promoted via meetings with students at the VET Institutes and one to one meetings with employers. Up till the end of January 2012, 659 candidates were registered with ETC as active apprentices under both schemes.

A call for plastic injection process technicians apprenticeship scheme was planned to be introduced during scholastic year 2011/2012. Unfortunately, it did not materialise as the number of applicants was too small. Discussions are under way on a new calling in Gardening /landscaping.

During the month of January 2012, internal discussions started in relation to the drafting of a new Apprenticeship Legal Notice. The new legal notice shall be giving ETC, the legal authority and flexibility to introduce new apprenticeship callings with any approved training institution. The Legal Notice shall be updating existing clauses and including others that regulate the apprenticeship scheme.

Furthermore, during January 2012, ETC and MCAST agreed that Trade Testing Boards shall meet formally with the respective MCAST Directors of different Institutes to discuss any shortcomings identified following a trade testing process.

d) Employability Programme

The overall objective of the programme is the reintegration of job seekers and the inactive into the labour market and the provision of assistance to those in employment to secure and advance their position within the labour market. The Employability Programme incorporates

a collection of initiatives that are being administered by the Corporation to satisfy the needs of different client groups to further develop their skills and competencies tied to employability. This programme which is funded by the ESF consists of a number of initiatives, that include training and re-training, skills assessment and the provision of financial assistance to individuals (employed in micro enterprises) participating in a vocational training initiative not organised by the ETC.

This programme was launched in May 2009, and it is planned to be concluded by December 2012.

Till the end of 2011, eight lots of tenders for training service providers were issued, and circa 2,915 courses started. 33,000 participants, out of which 33% were females attended for such courses. Out of these 33,000, more than 29,000 (88%) completed their programme. During January 2012, 1,376 persons started a training course under this programme.

The target was to support a total of 32,000 persons through this project. Considering that the project is to be concluded by the end of 2012 and till the end of 2011 more than 29,000 persons have already benefitted from it, it is clear that the project is on the right track to reach its target.

As part of this programme, the ETC entered into an agreement with a service provider including an expert in the field of trade testing to analyse the current Trade testing system, draw up a new framework, develop standard material and design and deliver a training programme for current and prospective assessors. The first group of assessors will start the training programme in January 2012.

Training Subsidy Scheme

For the Training Subsidy scheme (TSS), 464 applications were received till end 2011. Out of these 464, 297 have completed the programme till end of December 2011 and are now submitting the required documentation, so that the grant payment will be processed. As anticipated, the take up for this incentive has increased and this was as a result of the intense marketing campaign carried out and the changes made to the eligibility criteria aimed to allow employees working with Micro Enterprises (10 employees or less), Local Councils and NGOs, and the unemployed to participate in and benefit from this scheme.

Traineeships schemes

Traineeships were organised for prospective Casino Dealers, Call Centre Agents (2 groups), Freight & Shipping Clerks and Salespersons, Care workers (2 groups), Electronics Assembly Operators, Industrial & Manufacturing Operators, and Veterinary Nursing Assistants. Other traineeship schemes were organised in Office Procedures and Skills (5 groups), Ref. & A/c, Industrial Machine Setters skills, Food & Beverage Servicing (2 groups) and Woodwork. The total number of participants in these traineeships amounted to 241 whilst the number of employers providing training placements was 76. Some of these employers participated in more than one of the above mentioned callings.

e) Training Aid Framework

The Training Aid Framework supports undertakings to provide training to their workforce by offering the opportunity of part-refund of training costs. The aid intensity depends on the size of the undertaking and the type of training provided. Such training can be either general or specific to the undertaking. Assistance is in the form of a training grant that will be reimbursed to the undertaking on successful completion of the training. This aid will be

made available to all non-public entities with the exception of those operating in the agricultural and fisheries sector. The Programme is co-funded from the ESF.

The TAF was launched in February 2009 and till end of January 2012, the TAF unit within ETC has received and accepted for processing 3,398 applications out of which 2,578 grant agreements were signed. The value of committed grants amounted to €7 million. Out of these 2,578, 788 grants were processed and 544 have received payment. Originally, it was envisaged that by the end of 2013, a total of 475 enterprises and around 3,500 trainees will be supported: these planned targets have already been exceeded by far.

The Corporation will shortly be launching a system whereby applicants can submit TAF applications online. While the TAF Unit has completed the testing of this phase, discussions are under way on the second phase of this system which will include the submission of claims for reimbursement online.

3.1.3.5: Measures to Contain Abuse of the Unemployment Register and Informal Work

Various initiatives are contributing to implement this measure. One of these initiatives is to increase the penalty period for persons who fail to participate in an activation measure, without just cause for three or more times, from six months on Part 2 of the Register to twelve months on Part 2 of the Register. The legal notice to introduce harsher penalties for those failing to participate in an ETC measure without a valid reason was drafted, and it is currently awaiting publication.

Another initiative is to develop a proposal to increase the frequency of registration as a jobseeker's duration of unemployment increases. The new system will enable more frequent registration by jobseekers and this is a deterrent to those who may be abusing the system, however it also provides added services to jobseekers as the latter can communicate directly with their employment adviser. A new process has been started to purchase a fingerprint based registration system through a call for tenders. By December 2011, the tender document was finalised and sent to the Department of Contracts for vetting. Discussions were held during August and September 2011 with the Department of Contracts and also the Department for Social Security regarding the implementation of the new system within area offices.

The design and launch of an inter-departmental campaign on the benefits of declared work is another initiative contributing to curtail abuse of the unemployment register and informal work. The overall objective of this campaign is to address undeclared work in Malta and Gozo. The campaign will portray the negative side of being in undeclared work and the positive aspects of being in declared work. Another objective of this campaign is to increase awareness amongst employers and employees, including self-employed persons.

The campaign will also entice citizens to report any undeclared work. This will be achieved through a 3 month campaign targeted at different groups of persons and using different media, in order to reach the desired target groups. By October 2011, work was underway on the production of TV spots, Magazine Advertorials, and Newspaper adverts for 2012. In December 2011, story boards and ideas were also discussed and approved with the selected contractor and TV spots are currently being produced. The campaign is envisaged to be aired in the coming months. Magazine advertorials and newspaper adverts have also been drafted and will be published when the TV campaign is launched.

The Maltese Public Employment Service intensified its efforts to ensure that persons registering for primary employment and employers engaging local and foreign employees abide to their respective legal obligations. In order to further enhance the effectiveness of the

law compliance system at ETC, new working methods were introduced within the respective section; and desk investigations were initiated. In 2011, over 3,800 desk and on site inspections were carried out. Between January and December 2011, a total of 3,827 inspections were carried out during which 2,349 law infringements were identified. Most of the cases of law infringement related to Maltese workers found working at establishments without ETC having been notified by their employer of their employment and hence they were deemed as illegal employees.

Planned New and Extended Measures

3.1.3.6 : Employment in the Social Economy Project

The Employment in the Social Economy Project will contribute towards the integration, retention and progression of disadvantaged persons in the labour market. First-time jobseekers, inactive women, workers losing their job, and persons with disability experience particular difficulty in finding work because employers consider them to be less work experienced and productive. Employment assistance aims to encourage employers to recruit individuals who, due to preconceived ideas, are likely to be excluded from the labour market, unless incentives are offered in relation to their employment. Thus this project will:

- Enhance the employability and productivity of vulnerable groups with low employment rates.
- Facilitate access to employment and upgrade the skills of those furthest away from the labour market through employment assistance.
- Contribute to increase the country's labour supply and achieve greater social cohesion.

The project also intends to promote an inclusive society whilst also increasing the female participation in the labour market. It also aims to contribute towards creating job opportunities in Gozo – in fact it is estimated that a total of 20 persons will be placed on the Employment in Social Economy Programme in Gozo.

About 200 jobseekers are expected to be employed through the assistance provided from this Project. The ETC will aim to achieve a total of 25% of the persons placed on this scheme retaining employment (50 persons in the same organization after the project or transferring to employment with another employer) one year from the termination of placement. A tracer study will be carried out 12 months after the programme completion in order to ascertain who remained in employment.

Through this project, it is envisaged that a total of 140 persons will be reintegrated into the labour market thus contributing towards the attainment of the National Employment Rate Target under the EU 2020 strategy of 62.9%. This implies an increase of 0.08% in the employment rate, based on the LFS Q2/2011 data.

The measure will be increasing the number of disadvantaged and disabled persons in employment; while 10% of the 200 jobseekers that are planned to be placed in employment under this programme are expected to be employed in Gozo.

The measure has a total budget of € 1,288,437.65. It will run from the third quarter of 2011 up to the first quarter of 2014.

3.1.3.7 : Employment Support for Persons with Disabilities (ESPD)

The main objective of this measure is to increase the participation rate of persons with disabilities in the labour market and provide opportunities to further their skills and enhance their employability in order to adapt to market changes and requirements, thus enhancing their social inclusion. Within this context, the ESPD project is being undertaken to improve the employability of disabled persons and to improve their chances of finding employment. This will be achieved through assessments and support services that include Learning Support Assistance during training, Job Coaching and Personal Assistance allowance to employers during work exposure and/or employment.

Support services and schemes facilitate the integration of this client group in the labour market, especially when one considers results obtained through past and current schemes implemented by the ETC such as ESF 19 – Supported Employment Scheme for persons with disability, the Bridging the Gap scheme and the Employment Aid Programme.

These schemes create an environment which raises awareness and standards amongst employers in their practices and policies on disability, whilst developing clear 'pathways into employment' for disabled persons based on cooperation and support from employers and work colleagues.

It is also important to note that the support services that will be provided through this project will be complementary to other ETC training, work exposure and employment programmes such as the Employability Programme (No. 2.4), the Employment Aid Programme, the Bridging the Gap and Work Trial scheme.

This measure will run from September, 2011 up to February, 2014 with a budget of €661,816.

It is expected that this measure will:

- Increase training opportunities amongst disabled persons – 34%
- Increase the number of disabled persons in employment – 5%
- Increase job retention amongst persons with disabilities – 2%

The total number of persons with disabilities to be supported is 300 in Malta and 40 in Gozo.

3.1.3.8 : Pensioners working part-time for the government will pay 15% income tax

It is projected that the working age population will age significantly, with the share of 55-64 years old people rising from 18% in 2010 to 21% in 2020 and 22% by 2050². In view of these projections, the labour markets have to meet the challenge of the ageing work force and increasing old-age dependency ratio by increasing the employment of older workers and delaying their exit from the labour market.

The aim of this measure is to promote Active Ageing i.e. to encourage older people to remain active by working longer and retiring later. In this regard, amendments will be introduced in the part – time tax rules so that pensioners working part-time with the Government will also become entitled to the 15% income tax rate which is already available

² Employment & Social Developments in Europe 2011 report

to those working part – time in the private sector. By the introduction of this measure, this distinction will come to an end, and all pensioners will be able to benefit from the favourable rate of 15% on part-time work.

3.1.3.9 : Incentives to Attract More Inactive Women to the Labour Force

New Income Tax Computation

In its budget for 2012, Government carried out an important reform of the income tax system in order to make the labour market more attractive to women. Hence, besides the single and joint computations, Malta has introduced a new category called the “Parent Computation”. This will be eligible for parents supporting children who are not gainfully employed up to 18 years of age and extended to 21 years of age if the children are still in tertiary education.

The new income tax computation (in €) is being listed below:

	Single Computation	Joint Computation	Parent Computation
0%	0 - 8,500	0 - 11,900	0 - 9,300
15%	8,501 - 14,500	11,901 - 21,200	9,301 - 15,800
25%	14,501 - 19,500	21,201 - 28,700	15,801 - 21,200
35%	19,501 +	28,701 +	21,201 +

This means that married couples with children will save between €150 and €840 in income tax yearly payments. More than 55,000 families will benefit through this measure which will result in a decrease of 10 million Euro in government tax revenue.

In order to qualify for this new parent computation, a parent must satisfy these conditions:

- Maintained under his/her custody a child or paid maintenance (established or authorised by courts) in respect of his or her child.
- Such child was not over 18 years of age, or not over 21 years if receiving full-time instruction at a tertiary education establishment.
- Such child did not earn income in excess of €2,400 from gainful occupation.

If an individual satisfies all these conditions and is currently being taxed under the ‘single’ tax rates, he/she can switch to the parent tax rates.

Increase in the Maternity Leave

As from 1 January 2012, maternity leave has been increased from 14 to 16 weeks and it will be further increased by two weeks in 2013. The extra weeks will be payable from public finances with a fixed weekly rate of €160. In addition, employees who were on maternity leave on 1 January 2012 but have commenced the maternity leave before the said date will also automatically be entitled to this incentive. This provision will likewise apply in 2013 when the 18 week statutory entitlement comes into effect.

In addition, as from the same date adoption leave was also increased from 5 to 16 weeks. This entitlement will be extended to 18 weeks as from 1 January 2013. As with maternity leave, employees will be entitled to their full salary for the first 14 weeks adoption leave. If the employee chooses to avail oneself of leave beyond the paid 14 weeks, the additional 2 weeks as from 1 January 2012 and 4 weeks as from 1 January 2013 will be considered as special unpaid leave and payable at a fixed weekly rate equivalent to the Maternity Leave allowance. Adoption leave may be availed of by the mother or the father or shared between them. Adoptive parents may also utilise 1 year unpaid parental leave for each adopted child and a once only career break of 5 years unpaid leave for the same purpose.

RESEARCH and DEVELOPMENT

EU Target :

- 3% of the EU's GDP (public and private combined) to be invested in R&D/innovation

Malta's R&D Target:

- 0.67% of Malta's GDP, to be invested in R &D.

3.2.2.1: The New National Research and Innovation Strategy 2011-2020

A draft plan, built on six pillars (policy design to action, human resources, funding, innovation, research infrastructures and international cooperation) was issued for public consultation in early December 2011. This consultation closed at the end of January 2012. The feedback received is currently being reviewed in order to update and finalise the strategic plan. In addition, a new chapter on digital growth is being included. The original finalization date had been Q4 2011, however it is envisaged that the document will be finalised towards March/April 2012.

3.2.2.2: An Ecosystem Approach to R&I Funding

a) National R&I Programme Implementation and Extension towards Commercialization

The R&I Programme 2011 was launched on 26th November 2011 with a budget of €1.1 million. The submission and evaluation was split into two stages. The first stage requested interested parties to submit a preliminary proposal. Following evaluation, these proposals were short listed to a final evaluation stage requiring proposers to submit a detailed proposal. A total of 40 proposals were submitted, ranging across all scientific fields requesting a total of € 5.8 million, out of which 26 projects were shortlisted. A total of 8 projects were eventually selected for funding.

As regards the extension towards commercialisation, a new commercialisation programme was set up with the aim of to support technology owners to study the feasibility of taking the technology to market addressing all the requirements particularly to attract capital investment. The Commercialisation Programme is particularly intended for the successful recipients of funds under the R&I Programme to help them move their technology closer to market. Preparatory work for the programme was undertaken in 2011, and it is expected to be launched during the first months of 2012. The intended amounts per project would be €25,000 to €50,000.

b) Incentives for R&D in Industry

Malta Enterprise administers 9 R&D incentives that support enterprises in projects related to Industrial Research and Experimental Development. These incentives provide support in the form of cash grants or fiscal benefits. Fiscal benefits can be provided to all R&D projects, while cash grants are awarded to specific initiatives (such as collaborative R&D projects) or through competitive calls. Apart from two initiatives which are specifically intended for SMEs, R&D incentives are available to all enterprises. SMEs are granted higher aid intensities and may receive specific support when contracting temporarily personal from large enterprises or research institutes. The schemes are the following:

Loan of Highly Qualified Personnel: SMEs can benefit from the temporarily engagement of a highly qualified expert to work on R&D&I projects. In this way SMEs can access new knowledge and increased innovation capabilities. The expert will help the SMEs to carry out an Industrial Research and Experimental Development projects. Malta Enterprise may provide part financing of the costs directly related to the secondment of highly qualified personnel, seconded from a research organisation or large enterprise. These costs may consist of wages paid by the SME to seconded personnel or fees charged by the research institute or large undertaking for such secondment.

Preparatory Technical Feasibility Studies scheme: The objective of this incentive is to support enterprises intending to undertake Industrial Research and Experimental Development projects in carrying out Technical Feasibility Studies in preparation for these projects.

This Scheme will part-finance eligible costs related to:

- Wages of researchers and technicians, to the extent and for the duration that they are directly engaged in the preparation of the technical feasibility study.
- The acquisition of services required for the preparation of the technical feasibility study.
- The acquisition of knowledge, including technical consultancies and reports required for the preparation of the technical feasibility study.

Grants for Cross-border Collaborative R&D: This incentive supports Maltese enterprises that carry out an industrial research or experimental development project in collaboration with other enterprises. The project should lead to the development of innovative products, processes and services based on advanced technologies. Projects may only be funded if they are endorsed by the EUREKA network or approved through the Eurostars Joint Programme.

Support is provided through refunds that part-finance pre-approved costs. Such costs may include:

- Personal costs (wages) of researchers and technicians.
- Depreciation costs of new instruments and equipment.
- The costs of material, supplies and similar products, bought specifically for the research project.

- Cost incurred for the procurement of technical knowledge and acquisition of patented knowledge and technology.

EUREKA is an intergovernmental network launched in 1985, to support market-oriented R&D and innovation projects across all technological sectors.

The Eurostars Joint Programme is a European innovation programme managed by EUREKA. Its purpose is to provide funding for market-oriented research and development with the active participation of 'Research and Development performing Small and Medium-sized Enterprises' (R&D-performing SMEs). Eurostars is a joint initiative between EUREKA and the EU Seventh Framework Programme for Research and Technological Development (FP7).

Funding is not guaranteed but depends on an evaluation of the project's potential and the expected economic return.

Industrial Research and Experimental Development: The following costs are considered as eligible as long as they are incurred in relation to an approved Industrial Research or Experimental Development project.

- Personnel cost.
- Instrument and equipment.
- Costs for building.
- Material, supplies and similar products.
- Contractual research, technical knowledge and patents.
- Additional overheads.

The tax credit percentage is related to the size of the enterprise. Additionally bonuses are provided to enterprise participating in collaborative projects with other industry partners or research organisations. The maximum level of assistance that may be provided under this incentive are found in the table below.

Research and Development	Enterprise Size				
	Small	Medium	Large	Medium	Large
Industrial Research Projects	70%	60%	50%	60%	50%
Experimental Development Projects	45%	35%	25%	35%	25%
Collaborative Industrial Research Projects (as per section 3.3 of the Incentive Guidelines)	80%	75%	65%	75%	65%
Collaborative Experimental Development Projects (as per section 3.3 of the Incentive Guidelines)	60%	50%	40%	50%	40%

Additional Incentives for SMEs					
Industrial property costs related to Industrial Research projects	70%	60%	n/a	60%	n/a
Industrial property costs related to Experimental Development projects	45%	35%	n/a	35%	n/a

Registration for Intellectual Property Tax Credits for SMEs: This incentive is aimed specifically to SMEs that after conducting an approved Industrial Research or Experimental Development project would like to seek, obtain and validate patents and other intellectual property rights.

The tax credit may cover costs incurred in the 24 months after the R&D project was completed. The value of the tax credits will be based on:

- Costs preceding the grant of the right incurred for the preparation, filing and prosecution of the application of the right in the first legal jurisdiction.
- Translation costs incurred in order to obtain or validate the IP right in other legal jurisdictions.
- Costs incurred in defending the validity of the right during the official prosecution of the application and possible opposition proceedings.

Royalty Income from Patents: The objective of this initiative is to encourage researchers to exploit intellectual property through the licensing of patented knowledge. The scheme should also encourage investment in research and knowledge creation and exploitation of intellectual property. The incentive gives fiscal benefits to persons (individuals and enterprises) that own the rights to patented intellectual property and are receiving income in the form of royalties.

R&D Clusters: The objective of this scheme is to support formal collaboration between enterprises by assisting in the setting-up, expansion and animation of innovation clusters. The aid will be provided exclusively to the enterprises operating the cluster which must have the sole purpose of promoting Industrial Research and Experimental Development.

Any Undertakings setting-up or operating an innovation cluster made up of a mixture of SMEs and large undertakings, with the aim of carrying out or promoting Industrial Research and Experimental Development activities may be supported under this incentive.

Malta Enterprise may support the cluster by part-financing investment costs related to land, buildings, machinery and equipment and operating costs such as personnel and administrative costs for the management of the cluster's facilities and activities to enhance the networking between the members of the cluster.

The ERDF Research & Development Grant Scheme is designed to help enterprises meet today's business challenges by supporting them to carry out Research and Experimental Development activities leading to the development of new or significantly improved products, processes and services. The scheme will co-finance the costs of wages, equipment, materials and contractual research specifically incurred as part of the research project. The

3rd ERDF R&D Grant Scheme Call has been issued. Deadline for submissions is 3rd April 2012. 23 enterprises have benefited from the first two open calls for proposals issued and the amount committed to the beneficiaries is circa € 3.5 million.

3.2.2.3: Doctoral and Post-Doctoral Scheme

Malta is witnessing a significant overall expansion in the higher education sector. In a knowledge-based economy, it is imperative to have a strong base of Masters and Doctorate programmes researching innovative and creative hypothesis that ultimately bring intellectual and economic growth to society. High quality postgraduate education is of central importance to a number of objectives among others: the increase of research and development activity in Malta; the development of new academics and fields of study and research; an ever more highly skilled workforce; the precious impact and social benefit of groundbreaking discoveries.

The Malta Government Scholarship Scheme (MGSS) was launched in 2006, and by October 2011, 117 scholarships leading to Doctoral degrees were awarded as follows: 27 - Capacity Building in the Education Sector; 32 - Addressing Skills Mismatch and 58 - ICT, Science & Technology. The Directorate for Lifelong Learning and the Malta Council for Science and Technology collaborate so that more students take up opportunities in Research and Innovation. In fact, the MGSS scheme supports students who opt to conduct part of their assignments in world renowned Research Institutes.

In 2009, the Strategic Educational Pathways Scholarships (STEPS) was launched. This is an ESF co-financed project which will terminate in 2013. Till the end of October 2011, 87 scholarships leading to Doctoral degrees have been awarded under this scheme as follows: 13 - Capacity Building in the Education Sector; 45 - Addressing Skills Mismatch and 29 – ICT, Science & Technology.

3.2.2.4: The Setting Up of a Life Sciences Centre

The Setting Up of a Life Sciences Centre is an investment of €38 million, co-financed between the Government of Malta, Malta Enterprise and the European Regional Development Fund (ERDF) the development of a Life Science Centre represents a giant step towards developing Malta into a truly regional centre of excellence in Life Sciences and the bio-medical industry.

The Life Sciences Centre shall be named as the BioMalta Campus and will seek to attract foreign direct investment into research, technological development and innovation in the bio-technology and life sciences sectors as well as support the development of the local industrial community helping them to grow and internationalise.

The Campus is intended to create a knowledge cluster between the University of Malta, Mater Dei Hospital, and the Life Sciences Industry. It will initially consist of four key buildings which will provide 10,000 square meters of space and 3,500 square meters of incubation facilities. The Campus is expected to build upon Malta's long-standing tradition in the pharmaceutical industry in Malta which has grown to employ over 1000 workers and producing over € 208 million worth of exports in 2010. This has significantly gone up by € 152 million since 2005. Malta's next step is to transform these achievements in attracting pharmaceutical manufacturing into securing investment by innovation-led, R&D organisations and enterprises in the healthcare and bio-technology value chain.

The BioMalta Foundation will be responsible to establish and manage the blueprint for the Life Sciences Industry in Malta, as well as oversee the successful development of the BioMalta Campus, as well as establish an Angel Investor Network to secure private funding for local companies who currently are or will be carrying out R&D in life sciences and biotechnology in Malta.

The Foundation shall also address the potential foreign direct investment niches that Malta can attract and support, skills and resources gaps, inward investment programmes, as well as regulatory and ethical framework reviews. The business incubation facility within the Campus shall also be managed by the foundation.

Apart from having the infrastructure and the strategy, funding is crucial. The Foundation has been tasked with setting up the BioMalta Angel Investment Forum, which will work closely with the University of Malta and with Malta Enterprise to attract local entrepreneurs and scientists. The Forum shall support, invest in and build specialist Malta-based companies delivering competitive technology solutions capable of rapid commercialisation in the medicine market.

A Malta-based Private Investment Fund of approximately € 200 million will invest in mid-late stage companies that have a strong pipeline of technologies and products which have been developed by management teams with both scientific and commercial credibility. This Fund shall be known as the Global Science Fund and shall be aimed at attracting foreign investors in Malta.

The following is the Milestone Plan:

Design and Project Management	
Start- Date:	Mar-10
End-date:	3rd Quarter 2015
Enabling Works	
Start- Date:	Sep-11
End-date:	2nd Quarter 2012
Build and Finish	
Start- Date:	Jun-12
End-date:	Feb-14
Project promotion and publicity	
Start- Date:	4th Quarter 2013
End-date:	2nd Quarter 2015

The permits for enabling works have been issued by MEPA. The FDA for enabling works has been issued. As per third quarter 2011, €522,504 has been paid regarding Project Design and Management.

Planned New and Extended Measures

3.2.2.5: Preparation of a Health Research and Innovation Strategy

'Health' together with value-added manufacturing, environment & energy resources and ICT was identified as one of the four national research priorities in Malta's National Research & Innovation (R&I) Strategic Plan 2007-2010, which recommended the development of a thematic research strategy in the area. The mentioned priority areas have been retained in the new draft R&I strategic plan 2011-2020 which was launched for public consultation on 5th December 2011. In fact, this measure aims to follow up on that recommendation.

The health strategy aims to provide strategic direction and guidance for more efficient and effective use of financial and human resources to spur increased levels of collaborative R&D undertaken in the health sector and support to innovation. This strategy will include the identification of medium and long term actions in health research and the identification of specific research projects to be implemented in the short term.

Work in relation to this measure started in July 2010 with the preparation of the first draft to take place in December 2011. The strategy is planned to be finalised in Q4 2012. It has an allocated budget of €10,000.

3.2.2.6: Malta's National R&I Fund 2012

This measure is a continuation of the one that already featured in the NRP for 2011. But it has been found necessary to include it as a new measure since more details on the commercialisation programme can now be given and a new R&I programme for 2012 was launched.

In fact, the objective of this measure is to continue with the implementation of the National R&I Programme as well as to initialise the Commercialisation programme. Both programmes have a specific focus on the four priority sectors identified in the National R&I Strategy namely: Environment and Energy Resources; ICT; Value Added Manufacturing and Health and Biotechnology.

Thus, this measure is split into two:

- (i) National R&I Programme:

This programme which is a yearly programme funds research projects of between €50,000 and €200,000 concentrating on technology transfer between academia and industry. Projects funded under this programme have a maximum duration of three years. The main expected outcomes of the programme are:

- Increased capacity for R&D in Malta.
- Increased industry-academia collaboration.

The National R&I Programme has been ongoing since 2004. The R&I Programme for 2012 was launched in December 2011 and it funds projects starting on 1st October 2012.

(ii) Commercialisation Programme

The aim of this programme is for technology owners to study the feasibility of taking the technology to market addressing all the requirements particularly to attract capital investment. It is particularly intended for the successful recipients of funds under the R&I Programme to help them move their technology closer to market. The intended amounts per project would be €25,000 to €50,000. Projects funded under this programme have a maximum duration of 6 to 12 months.

It is expected that the following outcomes will be achieved:

- A positive impact on the registration of patents.
- Increase in the number of new locally developed products and services on the market.
- Increased employment.
- Increased exports of locally developed products and services.
- Increased non-R&D innovation.
- Further development of cross-sectoral synergies.

The Commercialisation Programme is going to be launched in the first months of 2012. The plan of this programme is to be a yearly programme as it compliments the National R&I Programme mentioned above.

The National R&I Fund used to fund the above mentioned two programmes is fully dependant on Government Funding. The approved budget for the year 2012 is of €1.6M with an approximate of €200,000 being earmarked for the Commercialisation Programme.

3.2.2.7: Setting-up and development of the National Interactive Science Centre

In order to sustain a knowledge-based economy and increase a country's economic competitiveness, it is essential to create a specialised, scientific workforce and strive towards achieving top research and innovation talent. Other important key drivers include strengthening scientific knowledge, increasing the take-up of science-related careers and spurring the entrepreneurial spirit of youths.

In order to enhance science-related education and training which are crucial to increasing Malta's competitiveness, the Government is investing in the construction of a new National Interactive Science Centre.

This National Interactive Science Centre will encompass more than 3,500 square metres of indoor and outdoor exhibition space as well as areas dedicated to science shows, workshops, debates and discussions. It will act as a medium to instil an active interest in science, research and innovation in youth and encourage them to pursue a career in science and technology. In addition, it will give an alternative pathway to learning through interactivity whereby students will interact with material covered through the various science-related curricula in a novel way while expanding learning opportunities to compliment formal learning. This Centre will also offer its visitors an exciting, highly interactive and educational

experience as all exhibits will be state of the art and hands-on to spur curiosity and innovative thought. It will also serve as an entertainment and education platform (known as edutainment), to bring together student, parents, and professionals to expand the science, engineering and technology human capital base.

Work on this project started in Q3 2010 and its opening is planned to take place in Q4 2014.

The project's total budget value is estimated at €22m and is going to be partly financed by ERDF funds. To date, the Government of Malta has already allocated to this project: €1.5million in 2011 and € 1.275 million in 2012.

ENERGY

EU Climate Change/ Energy Targets:

- Greenhouse gas emissions 20 % (or even 30%, if the conditions are right) lower than 1990
- 20% of Energy from Renewables
- 20% increase in energy efficiency

Malta's Targets for Energy Efficiency, Renewable Energy and Greenhouse Gas Emission Reduction:

- A maximum increase of greenhouse gas emissions not falling within the scope of the EU Emissions Trading Scheme of 5% by 2020 (compared to 2005 levels particularly emissions from transport, mainly road transport, waste, agriculture and fuel combustion in industry and commercial and residential buildings).
- A commitment to achieve by 2020 a share of energy from renewable sources in gross final energy consumption of 10%.
- A commitment to achieve by 2020 a target of 10% of energy consumed in all forms of transport from renewable sources.
- A commitment to achieve a 22% energy or 235,254toe savings target by 2020 with an intermediate target for 2014 of 15% or 144,876toe.

3.3.2.1: Interconnection to the European Energy Grid

As per the submitted European Energy Programme for Recovery (EEPR) application, the laying of the submarine cable was originally expected to be completed by August 2012. Based on the responses received for the expression of interest, the completion time was specified as 24-30 months. The invitation to tender was issued in March 2010 and the only bid received specified a completion time of 32 months thus being non-compliant. After discussion with the shortlisted candidates (in view of their concerns-essentially manufacturing slots for the cable), Enemalta reviewed its requirements and a second

invitation to tender was issued allowing a longer completion time. The award of contract was in December 2010, i.e. 3 months later than planned. Hence the completion of the Action was delayed by this and extension in the completion time.

The project is currently on schedule and the target is to commission the interconnector by October 2013 as per contract. This is also in line with what is specified in the Commission staff working document “Member States Competitiveness performance and policies 2011”. The project is in its detailed engineering stage prior to start of manufacture of equipment. The application process for permits in Malta and Sicily is progressing. A detailed marine survey to define the subsea cable route was completed before the end of 2011.

3.3.2.2: Extension of the Delimara Power Station

The Delimara Power Station extension project has entered the hot testing phase which commenced on 12th December 2011. The final stage in the implementation of this project also includes the performance and reliability testing of the plant which is expected to be completed by July 2012.

The project is currently on track to deliver the expected 144MW electrical output power to be available to the Maltese electrical grid in summer 2012. The new generating plant is modular and has 46% conversion efficiency, making it the most efficient and flexible generating plant in Malta. It will moreover replace part of the aging Marsa power station which is equipped with generating plant with an average of 26% conversion efficiency. The increase in conversion efficiency will imply lower costs of electricity generation, lower emissions and will contribute to increasing Malta’s primary energy use efficiency. The new generating plant is also equipped with the necessary abatement equipment in order to ensure that emissions limit values would be in line with permit conditions set on the basis of best available techniques (BAT).

Due to its flexibility, this plant will also support the intermittency of any other large-scale Renewable Efficiency Sources (RES) that will be available in the future.

3.3.2.3: Energy End-Use Efficiency

Malta submitted its second (National Energy Efficiency Action Plan) NEEAP in line with Directive 2006/32/EC. The measures proposed in the first NEEAP were, or are in the process of being, implemented in the majority of cases. Additionally, new measures not envisaged in the first NEEAP were implemented successfully. One such case is the Compact Florescent Lamp (CFL) scheme whereby all households were given free energy saving lamps in a bid to promote energy efficient lighting. The aim was to create a culture of buying energy saving lamps since once the lamp comes to end of life the user will replace it with the same type of lamp.

The Maltese population are generally frugal in resource use. This has been consistently demonstrated in Eurobarometer surveys carried out since 2004. The latest survey published in 2011 showed 75% of Maltese indicating that they are cutting down on electricity use, well above the EU average of 53%. Recent increases in electricity prices have reinforced this culture.

The Government grants for energy efficiency and renewable energy sources were welcomed due to the trends in electricity prices and the economic crisis. More people were realising the

benefits of investing in these technologies and the rate of take up was successful in most cases.

The main tangible efforts during the past three years have been on promoting energy efficiency in the domestic sector, tourism and industry. A number of schemes have been issued targeting these sectors and the uptake was very successful. Measures for the Public sector and Transport sector were also devised but more efforts are to be made in these sectors since there is more potential to be realised in both sectors. SMEs were the least focused on and government will make an effort to identify measures even after the second NEEAP is published to promote energy efficiency measures.

The target of 3% for 2010 has been achieved, and marginally exceeded – the target was 126GWh and the achievement was 153GWh.

The carbon footprint of all building categories still has to be established by means of expert studies and analyses of data collected from energy performance certificates and other sources. This will allow us to re-define targets more precisely to achieve real energy savings by means of the cost optimal methodology.

The strategies for achieving the national targets for zero energy buildings are twofold:

- Tighten existing minimum requirements for the Building Envelope in new buildings and buildings undergoing major renovation by 30% to 50% as from 2013. These minimum requirements will be upgraded by a further tightening of 20% to 30% as from 2017. The percentage tightening depends on the building category.
- Increase the energy harvest from renewable energy sources to decrease the use and dependency on fossil fuels by regulating the allocation of use of 50% of the roof space in new buildings for these renewable energy sources.

Both of these strategies will reduce the carbon dioxide emissions from energy use in buildings.

It is envisaged that by the end of 2018 all new buildings being constructed for the use of public authorities will qualify as nearly-zero energy buildings.

The refurbishment and transformation of existing buildings into nearly zero-energy building stock will be encouraged. The feasibility of adopting market-based instruments such as grants, tax deductions and others to achieve such objective will also be assessed. Such instruments may be applied for those owners who will enter into a commitment that clearly shows that their building will have higher energy efficiency and nearly-zero net energy use. The Energy Performance Certificate will be the main document displaying this improvement.

3.3.2.4: Energy Efficiency in Transport

Malta secured a Public Service Contract with Arriva Malta Ltd for the provision of a public transport system that started in July 2011.

The number of buses that was used pre July 2011 was 586, with between 300 and 330 in circulation on any given day. Today the service operates around 285 (currently in a stabilization phase as some routes are still being tweaked), with approximately 260 on the

road. While physical number of buses has fallen, the increased vehicle capacity (current average 70; pre-2011: average 50) results in around 7-10% more capacity than pre July 2011. This equated to a 14.1% increase in passenger numbers carried in Malta and Gozo with a year-on-year an increase from 15.8m to 18.0m for the period August 2011 - January 2012.

Apart from the new fleet including 10 hybrid diesel-electric buses, all others must be EURO V by July 2012. This compares with the previous fleet where only 131 were EURO III and all other more polluting. The older engines (fleet average age pre 2011 was 35; current average age 1 year) were obviously less efficient, however as accurate statistics for the previous service in terms of passenger/km or fuel use are not available, it is not possible to compare with the improvements to-date.

3.3.2.5: Implementation of Malta's National Strategy for Policy and Abatement Measures relating to the Reduction of Greenhouse Gas Emissions

Since the launch of the Strategy by Government in 2009, progress has been made on a number of fronts with regards to its implementation. The organisational framework set out in the Strategy has been established with the Climate Change and Policy Unit (CCPU) of the Malta Resources Authority under the Ministry of Resources and Rural Affairs.

In order to secure strategic co-ordination to implement climate action an Inter-Ministerial Committee was set up in 2011 which is led by the Prime Minister. This Committee is supported by a Climate Change Consultative Council which brings together different levels of stakeholders from administrative entities and Civil Society. This organisational set-up is expected to facilitate implementation through active stakeholder participation.

Progress on the abatement measures themselves has also been made. With the extension of the Delimara Power Station as planned, the local electricity production is moving towards a lower emissions/kWh produced. The installation of new efficient generation capacity and interconnection with the European grid will ensure an increasingly efficient supply in terms of emissions.

The efficiency of Reverse Osmosis plants is essential to achieve high quality water with a low emission footprint. The continuous review of technology and reduction in losses by the Water Services Corporation has decreased the carbon footprint of each m³ of water delivered. Other measures that target end use efficiency are also being implemented through the 2nd NEEAP.

Projects related to Waste and Agriculture (capping and extraction of gases from Maghtab and other landfills, Sant'Antrin Waste Treatment plant and the implementation of the Nitrates Action Plan) will contribute further to a reduction of emissions from this sector. The implementation of energy recovery from these projects will help to reduce emissions, whilst also contribute to the RES contribution.

The Strategy also earmarked the public transport reform as a key contributor to reduce emissions. This process led to an overhaul in the bus fleet which has increased vehicle efficiency. Action is now focused to instil an effective modal shift which should bring about a perceptible contribution to the reduction of GHG from passenger transport.

Government action to increase the uptake of renewable energy infrastructure in Government buildings coupled with incentives to finance installation of renewable energy infrastructure within the domestic sphere over the past year is considered to have led to a significant

contribution towards a shift in increasing awareness on RES and the need for mitigation action. Additional impetus was given through the implementation of advantageous feed in tariff schemes.

Bio-fuels have been used locally for a number of years, though recently a boost has been given to the use of bio-fuels through substitution obligation thus fulfilling the requirements of the Strategy. The review of the strategy has commenced and the preparation of the 2011 National Greenhouse Gas Inventory and Policies and Measures Report is seen as a key monitoring tool to guide further mitigation action.

With the findings of the 2011 report coupled with the GHG Inventory Report, the Climate Change and Policy Unit within MRA will be in a position to monitor progress and identify where further action is needed. With the Inter-Ministerial Committee and Consultative Committee in place, proposals for action can be developed with different stakeholders and effective action for implementation adequately identified and undertaken.

The table below provides a list of the measures being implemented with their resultant emission savings projected for 2020:

Measure	Saving (in Gg CO ₂ eq) estimate for 2020
Installation of new and efficient generating capacity (144MW at Delimara Power Station) + Submarine electrical interconnection to European network (200 MW)	1288.18
Promotion of the use of Biodiesel	23.57
Transport Reform	5.83
Modernisation of agriculture holdings + Nitrates Action Programme	20.80
Gas Management at Non-hazardous Landfills	66.10

3.3.2.6: Implementation of the National Renewable Energy Action Plan

Malta will be achieving its 2020 renewable energy targets through a number of identified major projects of large scale wind, and waste to energy projects. However a great share of renewable energy will be generated from a relatively higher number but smaller capacities of renewable energy sources distributed across all the Maltese Islands mainly integrated in existing building infrastructures due to Malta's limited space and the conflicting use by other activities.

The concerns about barriers to the development of the major projects are being addressed already and are being treated on a case by case basis. The Government had identified the sites for wind-farm development with potentially minimal impact on other activities and the environment and has already started the Environment Impact Assessments or Appropriate Assessments on these sites. These assessments are not concluded yet. Malta has also applied through the NER3003 for the development of a floating wind farm. Innovative technologies being currently investigated, such as wave and other sea energy technologies under experimentation, are also being provided permission for study purposes.

³ More details through the following link: <http://www.ner300.com/>

It is expected that the uptake of other renewable energy technologies will take place in the form of a larger number but smaller installation capacities with priority being given to those technologies which are already widely available, mainly solar photovoltaic systems, solar water heating and micro-wind.

The Malta Environment and Planning Authority had issued a set of guidelines in 2007 on planning permitting of solar applications installed within the curtilage of a building. These guidelines have simplified the installation of such systems whereby subject to compliance with the guidelines, no planning permits will be required in most cases. Solar applications that fall outside the scope of these guidelines may require a planning permit from the local planning authority.

A set of planning permitting guidelines is also available for micro wind turbines with capacities up to 20kW.

The authorization and licensing of new generation capacity is regulated by the Electricity Market Regulations. The Electricity Market Regulations exempt generators with capacity not exceeding 16Amps per phase and producing electricity from renewable energy sources from the requirement to obtain an authorisation and a license. Instead a fast track procedure was adopted whereby these generators require only the submission of a notification to the regulator prior to construction. Once the installation is ready, an application for connection to the grid and provision of the necessary metering has to be submitted to the Distribution System Operator (DSO).

Generation capacities falling outside the scope of the notification process require one to apply for, and obtain an authorisation prior to construction of the generation capacity. The authorisation process requires that it is ascertained that the proposed installation does not impact negatively the stability of the network and also that an adequate connection to the grid is available otherwise the necessary steps have to be taken to upgrade the connection and the network where necessary. Therefore the authorization procedure involves consultation with the DSO to ensure that potential technical barriers that may exist for connection to the grid are addressed and mitigation measures taken in due time. At the authorization stage the applicant is also required to sign a Power Purchase Agreement with the DSO for the export of the electricity generated from the plant. Generation capacities that require an authorization prior to construct are also required to have a license to produce electricity for own use and/or sell to the DSO. The license is issued by the regulator once informed in writing that the installation is ready for connection to the grid and then an application can be submitted to the DSO for connection to the grid and provision of the necessary metering.

Presently the regulator does not charge any fees for the processing of the Notifications, Authorisations and issue of licenses with respect to generators producing electricity from renewable energy sources. An administrative charge applies when the application for connecting the generator to the grid is submitted to the DSO.

Measures being taken to facilitate the uptake of renewable energy resources include financial incentives in the form of grants on the initial capital investment made available for residential and non residential sectors through grant schemes launched by Government from time to time. The aim is to make these technologies more affordable to the general public and organizations. Effort is also being made such that technologies benefiting from the grant schemes meet certain quality requirements and standards as to ensure that the installed technologies are robust and perform according to specification. Installations as solar photovoltaic systems are being certified by warranted electrical engineers and this year courses have been implemented for the certification of installers of solar applications as to ensure the proper, safest and most effective methods of such installations.

Government has incentivised the installation of RES and EE systems through a number of capital assistance schemes, in addition to its own direct investment where most, if not all, Ministries have been fitted with PV systems. Schemes have been launched to assist domestic households using both national and ERDF funds, the commercial sector using ERDF funds and local councils using national funds.

All calls have been fully subscribed.

Grants to domestic households paid from national and ERDF funds to date include:

		2008	2009	2010	2011	2012 (Jan)	Total
PV Rebates	Count	1	140	61	1,705	160	2,067
Solar Water Heater Rebates	Count	1,390	2,469	1,814	1,098	48	6,819
Registered PV Systems (equivalent to 12,346 kWp)	Count						2,439

In addition, there are another 3000 PV systems for whom a grant has been allocated and which are to be installed and subsequently paid during 2012.

In the last NREAP report, Malta reported the share of PV as 0.08% of the total electricity produced in 2010. This percentage is projected (assuming constant electricity demand) to 0.7% in 2012.

(Note: The percentages above are the PV-RES as a percentage of total electricity demand. When these are converted to the share of total energy demand, the percentages for 2010 and 2012 become 0.04% and 0.35% respectively) Note further that the average PV contribution to be reported for the next NREAP period will be calculated over two years.

Other incentives to address financial barriers include the introduction of a feed in tariff for solar photovoltaic system in September 2010 through LN422/08 (Feed-in Tariffs Regulations) such that photovoltaic installations including those benefiting from a grant could also benefit from the payment of a feed-in tariff on the electricity exported from such systems. The introduction of a feed-in tariff replaced the previous net-metering arrangement. However owners of the photovoltaic installations could still use the system for their own use and export the surplus at the feed-in tariff. The introduction of the feed-in tariff increased the potential for exploitation of the roofs available especially for premises with no consumption and hence with no incentive for net metering.

Some other technologies though not widely spread, as low-grade-geothermal, hydrothermal and aero thermal heat pumps, solar cladding for space heating, and co-generation are already being contemplated and as the implementation of these technologies can be in the design of new buildings or in major retrofitting of existing buildings, these can be included in the planning permit application for the development.

Planned New and Extended Measures

3.3.2.7: Motor Vehicles Registration Tax

The aim of the reformed tax is to further incentivise a younger, smaller and less polluting fleet of vehicles in the Maltese Islands, without causing unnecessary distortions in the market. It is also a main source of revenue for the Government of Malta. The introduction of the Euro Standard emphasises Government's intentions on encouraging the use of less polluting vehicles. Such Standards are a measure of vehicle efficiency, carbon emissions and safety. Therefore, by increasing the tax rates on Euro 3 and older vehicles (these being the more polluting) the Government is discouraging the importation of such vehicles and as a result making newer and cleaner cars more attractive.

This measure will be launched in Q1 2012, building on the first reform of 2009.

Government envisages that as a result of this measure the registration of vehicles pre-Euro 4 would decrease drastically or even cease completely. It is also expected that the average age of vehicles in Malta to be reduced and the volume of carbon dioxide emitted will decline. Government predicts that there will also be a shift from the purchase of used vehicles to that of new cars.

3.3.2.8: Scrappage Scheme

The concept of a scrappage scheme was introduced in 2011, with the aim of encouraging first time buyers of vehicles or owners of aged cars to shift to new vehicles that meet preset criteria with regards to environmental considerations. The aim is to make newer, compact and less polluting vehicles more attractive, while also incentivising the removal of aged and polluting vehicles from the Maltese roads. For a person to be eligible for such a scheme, he must be either a first time vehicle buyer or an owner of a vehicle which is 10 years or older. For a new car to be eligible, it must be Euro 5 with CO2 emissions of 150g/km or less and its length must not exceed 4460mm. The amount of the grant will be equal to 15.25% of the new vehicle's CIF value up to a maximum of €2,000, if the buyer disposes of his old vehicle. If no vehicle is scrapped, then the buyer is entitled to 50% of the grant. This means that eligible persons will benefit from a reduction in the price of new vehicles.

The aim of the scheme is to incentivise prospective car buyers to opt for new, compact and clean vehicles, both if they are first time buyers or if they already own a vehicle that is over ten years old.

The main factor customers consider when purchasing a vehicle is the price. The introduction of the scrappage scheme made new vehicles, up to certain emission levels and size, financially more competitive. The rationale behind this is to make less polluting vehicles more attractive and provide an incentive to the owners of aged polluting vehicles to dispose of them.

This measure was first launched in 2011 and will run this year until 3,000 persons have benefited from the scheme. The budget for this measure is €6,000,000 – Malta funds.

3.3.2.9: Energy Efficiency Measures for the Hospitality Sector

This initiative is linked with the ERDF Energy Grant Scheme. In fact, prior to applying for such a scheme, enterprises have to wait for the issuing of the list of beneficiaries for the 3rd call of the ERDF scheme so as to give chance to those who will be unsuccessful.

This scheme which is in the form of a soft loan, supports hotels, guesthouses, hostels, farmhouses, snack bars, and restaurants to implement energy saving solutions and to invest in solutions for the generation of energy from renewable non-fossil energy sources. Such investments should increase energy efficiency and reduce the enterprise's carbon footprint. A loan approved under this scheme can reach a maximum of €400,000 covering up to 80% of the total eligible project costs. The loan period shall be limited to five years and the applicable interest rate will be 1.5% over the discount rate charged by local commercial banks. Approved projects may also be granted a moratorium covering the initial 12 months from the first withdrawal. The aid intensity is calculated as 13% of the soft loan amount.

This initiative was launched on 5th May 2011 and its planned end date is 31st December 2013. It is 100% Malta funded with an amount of € 1,145,176 budgeted over a period of 5 years.

3.3.2.10: Promotion of uptake of RES and building envelope insulation

This measure aims to promote the uptake of solar water heaters and roof insulation and double glazing by issuing financial grants to households to encourage the purchase of new solar water heaters (maximum €400 per system installed) and the purchase of roof insulation and double glazing (maximum €1000 per dwelling).

The objectives of this measure are therefore to:

- Assist families so that they may invest and meet challenges they are facing due to high energy costs.
- Reduce Malta's dependency on fossil fuel oil.
- Reduce CO2 emissions and hence help meet Malta's climate change targets.
- Improve Malta's security of supply due to lower dependency on foreign energy imports.
- Improve stability in energy demand by reducing peak energy requirements.
- Help create a culture whereby Maltese households feel they are participating in the environmental challenges that are facing us.

This measure was launched in the Budget for 2012 and runs for a year. As a result of this measure, it is expected that 325MWh will be saved per year, assuming 1000kWh savings per solar water heater at €400 grant per system installed. The allocated budget is of €130,000.

EDUCATION

EU Education targets:

- Reducing School drop-out rates below 10%
- At least 40% of 30-34 year olds completing third level education

Malta 's Education targets:

- Aiming to reduce school drop-out rates to 29% by 2020.
- Increasing the share of 30-34 years old having completed tertiary or equivalent education to 33% by 2020.

3.4.2.1: Tackling Absenteeism by Strengthening Student Services

This measure is being tackled in two parts;

- a) by strengthening the Education Psycho-Social student Services at the grass-roots level within schools

Since the commencement of this initiative, various tasks were undertaken to address this issue. These being:

- The recruitment in colleges of various professionals such as the counsellors, trainee counsellors, guidance teachers the trainee educational psychologists, psychologists & psychotherapist. Their presence helped to increase the early detection of social, emotional and behavioural problems leading to absenteeism.
- As from scholastic year 2011 / 2012, all guidance teachers started giving their services to both primary and secondary level in all colleges.
- In order to reduce the rate of absenteeism in compulsory education, a team of social workers consisting of 15 social workers, 4 social support workers, and 1 principal social worker was also recruited during 2010.
- All personnel are working on a 40 hour weekly basis all year round. Hence, for the first time, there is a continuation of services in schools even during the summer holidays, school holidays and even after school hours.
- Awareness is being raised of the importance of lifelong learning for both parents and students through various informative and formative programmes/projects related to career education including Job Exposures Initiatives, Orientation Work Place Visits, Learning Expo, and meetings with parents.

- Another aim is to increase the rate of students who will further their studies after completing compulsory education. This is being achieved through “the Walk-In Service” which is being organised by the College Career Advisors and the Trainee Career Advisors in each respective College across Malta during summer. The Walk-In Service is a service offered to Form 5 students whereby the Career Advisors hold one-to-one sessions with the student, during which they discuss his/her post-secondary career path.
 - A set of Guidelines for schools on Reporting Absenteeism was presented in September 2011 to the Director General for approval and currently work is being carried out on feedback received.
 - Other initiatives which were carried out during 2011 include social work intervention including summer activities, co-working with the Local Tribunal system and processing applications for School Exemptions, input of professionals in case conferences and meetings regarding students, Job Exposure Initiatives for 4th Formers National and College Level, Career and Educational Programmes including Learning Expo. The aim of all the activities being mentioned is to initiate contact with the students and assist them in developing a tailor made programme in relation to their career and future employment.
- b) by Multi-disciplinary teams which will monitor families in which there is a high tendency of children’s absenteeism from schools in order to provide the support needed to socially address such problems.

Work is underway to establish a National Referral System, which will enhance the referral process and enables the multi-disciplinary team to work together on the case when required. Coordination and collaboration between professionals is ensured through regular meetings. These meetings were also held during the summer 2011 period in order to review the services that were being offered to the students and parents in Colleges, during the past scholastic year. Through recruitment of various professionals, the multi-disciplinary teams working within the colleges were strengthened. All personnel are working on a 40 hour weekly basis all year round. Since the social work service is focusing on students’ who are habitual absentees, social support workers were recruited to complement the interventions of social workers with the families of these students.

Most schools have adequate counselling rooms, in fact, during the last scholastic year (2010-2011) the equipped rooms were the major tools that helped in providing the right environment for the child during individual or group sessions. Effort is being made to maintain links with other agencies including NGOs and services within the communities. The inclusion of Youth Workers in the Colleges has brought about the start of a variety of programmes within the College. Working within a multi-disciplinary team, the Youth Worker organises after school-community based programmes for learners. These programmes are aiming to offer support, skills acquisition and formation to youths thus preventing future absenteeism.

3.4.2.2: Offering more Opportunities for Participation in Vocational Education

Introduction of vocational subjects in secondary schools - During 2010, The Ministry of Education, Employment and the Family, the then Ministry of Education, Culture, Youth and Sport (MEDC) signed a Memorandum of Understanding with Pearson Education Ltd. expressing the intention to collaborate in relation to the provision of BTEC (Business and Technician Education Council) qualifications for the schools sector in Malta. The collaboration agreement covered the supply of qualifications and associated teaching and learning resources, training of staff as appropriate to enable the delivery of the qualifications in Malta, training in quality assurance methodology and practice to ensure high quality standards in the delivery of all programmes, support for the promotion and marketing to parents and learners, and advice and guidance to support the establishment and implementation of the vocational and core programme. Four vocational subject areas (Engineering, Health and Social Care, Hospitality, and Information Technology) were identified and are scheduled to be piloted in six state colleges and 4 non-state schools from September 2011. By 2014 the implementation of VET is expected to be extended nationally. The long term objective is to develop a VET qualification delivery model suitable for Malta. The first Quality Review visit by Edexcel quality assurance officials is scheduled to take place in the last week in April 2012. Two Standards Verification visits by BTEC Trainers are scheduled to take place during Q2 and Q3 in 2012: the first one in March 2012 and the second in May 2012. The Options' Exercise for Form 2 students is underway and will be completed by the end of April 2012. In Q3 the vocational teachers will undergo another INSET with BTEC Trainers to revise the first year of vocational pilot and prepare the scheme of work for 2012-2013.

Extension of vocational subjects at post-secondary level of education in institutions which are dedicated to vocational education and training (MCAST) - The EU co-financed Project ESF1.36, which has two initiatives; the professional development of academic and administrative staff at MCAST; and the launching of vocational degree programmes for students in possession of a level 5 VET qualification or equivalent academic qualification, is partly addressing MCAST's need to extend VET programmes to Level 6. One of the two main pillars of this project is the launching of nineteen vocational degrees between 2009 and 2013. The first seven degree programmes were launched in 2009-2010 in four Institutes: Business & Commerce, Art and Design, ICT and Electrical & Electronics Engineering. Another degree (BA Hons in Fine Arts) was launched in September 2010 at the Institute of Art & Design, while the last batch of eleven degrees was launched in September 2011 in the Institutes of Agribusiness, Art & Design, Building & Construction Engineering, Community Services, Electrical & Electronics Engineering, and Mechanical Engineering.

During scholastic year 2009-2010, vocational degree programmes were delivered in: the Institute of Art & Design- BA Hons in 3D Design & Interiors, BA Hons in Graphic Design & Interactive Media, Institute of Business & Commerce- BA Hons in Business Enterprise, Institute of Electrical & Electronics Engineering- BSc Hons in Electronics & Control Engineering, BSc Hons in Electronics Engineering, Institute of Information and Communication Technology- BSc Hons in Software Development, and BSc Hons in Computer Networks. This resulted in 63 graduates in 2010.

The Second delivery for scholastic year 2010-2011 (i.e., when MCAST will deliver the degree programme through its own lecturers after Fraunhofer⁴ would have delivered the

⁴ Fraunhofer Gesellschaft is a German institution which is dedicated for research and innovation. It has contacts with all German Institutions. As part of its ESF 1.36 Project, with a total funding of almost 6 million Euros, MCAST made a contract with Fraunhofer to provide MCAST with (a) the syllabus, (b) teaching material, (c) assessment of all modules and dissertations of the nineteen vocational degrees which are being launched in eight MCAST Institutes between 2009 and 2013, and (d) the lecturers to deliver the first run of all vocational

programme during the first year of its delivery) will include all programmes delivered during 2009-2010, and Institute of Art & Design - BA Hons in Fine Arts. Moreover 6 new vocational degrees started to be offered, these are delivered by the: Institute of Agribusiness - BSc (Hons) in Animal Management, Institute of Art & Design - BA (Hons) in Media (Moving Image), Institute of Building & Construction Engineering - BSc (Hons) in Construction Engineering, Institute of Community Services - BA (Hons) in Health and Social care (Management) & BSc (Hons) in Health and Social Care (Practice), Institute of Electrical and Electronics Engineering - BSc (Hons) in Electronic Communications, BSc (Hons) in Power Generation and Renewables & BSc (Hons) in Biomedical Engineering, and the Institute of Mechanical Engineering - BSc (Hons) in Mechanical Engineering (Plant), BSc (Hons) in Mechanical Engineering (Manufacturing), & BSc (Hons) in Marine Engineering. 10 graduates completed their vocational degree programme in 2010-2011 (BA Hons in Fine Art).

In September 2011, Engineering students from the Institutes of Electrical and Electronics Engineering, and from Mechanical Engineering, were offered the opportunity to decide on whether they wanted to terminate their undergraduate studies after three years (two-year Higher National Diploma and the Top-Up Year), thus making them eligible for a BSc Hons degree, or after four years (two-year Higher National Diploma and two further years to complete their studies over a four year period, instead of three), thus making them eligible for a BEng Hons Degree. The latter entitles them to apply for a professional engineering warrant.

Introduction of embedded learning for Foundation (first level) students, providing them with the opportunity to learn the key subjects of Maltese, English and Mathematics through the students own preferred area of vocational studies. (MCAST) - A considerable number of school-leavers who join MCAST do so without any formal qualifications. Moreover, the absolute majority of this student cohort suffers from lack of satisfactory mastery of Key Skills in the following areas: Maltese, English, Maths, IT and Personal Development (PD). In view of this scenario, and after having had nine years of experience in the delivery of the Foundation Programme⁵ at Level 2, MCAST decided to introduce a Level 1 Introductory Certificate for school-leavers, thus seeking to support them on their way to higher level programmes, from Level 2 onwards. In seeking to enhance the successful outcome of this Level 1 Certificate, and with the aim of improving the retention rate of post-secondary students in the VET sector, MCAST introduced the Embedded learning system for Level 1 students. Embedded Learning is a process where teaching and learning combines the development of literacy, language and numeracy with vocational and other skills. The skills acquired provide learners with the confidence, competence and motivation necessary for them to progress, gain qualifications and to succeed in life and at work. Simply put, the emphasis is on teaching key skills through the vocational subject of the student's own choice, thus making such learning more attractive for the learner.

The overall results obtained by Level 1 students during the scholastic year 2010-2011 indicate a very good retention rate of 70%, as well as excellent results in the Key Skills area (Maths, English, Maltese, IT and Personal Development). In fact in September 2011, the entire 70% Level 1 student cohort decided to continue with their Level 2 Foundation Programme.

degree programmes. As part of the same programme, Fraunhofer have delivered five (5) different Master's programmes to MCAST Staff in three different Institutes: Building & Construction Engineering, Community Services and Mechanical Engineering. Fraunhofer were chosen because they have very specialised experience in contacts with different industry sectors, from which experience MCAST is benefitting through its collaboration with Fraunhofer in the delivery of undergraduate (19 vocational degrees) and post-graduate (Master's) programmes.

In January 2012, it was decided to carry out action research with a view to further analyse the needs of both Level 1 and Level 2 students. It is expected that strengths and needs will be identified to further consolidate the support structures required for this cohort of MCAST students. MCAST is also committed to review its Initial Screening Test which all new students have to take in July, prior to their vocational programme allocation.

3.4.2.3: Introducing Life-Long Learning into the Community through a Pilot Out-Reach Programme

The aim of such measure is to provide:

- A different experience to previous learning paths, since these paths might have failed in the education of particular learners.
- The adequate level and type of learning (whether general or vocational).
- The appropriate style of learning (tailor-made to the needs and strengths of individual learners).
- The most feasible time for learning (e.g. during school hours for mothers).
- The most convenient place for learning, close to one's place of residence.
- A welcome environment for learning, with other learners from one's own community.

Although this pilot project was envisaged to start in 2013 implementation has actually commenced in October 2010. In January 2010, the Directorate for Life Long Learning (DLLL) established a formal collaboration with the Department for Local Government, focusing in particular on the standards and quality of these courses. In preparation for this project, an assessment of the qualified adult educators was carried out and on-going professional support for adult educators offering services at local councils is also being undertaken by DLLL personnel. This 18-hour of training includes on-site monitoring and mentoring of adult educators rendering such service at any particular locality. Training also includes the working procedures as well as the continuous assessment of adult learners and the final assessment. Participants in these courses will achieve a General Education Award. The Malta Qualifications Council deems this General Education Award (15 credits) to be at level 1 of the Malta Qualifications Framework and of the European Qualifications Framework for Lifelong Learning.

In 2011-12, 42 Local Councils participated in this scheme, and delivered classes in Spanish, German, French, Maltese & English literacy, Italian, Numeracy Classes, Maltese as a Foreign Language, and Health, Wellbeing & Successful Ageing. 1,063 adult learners registered for lifelong learning courses showing a four times increase over 2008... All these courses lead to a MQF Level 1 qualification, and during 2010-2011, 356 adult learners achieved a school leaving certificate level qualification or MQF Level 1.

3.4.2.4: Setting up of a National System for Accreditation and Licensing of Further and Higher Education Programmes and Providers and of Recognition of Non-Formal and Informal Prior Learning

During 2011 the National Commission for Higher Education (NCHE) together with the Malta Qualifications Council (MQC) commenced work on this measure, with the drafting of two Legal Notices one titled 'Further and Higher Education (Licensing, Accreditation and Quality

Assurance) Regulations, 2011', and the other 'Validation of Non-formal and Informal Learning Regulations, 2011'. By October 2011, these were finalised and passed on to Cabinet to be laid on table of the House of Parliament after the publishing of the Education Act Amendment Bill. The second reading of this Bill commenced in January 2012.

During two meetings held in July 2011 and September 2011 between the University of Malta and the NCHE, an agreement was reached to undertake a review of the internal quality assurance processes in the University of Malta in close collaboration with the NCHE/MQC. The designated working group within the University of Malta has commenced its work at the beginning of the academic year 2011/2012 and plans to complete its work by the end of academic year 2011/2012.

3.4.2.5: Introducing New Possibilities and Modalities of Learning in Higher Education

The measure reviews existing measures and provides recommendations for measures allowing learners to study in a more flexible manner and in this way increase participation in higher education. It is expected to raise the qualification level of such persons with a view to providing them with higher intellectual and analytical capabilities and offering them better job prospects. For this purpose a Student Affairs Further and Higher Education Ad Hoc Committee has been set up, which met in March 2011 and in May 2011. A report including recommendations shall be prepared and presented to the Minister and stakeholders in 2012.

3.4.2.6: Extension of the Malta Government Scholarship Scheme (MGSS)

Since MGSS was launched in 2006, till October 2011, 252 scholarships have been awarded (of which 117 scholarships lead to Doctoral degrees). The key objectives of the MGSS-PG scheme are to: assist exceptional applicants to pursue further levels of academic research; encourage and promote more participation at a postgraduate level of academic research both locally and internationally, contribute towards research in identified areas of national priority, increase research activity at the University of Malta, and increase the capacity and level of research, innovation and development activity in Malta.

Currently, the Government is offering other Scholarship Opportunities. STEPS is an ESF co-funded project, which comes to an end in 2013. (Please refer to Measure 3.2.2.3). In 2010, the Malta Arts Scholarships was introduced to support the vibrant creative industry in Malta, and a total of 24 scholarships have been awarded in the past two years. In 2012, the fund for Malta Arts Scholarships increased by 25% (from €200,000 to €250,000). In 2012 the Government has also introduced the Sport Scholarships.

Planned New and Extended Measures

3.4.2.7: Increasing Accessibility, Flexibility and Innovation to MCAST Lifelong Learning Course Offer

Since its inception in 2001, MCAST has grown into ten different Institutes which offer vocational education and training in various areas, such as business and commerce, community services, ICT, mechanical engineering, electronics and electrical engineering, maritime studies, applied science, agriculture, art and design, and building and construction.

MCAST has always developed its courses in response to the needs of local industry and consequently it provided our country with a more knowledgeable and skilful workforce.

Among other positive effects, MCAST helped to reduce the dropout rate of sixteen-plus students by offering them a second chance of re-joining the vocational-educational route, while offering new openings in the same sector which weren't available in previous years. The College evening courses have also attracted a considerable number of adults, which enhanced the goals and objectives of life-long learning.

The aim of this project is that of increasing the attractiveness, accessibility and flexibility of the MCAST lifelong learning offer and thus contributing to the consolidation of the workforce's skill. Therefore, this project will build upon Measure 3.4.2.5 of the NRP 2011 (Introducing New Possibilities and Modalities of Learning in Higher Education).

The concept of lifelong learning is intrinsically linked to the enhancement of a skilled workforce. Indeed, MCAST plays a pivotal role in the consolidation of the current and future workforce and through this measure it shall be enhancing further its lifelong learning dimension. It is essential to create a highly skilled workforce that is not only capable of operating in key economic sectors but is also able to adapt to changing labour market needs. It is within this context that this project shall strive to create a more flexible and accessible learning environment for adults who need to balance continuous educational endeavours and familial and/or professional commitments. Through the provision of blended learning (a combination of in-person and distance learning activities), MCAST shall be effectively ensuring that its courses are available to a broader audience.

This measure started in Q4 2011 and will run up to Q1 2015, with a budget of €7,240,667.97.

The principal project milestones are:

- The introduction of the Blended Learning Approach.
- The introduction of two different procedures to assess learners' prior learning, prior and current work experience.
- The implementation of a Tracer Study.

It is envisaged that a large majority of the students will gain certification and potentially improve their professional situation.

3.4.2.8: Making VET Education More Relevant and Attractive

The aim of this project is that of conducting a substantial upgrading exercise within the context of vocational education between Levels 4 and 6. Therefore, a number of existing courses will be re-designed and new courses will be designed and launched. Moreover, scholarships will encourage an enhanced uptake in financial services subjects. As a result, MCAST's offerings will become more attractive to a larger cohort.

Thus, this project shall build upon Measure 3.4.2.2 of the NRP 2011 (Offering more Opportunities for Participation in Vocational Education).

Over the years, MCAST has developed a substantial number of home-grown courses to meet the demand for skills by industry. While these courses have fulfilled an important role, they are no longer sufficient to meet the increased need for learning – outcomes based courses that are comparable with their European and international equivalents. Through this project, MCAST's home-grown courses shall undergo a thorough review so that the courses

provided not only supply industry with the required skills but also consolidate Malta's mark on the map of educational excellence.

Moreover, through this project MCAST shall be offering a number of new courses in key economic areas with the aim of expanding further its course offering.

The measure started in Q2 2011 and will run up to Q3 2014, with a budget of €5,547,130.

The principal project milestones are:

- The launching and management of the Training Subsidy Scheme MCAST (TSSM).
- The re-design and re-formulation for accreditation purposes of existing courses.
- The design of new courses and accreditation of the same.
- The implementation of training.
- The implementation of a tracer study.

It is envisaged that a large majority of the students will gain certification and potentially progress further in their studies.

3.4.2.9: Inclusion for Employment

MCAST shall review the curricula of its Pathway to Independent Living and Level 1-3 programmes to facilitate the progression of vulnerable students to higher level vocational programmes and ultimately employment. This involves the review and design of syllabi with the required support, teaching material with relevant pedagogical skills, course accreditation and staff training.

Thus, this project shall also build upon Measure 3.4.2.2 of the NRP 2011 (Offering more Opportunities for Participation in Vocational Education).

It is significant to note that students who join Level 1 and Level 2 Programmes will have completed compulsory education without having obtained a Secondary Education Certificate or possibly obtained a pass in one to two subjects. For such learners, MCAST provides a variety of vocational programmes which, apart from being hands-on, permits them to obtain key literacy skills that are necessary for further progression in education and ultimately employment. Level 3 students also need the same amount of focused support, especially since their majority progress to this level from the Foundation Levels 1 and 2. This demand is mainly due to the fact that MCAST must assist them in recovering the lost ground of their five years of secondary education within a short period of one or two College years. It is evident that the learning difficulties faced by these students place them in a disadvantaged situation when compared to the rest of the student population and if they do not receive additional support are at a high risk of leaving the educational system.

Apart from student cohorts at Level 1, 2 and 3, MCAST also offers the Pathway to Independent Living Programme for students with mild to moderate intellectual impairment. Through this programme, students are trained in individual and social skills, apart from the core subjects of Maths, English, Maltese and Information Technology. They also have the opportunity to experience 'vocational tasters', that is, participation in various vocational areas to help them in their search for a suitable employment.

Hence, the aim of this project is to conduct a review of the Pathway to Independent Living Programme and courses between Levels 1-3 through the Embedded Learning methodology

and the Universal Design for Learning approach. As a result, MCAST shall be able to offer more attractive training programmes and therefore supporting a larger number of students from this cohort to remain in education.

This measure started in Q3 2011 and is planned to end in Q3 2014, with a budget of €7,176,147.16.

The principal project milestones are:

- The auditing/reviewing of the current system.
- The design of learning resources and packs.
- The piloting of the teaching and learning resources.
- The training of lecturing staff.
- The accreditation of the courses.
- The dissemination of project results.

It is envisaged that a large majority of the students will gain certification and potentially progress further in their studies.

3.4.2.10: The introduction of new courses and the building of the new campus of the Malta College of Arts, Science and Technology

This measure sees the introduction of new courses and the building of the new campus of the Malta College of Arts, Science and Technology (MCAST).

This measure will include:

- The setting up of the Institute of Applied Science.
- The extension of the MCAST Main Campus at Corradino – Phase A which also includes the construction of an underground car park, the Flexi-Teaching Building and ERDF Project 164 – Master Plan: Development of Applied Science and Business and Commerce Institutes.

The overall objective of this measure is that of extending the provision of vocational subjects particularly science related courses offered by the newly established Institute of Applied Science and improving the educational infrastructure of MCAST through the construction of premises to house the Institute of Applied Science and the Institute of Business and Commerce and equipping the same with modern teaching resources.

This investment in state-of-the-art infrastructure shall provide access to high quality education, a broader spectrum of courses and more relevant skills. Therefore, this project shall also build upon measure 3.4.2.2 of the NRP 2011 (Offering more opportunities for participation in vocational education).

MCAST is currently implementing an ERDF Project for the extension of its Campus after which MCAST will be able to increase its student intake, as well as provide a better learning environment for its current students.

It is within the context of this measure that MCAST shall be tackling a number of national challenges and shall address a number of priorities. Specifically, this project aims to

increase the number of 16+ attending post-secondary training, the number of students taking up science subjects, the provision of vocational subjects, and the supply of skilled workers in the health, social care, environmental, engineering sciences, pharmaceuticals, science, financial services and the Back-office processing outsourcing (BPOI) sectors whilst improving its educational infrastructure.

The first phase of this project started in Q2 2010 and it is expected that the EU funded phase shall be completed during Q4 2013. The budget to date is:

- €13,780,000 related to the car park and the Flexi-Teaching Building sanctioned to Foundation for Tomorrow's Schools (FTS) by HSBC plc Malta as guaranteed by the Government of Malta.
- €9,654,992 granted to the college through ERDF 164 divided as follows: 85% EU Funds, 15% local funds.

The principal project milestones are:

- The setting up of the Institute of Applied Science.
- The completion of the Institute of Applied Science and the Institute of Business and Commerce.
- The completion of the car park.
- The completion of Flexi-Teaching building.

Through this physical investment and the setting up of the new Institute of Applied Science, the College shall be in a position to provide access to high quality education, increase the number of courses offered and increase the number of students in future intakes. It is envisaged that more students will gain relevant qualifications and skills. Thus, this will enhance their ability to potentially find employment within but not limited to the financial, health, social care, environmental, engineering, sciences or pharmaceuticals sectors.

3.4.2.11: Foundation Certificate Hospitality Trades Course

The objective of this Institute of Tourism Course (ITS) course is to attract & encourage students who only gained a school leaving certificate to pursue a carrier in the hospitality industry.

This course is mainly intended to consolidate Secondary school education whilst acquiring basic operational skills in three main areas namely; food service, food preparation and production, and housekeeping operations.

At the end of the course, the student will be able to:

- Follow instructions and complete a range of basic tasks in food and beverage service, food preparation, and housekeeping operations in a safe and hygienic manner.
- Apply key competencies within an educational and work environment.
- Communicate with customers in a calm and proficient manner.
- Represent the establishment in a professional manner.

- Collaborate with superiors and colleagues within an organization section or department.

This ongoing measure with a budget of €80,000 also aims at increasing the progression figures at Certificate Level. The course was launched in October 2011.

POVERTY

EU Poverty/ Social Exclusion Target:

- At least 20 million fewer people in or at risk of poverty and social exclusion

Malta's Proposed National Target:

- To lift around 6,560 people out of risk of poverty and exclusion

3.5.2.1: Combating Child Poverty

This measure consists of two initiatives. The first part which relates to the provision of training to lone parents together with a change in the provision of benefits is to be implemented by the Employment and Training Corporation (ETC) in conjunction with the input of the Department of Social Security (DSS). At this stage, it can be said that it is already in progress and that the proposal was sent for consideration. As it stands both DSS and ETC are already taking an active part; the latter in providing training opportunities through various projects namely the Employability Programme (refer to measure 3.1.3.4 d) and the former in continuously reviewing social security entitlements.

The second part of this measure is linked with the first initiative, but is much wider in scope, since it does not focus solely on the relation between poverty and lone-parenthood, but on child poverty in its wider term. Ownership of this initiative which includes research is still to be established and currently discussions are underway between the Ministry of Education and Employment and the Centre for Family Studies at the University of Malta. In this regard a proposal is to be submitted by the Centre for Family Studies in due course.

3.5.2.2: Pensions Reform

The Pension Reform Process started in 2007, with the objective of having more adequate and sustainable pensions. The commencement of incremental measures in pensions reform were initiated through "The Social Security (Amendment) (No. 2) Act, 2006(Act XIX of 2006)" which was adopted on 7 December 2006. Various amendments were included, among which were the following: raising of the pension age depending on the year of birth with the pension age increasing gradually to 65, people reaching the age of 65 will still benefit from a pension if they remain in employment, a reworking of the rates of the maximum pensionable income, a guaranteed national minimum pension of 60% of the National Median Income as opposed to the current regime of four fifths of Minimum wage for a married couple and two thirds for any other person.

The recent milestones reached have been the presentation of the initial strategic review to Parliament. Following discussions in Parliament, public consultation was held during May and July 2011. A final report is currently being drafted. (Refer to measure 3.1.3.3).

3.5.2.3: Supplementary Allowance

Work initiated in January 2011 on the revision of the Supplementary Allowance system. By end of October 2011 proposals to improve the system in order to assist pensioners aged over 65 years, and who are at risk of poverty were drawn up and submitted for political and financial approval.

3.5.2.4: Disability - Incentives and Support to Persons with a Disability to Actively Participate in the Labour Market

a) To analyse, revise and propose the necessary parametric or fundamental changes required with respect to the benefits enjoyed by disabled persons

The measure concerns the review of the Disability Pension system payable under the social Security Act. An Inter Ministerial Working Group was set up, and during 2011, a set of proposals for reform were drafted and presented to the Minister of Education, Employment and the Family. These proposals for reform in the disability benefit field are principally that:

- The focus of policy should not be on granting entitlement to income-replacing benefits but on providing individually-tailored assistance aiming at integration and/or reintegration into the labour market where possible.
- Income support should be provided to the extent necessary while these efforts are underway, unless integration measures are inappropriate due to the severity of the disability.
- The disabled persons should contribute and cooperate in all efforts of reintegration as much as their functional capability permits.

Two measures in this field were announced in the Budget for 2012 and are both effective as from January 2012. These being that:

- Severely disabled persons who get married will not forfeit their pension, regardless of the spouse's income.
- Severely disabled persons who are entitled to a severe-disability pension will be able to work for a salary up to the national minimum wage and still receive their full pension. In the circumstance that the salary exceed the national minimum wage, the difference between the salary and the national minimum wage be deducted from the rate of pension of the individual.

b) Bridging the Gap Scheme for Persons with a Disability

The Bridging the Gap Scheme is an ongoing work exposure scheme designed specifically for disadvantaged groups clients of whom are the Registered Disabled Persons (RDPs) who are registering as unemployed with ETC.

This scheme gives the opportunity for RDP Clients to have real 'on the job' experience. During this period, which is normally of 12 weeks, the client receives from ETC an allowance equivalent to 80% of the minimum wage for a 40 hour week experience. In cases where clients work less hours, the allowance granted is issued on a pro-rata basis. This scheme

also serves to minimise certain 'dubious' perceptions that many employers have when they come to engage RDPs as their employees. The target for 2011 was to place 32 RDPs under this scheme. By the end of 2011, 37 RDPs benefitted from it. During January 2012, another 9 RDPs (7 Males and 2 Females) participated in such a scheme.

3.5.2.5: Strengthening support services to jobless households (Low work intensity of households)

APPOGG is the national child and family welfare agency, offering social welfare services to individuals, adults and children and families living in vulnerable situations, and those at risk of poverty and social exclusion. Through its specialised and generic services, the agency aims at supporting these persons in achieving a better quality of life and to increase their life opportunities.

The demand for APPOGG Services is high and most of its services are faced with a waiting list, albeit high caseloads. In the light of this, an increase in human resources is crucial in addressing waiting lists and offer timely intervention. In view of this, the Agency is regularly reviewing its operating procedures to ensure maximum use and to introduce new measures that may be assessed as essential to improve its efficiency. In fact by October 2011, a proposal for re-structuring was submitted and approved by Management and implemented by December 2011. Initial response service has been amalgamated with the Generic Service and a new roster to cover adequately the afternoons both in Summer and Winter with the setup.

A six month pilot project is currently underway to review caseloads within the Child Protection. A transition is also underway on the amalgamation of APPOGG and Sedqa psychological services and on the management structure setup. A review of the procedures manual and the intake Systems of the Agency is also taking place to streamline practices wherever possible. In addition, a number of projects are currently being explored, in particular relating to, young people.

Through this ongoing measure, the APPOGG Agency plans to take comprehensive action to safeguard children and families by providing protection to children who are going through, or are at risk of going through, any form of child abuse and/or neglect within a procedural framework. The agency will continue looking at ways on how to enhance communication between various stakeholders involved in the protection of minors, such as education personnel, police and medical staff in order to make the minors' experiences with such services a beneficial one. During 2011, APPOGG, continued to expand fostering services. In fact, the Out of Home Care Programme was launched with the aim of identifying placements for children and young persons whose needs are not currently catered for through the current service provision. The first training programmes for specialised home care providers initiated in February 2012.

APPOGG also supports parents to raise their young children within their own homes so as to prevent as much as possible the need to remove children from their homes (target children aged 0-5). This support was given through Homestart South. Discussions are under way to expand to Gozo and North. APPOGG is supporting the Ministry for Gozo and Dar Guzeppa Debono in the setting up of HomeStart Gozo. Recruitment of Homestart Organiser is underway.

Through Commonwealth funding, three training programmes related to Child Protection and Children and the Courts were delivered to various front line workers and managers within

and outside the agency. Following this training, a report by a British expert was drawn up. This report will assist in the setting up of a National Child Protection Policy. This policy will:

- Set out clearly the responsibility of all professionals in the protection of children.
- Delineate the roles of all those involved in the Child Protection System.
- Provide various specific training to professionals in this area of work.
- Promote further Positive Parenting in collaboration with Sedqa to deliver parenting skills courses addressing the needs of those living in poverty and social exclusion.

In January 2012, the Agency also submitted an application for participation in a Grundtvig in-service Training Project – One Family Training for Practitioners in Family Communications, with the aim of enhancing the skills of its front line workers in working with and communicating with families. The application is still under evaluation. Furthermore, Leonardo da Vinci Mobility projects were approved for funding at the end of 2011, and through these, six (6) workers will be attending job-shadowing placements in an Irish agency providing community work and community social work services.

Another objective is to provide more accessible and holistic services to persons living at risk of poverty or in poverty and those who are facing social exclusion. Through this measure, support will be given to families and other persons in the community identified as requiring assistance so as to enhance their possibility of social integration. This will not only provide a more accessible service, but one which is more holistic and which focuses on the most vulnerable in a particular community. During 2011, various tasks were carried out, including:

- The identifying of the needs pertaining to specific communities
- The delivery of skills training programmes to enhance the skills of persons being encountered within the communities including women and young persons.
- The holding of regular meetings between stakeholders and the Ministry on matters related to the Access Centres, and on the establishment of new community centres.

Projects such as 'Klabb Sajf', 'Tlett kwarti Spazju Ghalik', Pre-adolescent programmes, Parental skills training and women at work were carried out, all aimed at addressing the various identified needs pertaining to specific communities

3.5.2.6: Training Programme for Employees Earning the Minimum Wage

This measure incentivises employees earning the minimum wage who participate in ETC-run training programmes. In fact, through this scheme, employees are given a weekly allowance of €25. Its aim is to increase the number of minimum wage earners who apply and participate in training programmes and thereby increasing their possibilities of earning better wages. All those earning €160 per week or less are eligible to apply and benefit from this scheme.

This scheme was launched in June 2011, and was promoted through local media notably through a press conference and its subsequent exposure through the local news media, TV and radio adverts and newspaper adverts. Mail shots were also sent to prospective applicants. Another media campaign is being prepared for 2012.

Interested persons are being put on a waiting list for the respective course and are being given priority over other applicants for same course. Until December 2011, a total of 20 applications were processed amounting to €1,800.

Planned New and Extended Measures

3.5.2.7: Providing an Independent Living Service to Persons with Disability at the Sonia Tanti Independent Living Centre at Hal Far

The National Commission Persons with Disability (KNPD) has officially inaugurated the Sonia Tanti Independent Living Centre at Hal Far on the 15th June 2011. This project has been co financed by the European Union (ERDF – 072 Project). The total value of this Project was €1,506,620.36.

The aim of this first Independent Living Centre (ILC) in Malta is to provide persons with disability and their families with advice, information and training in aspects of independent living such as mobility and assistive technology. The ILC will include a Wheelchair and Seating Unit, an Adaptive Driving Assessment and Training Unit and an Equipment Demonstration Unit. It will also have an advisory service, a Helpline which will guide disabled persons who phone or email the ILC regarding equipment and services that are best suited for their needs. The ILC will also offer an Outreach Service to disabled persons and their families in Gozo. Following their training at the ILC, disabled persons may be referred to employment and training opportunities that may be suitable for them. These services would empower persons with disability to be well prepared for the world of work and to be fully integrated in society.

The Independent Living Centre will assist and advise persons with disability to help regain independence or remain as drivers, passengers and wheelchair users. Disabled persons who have mobility problems in Malta are particularly affected by the problem of transportation since public transport is not always an available option and private adapted transport services are expensive. Because of these difficulties, many disabled people remain excluded from employment opportunities, to access education, and social life. The same applies for access to assistive technology and equipment such as wheelchairs, seating solutions and aids for daily living that would help disabled persons lead a more independent and more productive life. Therefore the Independent Living Centre would be a primary instrument to equip disabled persons in Malta with the necessary tools to integrate themselves better in employment, education and social life.

Therefore, this project will be helping persons with disability to enhance their independent living skills and hence empower them towards employment by focusing on a specific aspect of independent living, that is, increasing the independence of disabled people and their ability to engage in activities of daily living and in employment and education opportunities. It is expected that in 2012, the Centre will be fully operational and hence more clients will be assisted in the Centre by trained therapists.

A log of the number of people who had a further assessment at the Sonia Tanti Independent Living Centre is being kept. A target of 440 persons per year has been set as part of the ERDF 072 Project Grant Agreement. The actual number of people who visit and are assessed at the Centre will be compared with the target which was originally set out in the ERDF 072 Grant agreement.

3.5.2.8: €300 Grant per annum to pensioners over 80 who live independently in their own home

Over the years, older people built the quality of life which we enjoy today and society has the duty to ensure, in very possible way, that the elderly remain at the core of Maltese society. The Government has adopted a policy to incentivise active participation in all sectors of society. Hundreds of elderly people contribute in no small measure to parishes, Local Councils, voluntary organisations and public boards.

Complementing the analysis of monetary poverty with other dimensions is crucial in helping governments to fine-tune their actions and to develop effective strategies to improve their redistributive policies and promote active inclusion. Certain older people living on a pension can be risking poverty as age presents them with difficult challenges. By means of a €300 grant per annum, this measure therefore aims to help pensioners over 80 years of age to live independent lives in their own homes.

Nearly 12,000 elderly persons will benefit from this measure in 2012. The earmarked budget for this measure is €3.5 million per annum – Malta funds.

3.5.2.9: Private Property Rental Scheme (Skema Kiri)

The Housing Authority (HA) has launched a scheme whereby owners of vacant property can rent their properties to the authority to be in turn sublet at subsidised rates to vulnerable individuals or families.

The main objective of the scheme is that of addressing the priority waiting list of 535 applicants. By partnering with the private sector, the HA will be able to meet the needs of persons with mobility or social problems in the short-term by exploiting the sizeable vacant private property stock.

There are many aspects of this scheme that make it truly sustainable. The HA will rely far less on the construction of new residential units on undeveloped land and will thus minimise environmental problems associated with urban sprawl. Moreover, Skema Kiri is an opportunity for the property industry to generate some income which can be reinvested in new employment opportunities or the safeguarding of jobs.

PART 2 - COMPETITIVENESS AND SUSTAINABLE DEVELOPMENT

This chapter features various measures aimed at boosting competitiveness and creating new jobs. These measures give particular attention to Small and Medium sized enterprises (SMEs) which are considered to be the backbone of Malta's economy. In particular Malta Enterprise through the Quality+ scheme will be encouraging SMEs to engage in the continuous improvement of the quality of their products, services and processes while the Gateway to Export scheme will be aiming to give participating enterprises the skills, know-how and confidence to excel in the international marketplace.

Sustainable development is recognized as an indispensable element for economic growth that is greener and resource efficient. The measures in this section of the NRP include the Implementation of the National Action Plan for Green Public Procurement, the Implementation and monitoring of National Environmental Policy for Malta and Strengthening the Mainstreaming of Sustainable Development across Government through the Enactment of a Sustainable Development Bill. The measure on Environmental Permitting of Industrial Activities looks at improving the regulatory framework applicable to industrial activities of environmental significance, through a risk-based system of environmental permitting. A system of environmental permitting of industrial activities would result in better protection of the environment, while offering several advantages to industry, such as legal certainty

Modernising public administration, one of the priority areas identified in the Annual Growth Survey is addressed in this NRP through a measure aimed at developing quality management in the public administration through the Common Assessment Framework (CAF). However this measure cannot be seen in isolation given that a good number of Euro Plus Pact measures are also geared to deliver a public service where citizens and businesses are at the centre. These ambitious measures include the introduction of electronic procurement procedures and simplification of public procurement, Small Business Act, the reduction of administrative burden on businesses by 15% by 2012 as well as the Next Generation e-Government framework which is aiming to broaden the range of e-Government services offered online. Completed measures such as the Business First one-stop-shop go a long way in creating a more responsive and efficient business-friendly public administration that meets the public's demands for better and less costly services.

2.1.1: Enabling Innovation through legislative and regulatory development

One of the main functions of the Malta Financial Services Authority (MFSA) is to promote the general interests and legitimate expectations of consumers of financial services, and to promote fair competition practices and consumer choice in financial services. This function encompasses the MFSA's wider remit linked directly to the development of a diversified, competitive and well-regulated financial services sector based on a dynamic set of companies which are efficient, competitive, sound and stable.

The MFSA must therefore continue to take an active role in promoting sustainable growth in the financial services sector through:

- The creation of an enabling policy environment that ensures high standards of transparency and conduct while allowing market players the freedom to innovate.

- Reducing concentrations and improving competition and choice by means of increasing and strengthening service delivery in every area by various means including: facilitating inward investment and investment in systems and infrastructure by locally based companies, facilitating technology transfer and acquisition of knowhow, as well as improving access to finance for these purposes.

The on-going development and implementation of policies in this sector have helped Malta develop a strong foothold in the single market for financial services and is still the main driver behind the country's efforts to:

- Integrate its financial services sector ever more closely into the single market.
- Provide the Maltese economy with an opportunity to diversify and expand its global reach by providing services that can penetrate distant markets.
- Develop servicing capabilities that require economies of scale and that cannot otherwise be developed or sustained on the back of a small domestic market.
- Continue to develop the sector into an engine for growth and job creation thereby contributing to the national economy.

Therefore, this measure aims to further the development of a dynamic framework that enables the industry to develop new products and services while ensuring that regulators can be ahead of the game. Facilitating the on-going exchange of ideas and information between the regulatory development and product innovation processes is key to this objective.

For this purpose, the MFSA will continue with its open approach to discussing issues of concern to the market and to the regulators as they arise. Feedback obtained through various initiatives that facilitate this debate would in turn be fed into the regulatory development process, while information on the implementation of new legislation and regulation would be communicated to the industry through the same channels.

The measure started in Q4 2010 and will be completed by Q2 2013. The measure will be integrated in the MFSA operational budget.

2.1.2: Developing Quality Management in the Public Administration through CAF

This measure is aimed at developing the skills and competencies of public officers in the application of the Common Assessment Framework (CAF) and central competencies within the MEU to lead CAF implementation in the Public Administration. This will be achieved primarily through training and networking with experienced CAF users and experts. The application of CAF in Maltese government organisations will nurture a culture of self-assessment in Malta, while giving government organisations a strong total quality management framework.

Improving levels of service delivery and quality is a primary goal on the Malta public service agenda, and has constituted a key theme since the public service change reform was initiated in 1999. The launch of various e-government and service quality initiatives, including Quality Service Charters, the issuance of Directive 4 (Consolidated Service Quality Standards, issued on 17 March 2010), and the online Customer Care System (www.servizz.gov.mt), has led to visible improvements in the quality and accessibility of public service delivery.

Government organisations are also increasingly assuming more ownership of service improvement and are recognising the importance of investing in a culture of self-assessment. Moreover, the Public Administration Act enacted in February 2009, places further emphasis on customer focus, public service delivery, increased public service efficiency, and accountability.

Notwithstanding these improvements, there exist a number of limitations which inhibit further continuous improvement at a strategic level. To date, for instance, the public administration has not committed itself to any quality management framework – such frameworks are a key need as the achievement of continuous improvement requires flexible total quality management tools which assist government organisations in planning and prioritising their resources, while bridging the gap between where they are now, and where they should be in terms of performance and delivery.

MEU has conducted a feasibility study to identify which management tool would be more suitable within the Maltese context. Among the models considered were the EFQM Excellence Model, the Balanced Scorecard (BSC) and the Common Assessment Framework (CAF)

CAF was individuated as a potentially effective management tool for Malta because of its cost-effectiveness, flexibility, adaptability, and the availability of CAF expertise in EU member states. Moreover, CAF:

- Captures the unique features of government organisations at both central and local government level.
- Has a high level of flexibility and can be used by large, medium-sized and small government organisations.
- Can be used in a wide variety of circumstances and in parallel to other management tools.
- Facilitates benchmarking between government organisations at a national and transnational level.
- Is widely endorsed, used and promoted at a European level. In 2005, the Ministers responsible for Public Administration in the European Union encouraged an innovation agenda in the fields of benchmarking and best practices as well as in terms of the development of CAF.

CAF is a core tool to achieving sustainable excellence in all aspects of performance. The tool is based on the premise that excellent results with respect to performance, customers, people and society are achieved through leadership driving policy and strategy, that is delivered through people partnerships, resources, processes and change management.

Concurrently, MEU is seeking to build in-house expertise in CAF that would enable it to become the Maltese CAF centre. Currently, Malta does not avail of expert knowledge of the CAF methodology. By building its CAF expertise, MEU would be able to:

- Build CAF knowledge and expertise in other government organisations.
- Promote and facilitate the application of CAF in other government organisations by adopting a consultancy role, in line with MEU's mission statement, "To facilitate the improvement of Government Services".
- Participate in transnational external feedback and give more input in the Common Assessment Framework EU Public Administration Network.

By promoting the use of CAF, MEU would be increasing the levels of self-assessment in Malta. In turn, this would enhance accountability while enabling the public service to deliver better service quality according to the three E's that form the basis for any public service performance:

- Economy – delivering better service quality at the same price.
- Efficiency – the relationship between outputs and the resources used to achieve them.
- Effectiveness – the extent to which levels are achieved.

It is envisaged that this measure will commence in Q1 2012 and be completed by Q2 2014, with a total budget of € 325,354. MEU has been awarded ESF funds for this project.

- In 2012, sixty-four (64) public officers from the public sector will be trained in the CAF Model by a CAF Expert/s. Two (2) public officers will also participate in training on the Procedure for External Feedback and the CAF Label.
- In 2013, another fifty (50) public officers from the public sector be trained in the CAF Model by a CAF Expert/s. Eight (8) public officers will also participate in training on the Procedure for External Feedback and the CAF Label.

CAF will be introduced in five organisations (including one in Gozo) in 2012 and in another five organisations in 2013 (including one in Gozo).

2.1.3: Quality+

This scheme has been established to encourage Small and Medium sized enterprises (SMEs) to engage in the continuous improvement of the quality of their products, services and processes through the:

- Achievement of recognised quality certifications and quality marks related to processes, products or services.
- Achievement of recognised environmental certifications.
- Acquisition of a franchise licence.
- Acquisition of a licence required for participation in a value chain.

Eligible Certifications include:

- ISO 9001:2008.
- ISO 14001 (Environment).
- ISO 22000 (Food Safety & Hygiene).
- Hazard Analysis Critical and Control Point (HACCP).
- Halal certification & MS1500:2004.
- CE Mark.
- BSI Kitemark.

This incentive will only be granted on approved projects and may cover a maximum of €20,000 in eligible costs. Malta Enterprise may approve tax deductions representing 150% of the eligible expenditure incurred for achieving the required improvement. The fiscal support that will be available through this scheme should facilitate businesses to carry out investments that lead to superior products, services of higher value or more efficient processes.

The objective of this fiscal incentive is to support undertakings in:

- Implementing quality management procedures.
- Enhancing planning and performance.
- Increasing customer satisfaction.
- Improving efficiency of functions and processes.

The planned start date of this scheme is 17th January 2012 and its planned end date is 31st December 2013.

2.1.4: Gateway to Export

Malta Enterprise (ME) administers an initiative aimed at encouraging Micro and Small Enterprises to assess whether or not they are ready to venture into new markets through their exports.

This programme has been specifically designed to meet the needs of enterprises with 50 employees or less, an annual turnover of less than €10,000 and export sales that do not exceed 20% of turnover (if any).

The programme is aimed at enterprises working within the following sectors:

ICT; Education and Training; Creative Services; Health Services & Life Sciences; Financial Services; Transportation & Logistics; and Tourism.

The initiative's aim is to give participating enterprises the skills, know-how and confidence to excel in the international marketplace. A Business Specialist will mentor the participating enterprise through the various stages of preparing for this exciting programme and will help towards the company's readiness for export.

This initiative started in 2011 and it is open ended. It is expected that through this initiative circa 15-20 SMEs will be assisted annually. It is 100% Malta funded. No particular budget has been allocated to this scheme. This scheme falls within the Malta Enterprise fund stipulated for the Enterprise Support Schemes. € 1.5 million has been budgeted for the schemes that fall within this Enterprise Support.

2.1.5: Upgrading the national environmental monitoring infrastructure and capacity

This measure aims to develop the national environmental monitoring infrastructure, information resources and capacity for Malta with the focus on monitoring air, water, radiation, noise and soil. One of the main resultant benefits of the project will be more cost

effective, complete, timely and accurate reporting on the state of the environment and the effectiveness of policy measures addressing particular concerns, such as pollution.

Furthermore, availability of up-to-date information will reduce administrative costs of policy making because the information will be gathered in a more systematic and cost-effective way than is the case at present. Up-to-date information will also reduce the economic costs (enforcement, regulatory burdens on SMEs, etc) associated with achieving compliance with poorly informed, sweeping and untargeted policy measures.

Environmental monitoring and reporting are currently hampered by incomplete monitoring strategies, lack of baseline environmental data on ambient conditions, lack of monitoring infrastructure, modern monitoring equipment and limited human resources.

In line with the Government's drive to improve Malta's competitiveness by developing and enhancing the underlying information management infrastructure, it is particularly important to upgrade the quality and accessibility of national environmental data management systems, including Geographical Information Systems (GIS), and to develop an integrated analytical, dissemination and reporting system for the private and public sectors.

This project will establish the necessary infrastructure, systems and capabilities, as well as assist MEPA in the collection of baseline data on various aspects of the environment. It will establish a firm basis for policy making through the development of conceptual and data models, methodologies, data cycles, indicators, and functional models to enable the forecasting of environmental scenarios, including those for risk assessment. Focusing on establishing national environmental monitoring capacity in the fields of air, water and soil, the project will equip Malta with the necessary monitoring infrastructure and assist in the development of ongoing national monitoring programmes, building the regulatory agency's capability to administer and implement such programmes.

Expected outcomes:

Strategic direction on how to perform environmental monitoring in line with the legislative requirements, and in the most cost effective manner possible during the period from the adoption of the programmes and up to 15 years thereafter (reference period of the CBA)

In the field of air quality, the project will achieve partial compliance with:

- 25% of monitoring obligations under Article 1 and 50% of monitoring obligations under Article 3 of Directive 96/62/EC Ambient Air Quality Framework Directive.
- 75% of monitoring obligations under Annex 1(C) of Directive 2008/50/EC on ambient air quality and clean air in Europe.
- 80% of monitoring obligations under Annex 8 and Article 6, and 20% of monitoring obligations under Article 1 of Directive 1999/30/EC on Limit Values for Sulphur Dioxide, Nitrogen Dioxide and Oxides of Nitrogen, Particulate Matter and Lead in Ambient Air.
- 80% of monitoring requirements of Article 6 and Annex 3(ii) and Annex 7 of Directive 2002/3/EC Limit Values for Ozone, and 20% of monitoring requirements of Article 1 of the same Directive.
- 20% of monitoring requirements stemming from Article 1 and 80% of the requirements stemming from Annexes 3 and 6 of Directive 2000/69/EC Limit Values for Benzene and Carbon Monoxide.
- Between 20% and 50% of the monitoring requirements of the Cooperative Programme for Monitoring and Evaluation of Long-Range Transmission of Air

Pollutants in Europe (EMEP) as per Article 7(3) of Council Decision 2003/507/EC on the Convention on Long Range Transboundary Air Pollution (CLRTAP).

- Between 50% and 70% of the monitoring requirements under Articles 5(1) and 9(2) of the Regulation EC166/06 - EPRTR Regulation.
- Between 50% and 70% of the monitoring requirements under Articles 25, 67(1) and 67(2) of the upcoming Industrial Emissions Directive.
- Between 50% and 70% of the monitoring requirements under Articles 14 and 17 of the IPPC Directive 2008/01/EC.
- 5% of monitoring requirements under Revised National Emission Ceilings Directive (2001/81/EC).
- 20% of monitoring requirements under Article 1 of Directive 2004/107/EC relating to arsenic, cadmium, mercury, nickel and polycyclic aromatic hydrocarbons (PAHs) in ambient air and 95% of monitoring requirements under Annex 4 of the same Directive.

In the area of water monitoring, the project will result in:

- Partial fulfillment of 75% of the monitoring requirements of Article 8 and Annex V of the Water Framework Directive (WFD) 2000/60/EC Amongst other aims, this result will address the current infringement against Malta on failure to implement Article 8 for surface waters and will ensure partial compliance with this obligation until 2015.
- 50% fulfillment of the monitoring requirements under Article 6 of the Nitrates Directive 91/676/EEC for the reporting period 2008 – 2011.
- 50% fulfillment of the monitoring requirements under Article 15 of the Urban Wastewater Treatment Directive 91/271/EEC in relation to monitoring of designated sensitive areas under the Directive.

In the area of radiation, the project will result in 100% compliance with the monitoring obligations of the First National Environment Radioactivity Surveillance Plan (FNERSP), based on Commission Recommendation 2000/473/Euratom Articles 35 and 36

In the area of noise monitoring, 100% compliance with the monitoring requirements of the Directive 2002/49/EC - Assessment and Management of Environmental Noise will be achieved in the first data cycle until 2012, following which, certain field surveys will be repeated

In the area of soil monitoring, between 50% and 100% compliance with the soil monitoring obligations stemming from the proposed Soil Framework Directive and the associated EEA reporting obligations

In the area of information resources:

- 100% compliance will be achieved with the obligations of the future requirements to develop a Shared Environmental Information System (SEIS).
- Spatial data acquired through the surveys and systems will support the implementation of multiple information requirements emanating from the environmental Acquis, including through dissemination of the project results.

It is planned that the project will achieve 100% monitoring capability in the areas of air, noise, radiation and soil monitoring, and a 50% monitoring capacity in the area of water monitoring. This measure was launched in Q1 2010 and should be completed by Q2 2013.

The budget for this measure is of € 4,780,480. (Total non-eligible costs: € 122,720, Grant Requested: € 3,947,255 excl. VAT + € 710,505 VAT) The co-financing rate is 85% EU funds, 15% national funds.

2.1.6: Implementation and monitoring of National Environmental Policy for Malta (NEP)

The NEP is a comprehensive environmental policy covering all environmental sectors and natural resources, including air, waste, water, land, soil, climate, biodiversity, coastal and marine conservation, environmental noise, GMOs, chemicals, and mineral resources. It will cover, but not be restricted to, obligations stemming from the European Union (EU) environment acquis.

The environment impacts and is impacted by human activity in a range of sectors, and the NEP will consider these causes and effects. Inter-alia, the policy will address the environment-economy interaction (including the impacts on the environment of specific key sectors, such as tourism, construction, agriculture, transport, and vice-versa, the implications on competitiveness, innovation, employment, GDP) and environment–society interaction (including health and quality of life considerations). In order to ensure the implementation of the NEP it is necessary for the Unit to actively promote and monitor the policy.

This measure starts in March 2012 up to 2020, which is the period covered by the strategy.

This measure will:

- Provide direction to both the public and private sector and other players.
- Ensure the integration of all policies such that all stakeholders work in a coordinated manner to achieve the national objectives and key priorities, not only in the environmental field but also in areas that impact upon or are impacted by the environment, exploiting synergies and addressing potential conflicts across sectors.
- Clearly articulate and communicate national environmental commitments and priorities in a transparent manner.

The budget allocated for this measure is of €50,000.

2.1.7: Environmental Permitting of Industrial Activities

The objective of this measure is to improve the regulatory framework applicable to industrial activities of environmental significance, through a risk-based system of environmental permitting.

Emissions from industry have the potential to cause environmental impact, which is not always sufficiently addressed by existing regulations. Moreover, frequent changes in EU legislation can lead to uncertainty with respect to legal obligations. In addition, policies and measures for the implementation of Air, Water and Waste Directives require permitting of industry to achieve the targets set out in these Directives.

A system of environmental permitting of industrial activities would result in better protection of the environment, while offering several advantages to industry, such as legal certainty and the opportunity to identify priority environmental issues to enable appropriate risk

management. In addition, the environmental permit would limit the extent of liability of operators in case of environmental damage caused by the permitted activity.

Most of the system is already being implemented under existing legislative provisions; however, public consultation is currently underway to improve the regulatory framework applicable to industrial activities. Once public consultation is concluded, legislation taking into account the outcome of the consultation will be drafted and presented for publication. Activities requiring an environmental permit are to be classified into different categories using a risk-based approach.

Through this measure, it is expected that the following objectives will be achieved:

- Better environmental protection, through regulation of industrial activities with potential environmental impact.
- Achievement of the targets set out in Air, Water and Waste Directives.
- Provision of a one-stop shop service to industry with respect to a number of regulatory functions performed by MEPA.
- Operator is made aware of obligations under legislation and any changes (leads to legal certainty).
- The environmental permitting process enables operators to identify areas of priority environmental concern and issues for risk management, and minimises environmental cost.
- Facilitates shaping of new policy.
- Defines extent of environmental liability for operators (Malta's implementation of the Environmental Liability Directive allows operators to use the permit defence in case of an accident where the operator was abiding to the conditions of the permit.)

MEPA's administrative costs to implement this system will be recovered from operators. This measure is ongoing, permits are renewable for as long as the operator wishes to continue the activity.

2.1.8: Implementation of the National Action Plan for Green Public Procurement

The National Action Plan for Green Public Procurement (NAP) furthers Government's overarching vision for sustainable development and sets out the strategic framework for the Green Public Procurement (GPP) regime. It is guided by the vision to promote good purchasing practices by reducing environmental impacts whilst exploiting economic opportunities.

The adoption of green public procurement, on the one hand, enables the public sector to obtain the best value for money and procure environmental goods, works and services. It therefore represents an efficient use of public finances and promotes environmental improvement. On the other hand, GPP represents a business opportunity for the suppliers of goods and services, rapidly pushing the boundaries of the growing market for environmentally-positive products and services.

The effective operation of a strategic framework and structure for GPP will enable Malta to use public procurement to achieve National and European economic and environmental

objectives. This seemed most evidently in EU application of public procurement as a sectoral policy tool, such as:

- The 'Directive on the promotion of clean and energy-efficient road transport vehicles'. This directive obliged all contracting authorities to take into consideration in the procurement of vehicles their environmental impact. This is transposed in National legislation through LN175 of 2011.
- The recast of the Energy Performance of Buildings Directive EU targets for the attainment of new energy efficiency standards of newly constructed and renovated public (by 2018) and private buildings (by 2020). To achieve these targets the need to employ both regulatory and market based instruments is essential to encourage the gradual uptake of new technologies by the market.

Green Public Procurement is a market based instrument which can support the attainment of societal goals with government's leverage on the market through its purchasing power.

Implementation started in August 2011. It will be reviewed in mid-2013, and is expected to be completed by August 2014.

Under the Roadmap to a Resource Efficient Europe, GPP is recognised as a market based instrument, which acts as an incentive to leverage business investment towards resource and energy efficiency production. Through this flagship, GPP is an essential component of the Europe 2020 strategy.

The draft National Environment Policy (NEP) includes an objective for GPP. The overall target of this objective is that of 50 percent public procurement by value and number of tender adhering to EU GPP criteria by 2015.

The NAP developed sets out with a view to achieving the overall target set out in the NEP, establishes 18 product group specific targets to be implemented over the 3 years. In preparation of the NAP, a range of studies and consultation were undertaken in order to develop a comprehensive understanding of the local scenario, thus making it possible to set realistic incremental targets and propose means of their delivery.

The NAP is being joint-lead by the Minister for Tourism, Culture and the Environment (MTCE) and the Ministry of Finance, the Economy and Investment (MFEI).

2.1.9: Strengthening the Mainstreaming of Sustainable Development Across Government through the Enactment of a Sustainable Development Bill

This measure aims to mainstream sustainable development across the workings of government, to raise awareness of sustainable development issues and practices across society and to promote the adoption thereof, as well as to set up a Guardian of Future Generations. This measure will reinforce the implementation of the EU2020 objectives as well as the linkages between the flagships themselves in achieving a more sustainable economy.

Once a strengthened setup is in place it shall ensure the overseeing of these provisions:

- To ensure the development and implementation of Malta's sustainable development strategy as per actions hereunder.

- To revise the said strategy in line with national, European Union and international developments and to establish the direction the revised strategy is to adopt.
- To ensure that the provisions of the strategy are implemented in a timely manner by the responsible actors.
- To develop a set of indicators for measuring the progress achieved in the area of sustainable development, and their progressive revision.
- To advocate sustainable development across the public administration, the private sector and society in general.
- To review Government and specific Ministry policies, plans, programmes and projects to ensure that they are in line with the strategy and to ensure that all Ministries and line entities within the public administration factor sustainable development in their workings.
- To identify any relevant process or policy which may be undermining sustainable development and propose alternative processes or policies to the Government for adoption.
- To perform audits to evaluate how the public administration has integrated the principles of sustainable development in its policies, plans, programmes and projects.
- To identify trends which may significantly give rise to unsustainable development outcomes and which will not be reversed on the basis of current or planned action, and recommend action to reverse such trends.
- To encourage and stimulate good practices in the use and sustainable management of natural resources, in particular their minimal use and maximum re-use in an environmentally sustainable manner.
- To work closely with Local Councils and other stakeholders for the promotion of sustainable development at a local level.
- To engage in active consultation with all stakeholders.
- To carry out any other task that may, from time to time, be requested by the Minister in respect of sustainable development.

Expected outcomes:

- A structured administration to oversee the implementation of sustainable development.
- A Guardian of Future Generations (a commission composed of several competent individuals).
- A Sustainable Development Network aiming at promoting the issue in Malta.

The measure will cost €102,468.02.

PART 3 - EURO PLUS PACT MEASURES

As a participating state in the Euro Plus Pact, Malta is proposing to adopt the following concrete measures which Government is committed to implement within the next twelve months to contribute to the realisation of the objectives of the Pact. These measures will be assessed at the June European Council, in the context of the new European Semester.

3.1.1: Strengthening the Fiscal Framework

Malta is currently considering a fiscal rule to be embedded in the Constitution which is consistent with the obligations under the Stability and Growth Pact including the new requirements of Council Directive 2011/85/EU on budgetary frameworks in the EU and the statement by the Euro Area Heads of State or Government on 9 December 2011. This means that minimum fiscal rules will include:

- A deficit target of not more than 3%.
- A balanced budget medium term objective in structural terms (i.e. cyclically adjusted net of one-offs and temporary measures).
- A minimum structural effort of 0.5% of GDP per annum with a higher effort in good times.
- An expenditure rule stipulating that annual government expenditure growth net of interest, EU funded programmes and non-discretionary unemployment benefits should not exceed a medium term potential growth rate unless offset by discretionary tax revenue measures.
- A debt target of 60% of GDP and a debt rule which ensures that:
 - i. when the debt to GDP ratio exceeds the target the difference between the debt ratio and the target shall be sufficiently diminishing by at least 1/20th per annum over the last three years; OR
 - ii. the differential is expected to be reduced over the 3-year forecast period inclusive of the current year by the rate of 1/20th per annum.

Apart from clear targets in line with the above, the implementation of fiscal rules will involve monitoring of compliance by independent bodies endowed with functional autonomy from the fiscal authorities, clear consequences for non-compliance and clearly delineated limitations on escape clauses which may be considered necessary.

It is also worth noting that Malta is considering the measures required by 2013 to implement Council Directive 2011/85/EU on budgetary frameworks, including:

- Accrual public accounting systems subject to internal control and audit plus a detailed reconciliation between cash data and accruals ESA95 data.
- Realistic OR prudent macroeconomic forecasts which are evaluated against independent/Commission's forecasts with significant differences explained.
- Sensitivity analysis of Budgetary forecasts to alternative macroeconomic forecasts.
- Public, ex-post evaluation of macroeconomic forecasts.

- Fiscal rules which comply with the TFEU (incl. SGP), multiannual fiscal planning horizon, and MTOs.
- Annual budget legislation compliant with fiscal rules which will include:
 - Clear targets.
 - Monitoring of compliance by independent bodies endowed with functional autonomy from the fiscal authorities.
 - Consequences for non-compliance.
 - Limitations on escape clauses if any.
- Medium term budgetary frameworks for at least three years which shall include
 - Multi-annual targets for deficit, debt and other fiscal indicators consistent with fiscal rules.
 - Unchanged Policy Scenarios – forecasts of budgetary components based solely on macroeconomic projections and excluding discretionary measures.
 - A description of the discretionary budget measures envisaged.
 - Assessment of the impact of measures on the long-term sustainability of public finances.

Moreover, in line with the requirements of the Regulation, Malta will provide information on general government bodies or funds which do not form part of the regular budget, the impact of tax expenditures on revenue, contingent liabilities with potentially large impacts on public budgets including government guarantees, non performing loans, liabilities of public corporations, economically significant government participation in the capital of private and public corporations.

3.1.2: Introduction of Electronic Procurement Procedures and Simplification of Public Procurement

The Better Regulation project currently underway which is aimed at simplifying current regulations includes Public Procurement as a priority area, and therefore the Department of Contracts is actively involved in determining what simplification measures can be adopted in this area.

This review of procedures in order to simplify them shall be carried out and integrated with the parallel effort that is being undertaken to transit public tendering from conventional to electronic procurement (e-procurement).

E-procurement refers to the use of electronic communications and transactions processing by government institutions and other public sector organisations when buying supplies and services or tendering public works. However, there is much more at stake than the mere changeover from paper based systems to ones using electronic communications for public procurement procedures. E-Procurement has the potential to yield important improvements in the efficiency of individual purchases, the overall administration of public procurement and the functioning of the markets for government contracts. The phasing-in of e-procurement forms part of the ambitious e-government agenda which can fundamentally transform the delivery and performance of public administration.

This measure aims to:

- Increase accessibility and transparency.
- Bring about benefits for individual tender procedures.
- Allow for a more efficient procurement administration.
- Enhance a greater integration with EU procurement markets.
- Streamline and simplify the tendering procedure from the Economic Operators' point of view.
- Mitigate the risks of tenders being discarded on administrative grounds, and limit the possibility of offers that are technically not compliant from being submitted.

A Standard Cost Modelling exercise carried out by MEU commenced in 2011 while a new e-procurement website was launched in June 2011. The Department of Contracts as well as a number of other Contracting Authorities have already started issuing e-tenders.

It is expected that as a result of this measure, calls for tenders will entail simplified and streamlined requirements that facilitate compilation and submission on the part of economic operators, and evaluation and adjudication on the part of public procurers. The perceived impact of this measure will be the opening up of public procurement to a greater number of economic operators, which will also benefit from the simplification of procedure and data integrity checks. This way, Government should start receiving a greater number of offers that do not fail the administrative and technical requirements of the call for tenders, and thus obtain more competitive prices and value for money.

3.1.3: Multimedia Training Centre at the MCAST Institute of Art and Design

MCAST has secured EU funding for a new Multimedia Training Centre at the Institute of Art and Design, (ERDF funded, total value of the project: Euro 2,200,713.27) to address what the College considers to be an important component of the cultural and creative industries sector. The initiative is also contributing towards the attainment of the Europe 2020 Strategy targets, by offering a better educational experience and attracting more young people to participate in education and training.

The promotion of Multimedia training at the MCAST Institute of Art and Design enables learners to develop their creative intentions through hands-on training on digital technologies. The project is in turn expected to bring about an improvement in the quality of local TV and radio programmes while helping to improve the quality of life of the public in general. Industry and the economy too will benefit in terms of job creation and an improved specialised workforce.

Through the completion of the Multimedia Training Centre MCAST has acquired the capacity to offer specifically designed stand-alone modules to those who are already employed in the sector and who may wish to improve their knowledge in specific areas of provision. MCAST is now in a position to offer accreditation for the knowledge and learning which employees in the sector may already possess as a result of experience. This is also in line with the Malta Qualifications Council (MQC)'s objectives in the mapping of informal and non-formal learning against the envisaged drawing up of national occupational standards.

3.1.4: Setting up a Sector Skills Committee

Government will be setting up a Sector Skills Committee, comprising representatives of industry, education and training, employers and employees, whose function it will be to:

- Formulate policies and procedures to govern the Sector Skills Units.
- Develop criteria and standards for the validation of informal and non-formal learning.
- Provide guidelines for the assessment of skills and competences for the purpose of the granting of awards by Sector Skills Units.
- Provide guidelines for quality assurance in non-formal learning.
- Develop occupational standards relevant to each economic sector.
- Formulate sectoral qualifications frameworks referenced to the Malta Qualifications Framework, on a proposal of the Sector Skills Units.

The Sector Skills Committee will also be responsible for advising the MQC/National Commission for Higher Education (NCHE) on matters relating to the validation of informal and non-formal learning, for promoting the benefits of validation of such learning in Malta and for setting up a register of persons awarded full or partial awards classified within the Malta Qualifications Framework.

Sector Skills Units will also be established and will be composed of:

- A Chairperson, two members representing the respective economic sector, two members representing education and training, one member representing a government authority or Board associated with the sector, one member appointed by workers' representatives within the sector.

The objectives of each Sector Skills Unit will be:

- To ensure the consistency and relevance of the occupational standards within the sector.
- To reduce skills gaps and skills shortage and to improve the skills and productivity of the sector's workforce.
- To improve learning supply and to ensure the recognition and certification of skills and competences within the sector.

Each Sector Skills Unit will have the following responsibilities:

- To propose occupational standards relevant to the sector to the Sector Skills Committee.
- To propose regulations and mechanisms for the validation of non-formal and informal learning for all skills within the sector to the Sector Skills Committee.
- To develop and maintain a sectoral qualifications framework referenced to the Malta Qualifications Framework.
- To provide guidance and counselling services to persons submitting their documented experiences for validation.

- To undertake assessments and tests for validating non-formal and in-formal learning.
- From time to time to audit all assessment processes and results achieved thereby.
- To propose marks of distinction and of quality assurance in the provision of non-formal learning in the sector to the Sector Skills Committee and to oversee the use and implementation of such marks in accordance with their regulation by MQC/NCHE.
- To advise on and promote the benefits of validation of non-formal and in-formal learning in the sector.
- To advise the Sector Skills Committee on the state, operation, needs and prospects of the sector from an education and training perspective.

3.1.5: Culture and Creative Industries

3.1.5.1: Promoting the Film Industry

In 2012 Malta will be hosting the European Film Academy Awards and Government is committed to keep improving the skills in the Maltese film industry through industry-led international courses. Additionally, funds will be used for further development of the Maltese film industry, to which Government is allocating €250,000.

3.1.5.2 Promoting Intellectual Property

Budget 2012 launched new incentives to increase Malta's competitiveness in the cultural and creative sectors, both on a national as well as on an international level, will increase through benefits related to copyright.

In the 2010 budget, Government had announced an initiative related to royalties linked to patents. In this budget, the Government of Malta is extending this initiative to cover works protected by copyright, including books, film scripts, music and art. This benefit will consist of a tax exemption on income from copyright. This scheme should contribute towards attracting international artists to Malta, to make Malta more attractive to the film industry and to create broader economic benefits in various sectors.

€ 40,000 has been allocated for a Public Lending Rights for authors and translators of books in Maltese to receive appropriate remuneration when their publications are borrowed from public libraries.

3.1.5.3 : Fiscal Incentives for the culture and creativity sector

The Government believes that culture and creativity too can contribute towards the creation of more jobs. Having increased the allocation to the cultural and creative sectors by 13 percent in the previous budget, the sector is now seeing positive results in direct investments. Funding programmes provided direct assistance to 80 creative businesses through the INVEX programme, the Malta Film Fund, and the audiovisual sector training programme. Investments were also made in over 100 arts projects through the Malta Arts Fund and the President's Award for Creativity, while 18 projects were developed by schools and professionals through the Kreattiv programme.

In order to provide this sector with an incentive to better organise itself, there will be an exemption from the payment of registration fees for new companies in this sector as well as on their annual payments to the MFSA for three years with the aim of further helping this sector obtain a professional status and regular activities.

3.1.5.4: Promoting the development of Digital Games

After investing in research and strategy for the development of digital games, Government announced three new measures.

The establishment of the Malta Games Fund with an investment of 150,000 euro so that, as we have already done with other fund programmes, we can invest in the development of the local industry through projects related to digital games;

A tax credit scheme to Maltese companies wishing to commission educational or promotional digital games which credit will be granted on the expenditure incurred on the development of the game or on a maximum expenditure of 15,000 euro; and

To attract more experts in these specialised sectors to Malta, Government is extending the flat 15 percent income tax scheme for international professionals such as game directors and game designers. This scheme has also been extended to academics and researchers in the research and development sectors.

3.1.6: Implementation of the SME Test

The Small Business Act (Malta) includes various measures, built around the European Commission's SBA Principles Three and Four which are intended to ensure that rules are designed according to the "Think Small First" principle by taking into account SMEs' characteristics and to ensure that the administration becomes more responsive to the needs of SMEs. The measures are as follows:

- The act stipulates that all new proposed legislation has been adequately vetted to identify potential impact on enterprise and suitable measures taken to mitigate or remove any identified negative impacts especially on the smaller firms, as far as possible.
- More user friendly legislation particularly where this requires compliance from businesses. This will be achieved by requiring a standstill period of eight weeks between the publication and the coming into force of such legislation together with focused information campaigns as well as the concurrent publication of an explanation in layman terms of the provisions of the law and the making available of User Guidelines to explain the what is required to ensure compliance.
- Setting up a dedicated consultative body to assist government in the formulation and implementation of enterprise policy and to discuss and propose measures addressing problem areas effecting businesses.
- Setting up of a Regulators Forum to advise government on formulation and review and implementation of regulatory policy.
- Requiring public sector entities whose services are primarily intended for businesses to undertake regular independent surveys of customer satisfaction in order to constantly improve their service delivery.

- Centralising online business information to provide a central repository of all information required by businesses on government provided services and government imposed requirements.

Organisations representing businesses should promote the wider use of codes of ethics in SMEs to enhance client provider relations in the sector;

The main objective of the measure is to improve the regulatory and operating environment for small and medium sized enterprises. The measure started being implemented in October 2011 and should be completed by June 2012, with a budget for training of €40, 000.

The measure includes the recruitment of staff for the central entity which will be responsible for the verification of the consistent and correct application of the SME Test where this is required by the nature of the legislation being proposed, as well as the provision of training of Government officials whose work would require them to apply the SME Test (economic impact assessment) in the course of proposing and drafting of legislation.

3.1.7: Next Generation e-Government framework

This measure aims to broaden the range of e-Government services offered. To revolutionise the way information is transferred between the general public and government departments. To allow government services to be accessed by citizens across other EU Member States. To reduce inconvenience by accessing all government services from a single place.

The Government entities will be encouraged to change their administrative processes to be able to gain from internal efficiency and effectiveness in their workflows. The services will be deployed on a common technology that has been set-up during 2011 and which will facilitate the roll-out of services.

The measure is planned to start in Q1 2012 and be completed by Q4 2013, with an approximate budget of €1.8 million including VAT.

As a result, during the coming year Malta would have deployed 280 new e-Government services. A number of these services will implement the proposals put forward in reports produced during 2011 to reduce the administrative burdens on businesses.

3.1.8: CREATE Scheme

The scope of this incentive is to support creative businesses whose economic performance is directly linked to the creative talent of those involved in the business. Further support is provided to help the development of creative communities in artistic zones thus sustaining the development of these zones and interdisciplinary creative cluster developments. Undertakings including self-employed involved in the creative industry may benefit through this incentive which will be in the form of a tax credit. The aid will be calculated as a percentage of the eligible costs incurred by these undertakings in the development of their creative endeavours.

Malta Enterprise may approve a tax credit equivalent to 60% of the eligible expenditure up to a maximum of €25,000. Costs incurred in relation to the development of creative zones and for the development and publications of creative work are eligible for aid under this incentive.

For the purpose of this fiscal incentive, a creative industry is considered to consist of any one of these activities: Arts & Crafts; Performing Arts; Digital Media; Music; Literary Works; Design; Film & Video

The incentive provides additional benefits related to creative work undertaken in the following creative zones in Malta and Gozo:

- Strait Street, Valletta;
- Biċċerija Area, Valletta;
- Is-Suq, Valletta;
- Savina Square, Rabat, Gozo;
- Arch. Saver Cassar Street, Rabat, Gozo;
- Saint Mary Street, Rabat, Gozo; and
- The Collachio Area, Birgu.

This scheme started on 1st January 2010. In the budget for 2012, it was announced that such scheme will be extended to the whole area of Valletta to encourage more creativity activity in the capital city having a planned end date of 31st December 2012.

3.1.9: MicroInvest

The scope of this fiscal incentive is to encourage micro enterprises and the self-employed to invest in their business, to innovate, to expand, to implement compliance directives and/or develop their operations. Micro enterprises and self-employed will be supported through a tax credit representing a percentage of the eligible expenditure and wages of newly recruited employees and/or apprentices.

This scheme covers investments undertaken between 1st January 2010 and 31st December 2011 and those carried out between 1st January 2012 and 31st December 2012. For investments incurred in 2010 and 2011, applications are accepted till March 2012 while for those carried out in 2012, applications will be accepted till March 2013.

The following are eligible expenses for this incentive:

- Furbishing and upgrading of business premises for improved operations.
- Machinery or technologies to improve operations.
- Machinery or technologies which save or generate energy.
- Investments which enable compliance with regulations, including Health & Safety, Environment Directives and Physical Access.
- Cost of one commercial vehicle as long as such vehicle is involved in the transport of goods as specified in the guidelines.
- Wage Costs for new jobs created and/or apprenticeships taken.

MicroInvest provides a tax credit equivalent to 40% of eligible expenditure. An additional bonus of 20% (total 60% tax credit) applies to Gozo based micro enterprises. The scheme started in January 2010 and until December 2011, 722 applicants have benefited from the

scheme, with a total of over €5.8 million of tax credits to be issued and with 226 jobs created. These figures show that Maltese businessmen are willing to invest, and hence the scheme was extended for another year.

3.1.10: Setting up of an Expert Group to draw up a report and recommend measures to reduce sick leave in the public sector

It is a known fact that workplace absence or sick leave in the public sector costs Government millions of Euros each year. Furthermore, absenteeism lowers productivity, adversely affects service delivery and damages employee morale.

According to data issued by the Department of Social Security in 2009, the average days lost per employee per year in the private sector was 3.32 when compared to 8.34 in the public sector. In order to address this situation and narrow the gap between the private and public sector Government will be setting up an expert group with a view to propose measures that will contribute to a significant reduction in sick leave in the public sector.

The expert Group will be set up by the end of the first quarter 2012.