<table>
<thead>
<tr>
<th>Main (new or updated) commitments in the NRP for the next 12 months</th>
<th>Foseen main measures and indication on whether they are CSR relevant</th>
<th>The estimated impacts of the measures (qualitative and/or quantitative)</th>
</tr>
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<tbody>
<tr>
<td><strong>Euro Plus Pact commitments</strong></td>
<td><strong>Consolidate and encourage mainstream use of Single Bond procedure</strong></td>
<td>The use of the Single Bond procedure has been further consolidated and encouraged. A Single Bond procedure means that when an enterprise is simultaneously awarded more than one contract by the same government department or public entity, a single guarantee may be given by the enterprise. This measure was implemented on 1 December 2015.</td>
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<tr>
<td></td>
<td>Status: Completed</td>
<td>The objective of this measure was to simplify the Performance Guarantee procedure whilst at the same time reducing financial burdens on Economic Operators participating in public procurement. Hence, further competition in public procurement will be encouraged through simpler procedures and reduced financial burdens. It will also seek to achieve higher participation in public procurement and better value for public spending.</td>
</tr>
<tr>
<td></td>
<td>This measure is not CSR relevant.</td>
<td>In fact, the average number of offers submitted for each issued Call for Tenders (CTT) has been increasing gradually hitting an average high of 4.9 offers per CTT in 2016 when compared to an average of 4.88 in 2015, 4.66 in 2014, 3.88 in 2013 and 3.09 in 2012.</td>
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<td></td>
<td><strong>Review of requested Performance Guarantee Value</strong></td>
<td>In line with current policy to spur further competition in public procurement, Government has reduced the required performance guarantee to be submitted by economic operators from 10% to 4% when the value of the contract does not exceed €500,000. This measure was launched on 1 December 2015.</td>
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<td></td>
<td>Status: Completed</td>
<td>This measure is expected to encourage a gradual increase in SME participation in public procurement. The number of Economic Operators participating in e-tenders has increased considerably in 4 years from 1,290 in 2013 to 4,358 by end February 2017.</td>
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<td></td>
<td>This measure is not CSR relevant.</td>
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<tr>
<td><strong>Measures to address growth bottlenecks and economic imbalances</strong></td>
<td><strong>Developing Quality Management in Public Administration through the Common Assessment Framework (CAF)</strong></td>
<td>Since 2012, the Management Efficiency Unit (MEU) has been managing an ESF project intended to promote the CAF while also providing training in this regard, as a basis for continuous improvement and adoption of a total quality management model in departments and entities.</td>
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<td></td>
<td>Further achievements have been made:</td>
<td>The CAF team is investing in outreach of CAF by providing more one-to-one meetings and delivering information sessions when requested by an entity or organisation. The target of this project was to have 14 organisations using CAF, and this number has been achieved.</td>
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<td>• 365 public officials were trained in and exposed to the CAF methodology.</td>
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<td>• There are now sixteen sites officially registered on the European Institute of Public Administration (EIPA) portal: the Gozo Public Library, the Food Safety Unit, the Gozo Sports Complex, the Foundation for Social Welfare Services (FSWS), Sedqa, Support and Assopy Agencies, the European Union Programmes Agency (EUPA), the MEU, the Ministry for the Economy, Investment and Small Business (MEIB), the Department of Contracts, the Health Standards Directorate, Automated Revenue Management Services (ARMS) Ltd, the Medical Imaging Department, Programme Implementation Directorate within the Education Department and the Ministry for Finance. The Health Promotion and Disease Unit and the Water Services Corporation had finalised the self-assessment meetings.</td>
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<td></td>
<td>• Offering continuous guidance and support during the CAF exercise.</td>
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<td></td>
<td>• Worked with the then Public Administration HR Office (PAHRO) on a customisation of the examples of the CAF model.</td>
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<td></td>
<td>Status: On Track</td>
<td>This measure is not CSR relevant.</td>
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<td></td>
<td>This measure is not CSR relevant.</td>
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<tr>
<td><strong>Smart Fiscal Consolidation</strong></td>
<td>Government is committed to ensure that developments in public finances support the long-term growth potential of the Maltese economy, thus contributing to enhancing the sustainability of public finances.</td>
<td>A quantitative estimate of Government’s medium-term fiscal targets is included in the 2017 Update of the Stability Programme.</td>
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<td></td>
<td>Initiatives focusing on high-quality spending on education, health, infrastructure and research and innovation, together with structural reforms, are intended to increase further the growth potential of the Maltese economy. In the meantime, the Government spending review is ongoing to ensure the achievement of improved efficiency in public spending. This should ensure that spending reflects changing priorities and changing needs.</td>
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<td>Developments in the General Government balance over the medium-term horizon will be supported by robust economic growth and in spite of certain expenditure increasing budget measures, the budget balance will remain in a surplus position and above the MTO of public finances.</td>
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<td>Proceeds from permanent discretionary revenue measures, particularly the increases in indirect taxation levied on consumer goods (replacing the eco-contribution) and the one-time partial reduction in stamp duty for the transfer of business from parents to their children will compensate for the changes to income tax bands for pensioners but will be outweighed by lower</td>
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contributions and higher outlays by the National Development and Social Fund.

Status: On Track

This measure is CSR relevant and also aims to address one of the three pillars of the Annual Growth Survey – ‘Responsible fiscal policies’

Pensions Reform

In December 2006, the House of Representatives adopted a series of reforms (Act No. XIX of 2006) including: raising the pension age from 61 to 65; lengthening the contributory period from thirty to forty years; adopting changes to the two-thirds pension, calculation formula, the maximum pensionable income and the crediting of contributions as provided for under the preceding legislative framework.

The pension reform in Malta is ongoing. In fact, following the set-up of the new Pensions Strategy Group to continue the work of the previous Working Group, a report presenting pension reform recommendations was finalised in June 2015. The post-consultation report, including the final recommendations, was submitted by the Group for the attention of Government during September 2015. A number of these measures were adopted by Government as from the Budget for 2016:

i. As from 2016, the Minimum Pension for a person with a full contributory record is not less than €140 per week.
ii. In order to ensure a fair balance between the contributory period and the period spent in retirement across generations, the contribution period for a full pension will be based on a stable ratio between years contributing and years drawing pension. Consequently, the contributory period was raised from forty to forty-one years for persons born after 1968. The contributory period will be reviewed every 5 years to ensure that stable ratios are kept between the contribution period and the periods of time during which it is expected that the individual shall be in receipt of a pension.
iii. The introduction of an incentive mechanism for persons to defer their pension, whereby persons who are eligible for retirement at the age of 61 years are awarded a financial incentive for each additional year they choose to continue working up to the age of 65 years.
iv. A Working Group was set up with the scope of bringing to the consideration of Government, proposals relative to the introduction of fiscal incentives for employers that opt to introduce occupational pensions on a voluntary basis.

The Government, in the 2016 Budget, accepted the principle behind recommendations (i) and (ii) above and these have been adopted by the House of Representatives (Act No. XV of 2016) in March 2016. The incentive mechanism was publicly announced on the 22 March 2016 and a legal notice LN289/16 was published in August 2016. The scheme is open to workers in the private sector, who would have paid 35 years of social security contributions and eligible to retire at 61 years of age. Those who continue working until 62 years will later on receive an increase of 5 per cent in their pension. The scale increases every year, whereby, a person who works until 63 years would receive an increase of 5.5% for the second year, over and above the 5% of the first year. The increase for the fourth year is 6% and for the fifth year, the increase is 6.5%.

The incentive to encourage late retirement and the linking of the contributory period to the period spent in retirement are expected to contribute to the strengthening of the long-term sustainability of public finances. At the same time, the adequacy element is also safeguarded through the increase in the minimum pension, better crediting for child rearing (which is designed to mitigate against gaps in the contributory periods particularly of women arising due to family responsibilities and as a policy instrument contributing positively toward fertility increases) and the introduction of credits for human capital development and lifelong learning, alongside other measures. It is to be noted, that another amendment to Article 64A states that for persons born on or after 1/1/1969, in order to access the early exit option, they will require 35 years of paid contributions with a maximum of 6 years of credits. This is intended to lengthen careers and deter early retirement.

In the Budget for 2017, Government continued to address adequacy by introducing measures aimed at supporting the income of specific groups of pensioners. In fact, through the Budget for 2017, pensioners will be exempted from tax on income arising from any type of pension amounting up to a maximum of €13,000. Pensioners, whose income is taxed at the married rate will retain a differential of a further €1,000 (arising from any source) on top of the €13,000. This measure will be implemented over a period of 2 years. With respect to entitled beneficiaries of a minimum pension for married couples and to a non-contributory age pension, these will experience an increase in their pension of €4 per week. The Budget for 2017 is also raising the amount of service pension that is not taken into consideration for Social Security pension assessment purposes by another €200. In addition, the Budget for 2017 will be addressing the gender inequality in the pension benefit rate, with females benefitting from an increase in the pension rate of up to €20 per week.

Third Pillar Pensions

With regard to the third pillar pensions in Malta, it is to be noted that the first pension products were launched on the market during November 2015, thus bringing into fruition Government’s policy initiative in this area. Furthermore, the tax benefits for third pillar pensions have been extended to be applicable to certain insurance products in order to incentivise providers. Accordingly, there are now a number of providers offering personal pension plans. Savers undertaking these plans can receive tax rebates on their savings for retirement.

As a result of the pensions reform of 2007, the pension age for persons born in 1952 went up to 62 for both genders with effect from January 2014 and the accumulation of contributions for a full pension entitlement increased from 30 to 35 years. As a result of this measure, the number of new claims is lower when compared to the year-on-year increase of previous years.

The incentive to encourage later retirement and the linking of the contributory period to the period spent in retirement are expected to contribute to the strengthening of the long-term sustainability of public finances. At the same time, the adequacy element was also safeguarded through the increase in the minimum pension, better crediting for child rearing (which is designed to mitigate against gaps in the contributory periods particularly of women arising due to family responsibilities and as a policy instrument contributing positively toward fertility increases) and the introduction of credits for human capital development and lifelong learning, alongside other measures.
### Voluntary Occupational Pensions

As announced in the Budget for 2016, a Working Group was set up with the scope of bringing to the consideration of Government, proposals relative to the introduction of fiscal incentives for employers that opt to introduce occupational pensions on a voluntary basis. This WG has presented a report to Government, and in fact a measure intended to incentivise the take-up of voluntary occupational pensions has been announced in the Budget for 2017.

In fact, in the case of the voluntary occupational pension plans, employees shall continue to benefit from the incentives announced for the third pillar pensions and also benefit from incentives being given under the Voluntary Occupational Schemes. At the same time, the employer shall consider expenditure related to investment to the occupational scheme as part of the recurrent expenditure for company tax computation purposes. In addition, the company will be also receiving a credit of €150 for every €1,000 invested on behalf of its employees. Following consultation of the proposed regulations with stakeholders, the Ministry for Finance will publish the Legal Notice on the fiscal incentives to be introduced with regards to voluntary occupational pension schemes which will be applicable retrospectively to 1st January 2017.

### Strategy on Retirement and Financial Capability

Following completion of the post consultation process, the strategy on Retirement Income and Financial Capability was launched on 25th January 2017. A coordinating body for its implementation is set up under the stewardship of the Ministry for the Family and Social Solidarity and implementation is underway.

**Status: On Track**

This measure is CSR relevant and it is also aimed to address one of the three pillars of the Annual Growth Survey – Pursuing structural reforms”, sub-section ‘Social policy as a productive factor – modernising the welfare state’.

### Public Infrastructural Projects

The Malta Comprehensive Transport Plan was published on 3 December 2016. The National Transport Strategy 2050 provides a framework for the Transport Master plan 2025.

In line with the recommendations of the Transport Master plan, Government continues to encourage collective passenger transport systems aimed at reducing reliance on the private car, which include public transport, active transport and transport by sea. Appropriate road infrastructure measures are being considered so as to improve the safety of pedestrians and to ensure that road infrastructure is accessible for all.

Upgrade of the Access network for the port of Valletta has been completed, the upgrading of two of Malta’s sea ports and the refurbishment of the international port infrastructures are planned with a view to improve cargo and passenger capacity.

In 2015, co-financing under the Connecting Europe Facility (CEF) was secured for the first phase of the upgrade of the TEN-T Core Network in Marsa (Addolorata area). The Grant Agreement was signed in December 2015 and preparations are underway for work to commence in Q4 2017.

Funding has been committed for the TEN-T Comprehensive Network, the re-development of the Kappara Junction and works are underway with expected completion by end of 2017.

With an investment of approximately €7.5 million, a number of roads will be built and upgraded. Vjal ix-Xarolla in Żurrieq is currently underway while other works in Triq Patri Palazzu and Triq Anthony Aquilina in Żebbuġ are completed. A number of roads will be rebuilt and upgraded which include: the widening of the Marsa Hamrum bypass, new junction at High Ridge Slielq, an improved junction at Labour Avenue Mosta linking it to the Mosta ringroad and other projects in Qajenzu, iz-Żurrieq, Mal Safi, Senglea, and Valletta.

Studies on other methods of transportation have started to be evaluated, including further ferry links and possible rail based links. Transport Malta is in the process of submitting an ERDF funded project for the upgrading of the existing three ferry landing site and the introduction of three additional ferry landing sides in St Paul’s Bay, St Julians Bay and Ta’ Xbiex. Furthermore, with respect to Light Rail Connections, a tender for a study on light rail links has been published and is at procurement stage.

Another planned maritime infrastructure measure includes the improvement of existing facilities for cruise liners and the development of new cruise liner facilities in Gozo. Discussions between the Privatisation Unit and the selected bidder cannot be concluded until the bidder resolves the land ownership issue. If the bidder does not resolve the land ownership issue, the Request for Proposals (RFP) will be finalised without being assigned. The second study for a new mooring system in Xlendi was finalised and permission has been granted by the Planning Authority. Furthermore, a draft tender for works has been formulated and is currently being vetted by the Contracts Department.

**Status: On Track**

This measure is not CSR relevant.

### Development of the TEN-T network and external links

Development of the TEN-T network and external links are crucial for Malta’s tourism and export-oriented economy as well as to ensure the mobility of persons.

The National Transport Strategy and the Master Plan now enable Government to propose future transport improvements within a defined strategy, providing both Government and industry with a clear project pipeline, thereby encouraging economies of scale.

The development of the cruise liner infrastructure should have major economic benefits for Gozo. Cruise tourism in general generates substantial economic benefits, in direct expenditures, jobs and employee wages. Generally economic benefits from cruise tourism arise from three principal sources:

- onshore expenditure by passengers;
- onshore spending by crew; and
- expenditure by the cruise lines for supplies, port services, port fees and taxes.

Government is studying various options to increase connectivity to the main island and other nearby destinations in order to mitigate the obstacles Gozo is facing, arising from double-insularity and detachment from core economic and social activities.

As part of Government’s commitment to enhancing national and regional mobility, it has undertaken a socio-economic impact assessment and a feasibility study for the creation of an airstrip in Gozo. In line with and further to this commitment, other avenues are also being actively explored such as the introduction of a fast-ferry service and that of a permanent link between the two islands.

All such measures would signify major socio-economic benefits including reduced travelling times, improved connectivity and the creation of new jobs.
<table>
<thead>
<tr>
<th><strong>Private Investment Incentives</strong></th>
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<tbody>
<tr>
<td><strong>Industrial Parks</strong></td>
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<tr>
<td>Through an investment of €16 million, Malta Industrial Parks (MIP) Ltd. implemented an extensive programme of upgrading works in a number of industrial parks.</td>
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<tr>
<td>The Mal Far, Bulebel and Kordin Industrial Parks in Malta and Xewkija Industrial Park in Gozo have benefited under this project in terms of improvement of the service infrastructure; the road networks including pedestrian walkways, parking areas and asphaltings; street lighting; signage; utilities; rainwater collection and fire hydrant systems; hard and soft landscaping of the common areas; etc. All works have been completed.</td>
</tr>
<tr>
<td><strong>Status:</strong> Completed</td>
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<tr>
<td>This measure is not CSR relevant.</td>
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<tr>
<th><strong>Business First</strong></th>
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<tr>
<td>Malta Enterprise launched “Business First” (Malta’s one-stop shop for business) in January 2012. Apart from the schemes and services offered by Malta Enterprise, more than 50 services from various Government departments and entities are being provided through Business First.</td>
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<tr>
<td>Furthermore, Business First has an active outreach programme whereby it keeps direct contact with the business community, focusing on start-ups and SMEs.</td>
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<td>Business First is now also focusing on ease of doing business for SMEs and other enterprises by acting as a catalyst for the reduction of unnecessary administrative burdens. In this respect, the Corporation worked on a pilot project which would allow self-employed persons to set up a business online by filling in one form. This e-form will in turn be processed by Jobplus, the Inland Revenue Department (IRD), the VAT Department and the Social Security Department.</td>
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<tr>
<td>Phase 2 of the Simplification project was concluded in Q4 2016 whereby in collaboration with the Malta Information Technology Agency (MITA), Malta Enterprise (ME) concluded a number of electronic forms which have reduced the turnaround time for setting up a business. The 2016 exercise concluded with the provision of 2 new eForms applicable for the setting up of a business in Malta, in the following two (2) legal entity formats:</td>
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<tr>
<td>- Sole Trader</td>
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<tr>
<td>- Limited Liability Company</td>
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<td>The functions of Business First have now been incorporated in a new structure called SME Support and Development.</td>
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<td><strong>Status:</strong> Ongoing</td>
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<tr>
<td>This measure is not CSR relevant.</td>
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<tr>
<th><strong>Culture and Creative Industries</strong></th>
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<tr>
<td>An overarching Strategy for the period 2016-2020 that bridges cultural policy programmes was launched by Arts Council Malta in December 2015. Its vision is that of placing the arts and creativity at the heart of Malta’s future. The Council seeks to address creative potential being developed into professional activity, investment in artistic excellence, connecting Malta to the international artistic community, increasing opportunities for cultural engagement and capacity building for public cultural organisations. Eight interlinked strategic tools underpin these targets: (1) investing in the cultural and creative sectors through funding and brokerage; (2) encouraging stronger programmes in arts education and providing training opportunities; (3) celebrating diversities and giving value to communities; (4) working on business development; (5) providing data and reflection through research; (6) linking the sectors internationally; (7) communicating effectively with the public; (8) creative professionals and other stakeholders.</td>
</tr>
<tr>
<td><strong>Status:</strong> On Track</td>
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<tr>
<td>This measure is not CSR relevant.</td>
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<tr>
<th><strong>Industrial Parks</strong></th>
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<tr>
<td>The upgrading and embellishment of these industrial parks will enhance Malta’s competitiveness, thus contributing to Malta’s growing knowledge-based economy.</td>
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<tr>
<th><strong>Business First</strong></th>
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<tr>
<td>The services offered by Business First will benefit in particular SMEs, and in particular, start-up companies by providing authoritative information and assistance on various business services offered under one roof.</td>
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<td>There was further progress in the Outreach Programme (Relations Management function) whereby data on Unit’s clients operating from Industrial Estates was collated. Throughout 2016, there were a total of 150 visits carried out which are integral to generate more informative data on the capacity of the local industry and to maintain a direct contact with enterprise.</td>
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<tr>
<td>In 2016, 932 new accounts and 415 new prospects were generated, which refer to new clientele and submission of requests for assistance, ranging from setting up of a new business and accessing incentives to industry.</td>
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<th><strong>Culture and Creative Industries</strong></th>
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<tr>
<td>Based on research carried out in 2014 by the Economic Policy Department within the Ministry for Finance (MFIN), in collaboration with the Creative Economy Working Group, findings show that the cultural and creative industries contribute 5% to GDP, which is a larger contribution than the construction industry (4% of GDP) and close in size of output to the financial and insurance services industry (7% of GDP). 3,308 enterprises are registered as engaged in activities related to the cultural and creative sector while around 10,378 people are economically active in the sector (full/part-time and self-employed). Following the 2017 Budget, the following outcomes for the cultural and creative sector can be confirmed:</td>
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<td>- A total of €50 million will be invested by the Government in the sector, an increase of 330% (or €34 million) over that for 2012. This translates to €138 per head, being €36 more than that allocated for 2016 and €50 over that of 2015. From this total, €38 million or 63% falls under the responsibility of the Ministry responsible for culture. The total cumulative Government investment in the sector since 2013 has now reached €229 million.</td>
</tr>
<tr>
<td>- All recurrent expenditure in the four areas of the cultural and creative sector (heritage, arts, media and interdisciplinary) will experience increases over the 2016 Budget amounting to €44 million or 11%. The total recurrent expenditure will amount to €36 million.</td>
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</table>
| - Since capital expenditure budgeted in 2016 was linked to significant new capital projects (for which there was an increase of more than 80% over 2015), the 2017 budget in this regard saw an understandably more modest increase, 18% since 2016 budget, amounting to €24 million, with heritage, arts and media all registering increases. The participation of Malta during the Venice Biennale 2017 and Teatru Malta - both new initiatives introduced during budget 2016 - both saw a total marginal increase totalling €120,000 in the
Budget 2017. Meanwhile €1 million (excluding EU co-funding) were newly allocated for MUZA - the National Community Art Museum. Another new initiative is the Malta Carnival Experience with €200,000 being allocated.

- The public funding portfolio awarded by Arts Council Malta to artists and organisations has increased from €2.5 million in the 2016 Budget to €3 million. A new funding programme was also announced during the Budget speech. With an allocation of €120,000, the fund - to be known as the National Fund for Artistic Excellence - will support emerging artists and provide grants in cultural leadership, training and professional development. The fund will also support young artists through apprenticeships and mentoring. In addition to this, a number of existing arts programmes and initiatives have been strengthened, with additional funds being provided for the Malta Arts Fund (+ €50,000), the Cultural Partnership Agreement (+ €210,000), the Cultural Export Fund (+ €50,000), Schools Creativity Development Programme – Kreativ (+€20,000). A further overall increase of 21% or €2.3 million has also been registered in the allocation for Public Cultural organisations (PCOs) falling under the remit of Arts Council Malta, with further investment expected to be directed towards cultural programming. Additional funds have been provided in 2017 to the Malta Philharmonic Orchestra (+ €200,000), the Manoel Theatre (+ €455,000), Zrin Malta (+ €150,000), St. James Centre for Creativity (+ €15,000), and the Valletta 2018 Foundation (+ €1,330,000).

The Budget speech also mentioned the continuation of the theatres audit coordinated by Arts Council Malta and the Valletta 2018 Foundation, which will serve to promote the use of theatre spaces to potential producers both in Malta and internationally in becoming a platform to start a conversation on what are the needs of theatre spaces that can inform policy and theatre managers.

In the heritage sector, Government will intensify its implementation of a number of key interventions with a number of projects also supported under the ERDF 2014-2020 fund programme. These include (total eligible project values are indicated per project): the Regeneration of the Grand Master’s Palace in Valletta (€4.2 million), the Malta International Contemporary Art Space – MICAS (€ 4.1 million), the Museum of Art – MUZA (€5 million), The Malta Carnival Experience (€4.2M), the rehabilitation of the Notarial Archives building and historic collection (€4.2 million), the Upgrading of the Manoel Theatre (€1.2 million) and upgrades at the Sacra Infermeria Valletta (€4.2 million).

Strengthening Financial Stability

In line with Malta’s obligations under EU law, the transposition and adoption of the macro-prudential provisions under the Capital Requirements Directive IV (CRDIV) and the Capital Requirements Regulation (CRR) have either already been adopted or are being adopted according to the provisions of this framework.

The transposition of the Bank Recovery and Resolution Directive (BRRD) 2014/59/EU has also been completed and introduced locally via Legal Notice 301 in September 2015. Moreover, the necessary legislative changes were also carried out in 2015, thus ensuring that the initiatives under the BRRD were in line with the requirements of the EU BRRD. The Loan Facility Agreement into effect as from 23rd May 2016. In February 2017, a Bill was published to further specify the ranking of creditors in case of insolvency or winding up of a credit institution thus adding clarity regarding the relative standing of depositors and the national Deposit Compensation Scheme vis-à-vis the insolvency ranking provisions of the BRRD.

The local macro prudential framework has been strengthened further with the introduction of the Counter-Cyclical Capital Buffer and the buffer for ‘Other Systemically Important Institutions’ in early 2016 mainly in order to enhance resilience to possible property market swings. In relation to this, the Government will ensure that fiscal measures related to the housing market do not incentivise further exposure of the banks towards the housing market. In order to address high levels of Non-performing loans (NPLs) and bad assets, in 2016 targeted regulatory changes have been made through amendments to the Banking Rule 09. These require local financial institutions to submit plans to the authorities to reduce their NPLs ratios to below 6% within a period of five years. Banks that will deviate from their NPL resolution plans would have to allocate capital to the Reserve for Excessive NPLs. This encourages a faster clean-up of banks and firms’ balance sheets to improve the credit channel and support investment.

The Malta Development Bank (MDB), which is in the process of being set up, will be able to identify and address any market failures, with particular attention to be given for issues relating to firms’ access to finance and any related issues in the local scene. The MDB, which shall be owned by the Maltese Government should start operating around end-2017 and aims to support SME financing by providing long-term loans through commercial banks.

In February of 2016, the Central Bank of Malta Directive 14 established the Central Credit Registrar (CCR) which is expected to improve competition by minimising the monopoly power that large banks have over credit information. Furthermore, supervision for Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) is expected to increase since more resources are being dedicated to this area. This increase in resource availability will also see onsite visits by the Malta Financial Services Authority (MFSA) increase both in number as well as in intensity. The Financial Intelligence Analyses Unit (FIAU) in turn oversees other pertinent entities.

These measures are largely intended to bring Malta in line with the initiatives pertaining to the legal requirements for implementing a Banking Union. These measures therefore have an important qualitative impact on the overall stability of the local financial sector, thus benefiting both institutions as well as depositors. An additional impact on institutions is also expected in view of funding allocations for the relevant contributions to resolution and deposit guarantee scheme funding, as well as in view of regulatory and capital requirements which, depending on the capital position, could also have an effect on banks’ operations. Moreover, the Government is also expected to benefit in view of the fact that the initiatives also pertain to the prevention of negative feedback loops between the sovereign and the banking sector, thus also having a positive bearing on the stability of Government finances. At the same time, the legal requirements of Directive 2014/59/EU and Directive 2014/49/EU also introduce limits on the amount of sovereign bonds that can be utilised in lieu of cash contributions to resolution and deposit guarantee scheme funding. Whilst this therefore could potentially have a bearing on the overall demand for local sovereign bonds, the combined effect of permissible usage of local sovereign bonds for resolution and deposit guarantee scheme funding also needs to be taken into consideration.

At the same time, the initiatives also provide for the possibility of Government intervention, in certain cases, via the provision of financial support. In such instances, and depending on the case/s, the effect on Government finances would be pursuant to an increase in Government debt which in turn would be dependent on the amount of money to be raised (by way of a loan) upon approval by the Minister for Finance and not exceeding any amount which the House of Representatives may from time to time authorise by resolution.

Given the degree of interdependence for the functioning of such initiatives, Malta continues to strive towards a timely adoption, providing the relevant input as required and remaining dependent to make the necessary additions to national legislation for the safeguarding and strengthening of financial stability.

In addition, a number of initiatives were also aimed at strengthening banks’ balance sheets and for improving access to and the functioning of the credit market, thus also contributing positively to the stability and sustainability of the banking sector. Additional resources being devoted to the enforcement and supervision of the regulatory framework are also expected to contribute positively to financial stability.
These initiatives also form part of a wider context which includes the implementation of a Full Banking Union within the European Union with direct supervision by the European Central Bank (ECB) (together with national authorities) of all banks in the Union applying a Single Rulebook, a Single Supervisory Mechanism (SSM), a Single Resolution Mechanism (SRM) and with a common system of Deposit Guarantee Schemes (DGS).

These measures are intended to bring Malta in line with the initiatives pertinent to the legal requirements underpinning the implementation of a Banking Union. These measures have an important qualitative impact on the overall stability of the local financial sector, thus benefiting both institutions and depositors. An additional impact on institutions is also expected in view of funding allocations for the relevant contributions to resolution and deposit guarantee scheme funding, as well as in view of regulatory and capital requirements which, depending on the capital position, could also influence banks’ operations. Moreover, these initiatives also seek to prevent negative feedback loops between the sovereign and the banking sector, thus also having a positive impact on the stability of Government finances. Given the degree of interdependence for the functioning of such initiatives, Malta continues to strive towards a timely adoption, providing the relevant input as required and remaining ready to make the necessary amendments to national legislation for the safeguarding and strengthening of financial stability.

Status: Ongoing
This measure is not CSR relevant.

### Palazzini – Luxury Heritage Tourism Accommodation – Pilot Project

In 2012, the Malta Tourism Authority (MTA) launched the Palazzini Initiative with the aim of catalysing the conservation and rehabilitation of historic properties by encouraging their adaptive reuse as luxury heritage accommodation. The initiative aims to assist investors administratively by simplifying and streamlining bureaucratic procedures.

The main focus of the scheme is to ensure the conservation of such properties, therefore proposals needed to provide high emphasis on the restoration aspect of the project within their adaptation of the site for tourism purposes. The cultural fabric of the property was crucial to the initiative because of the experience it provided to this niche market. The initiative received 23 applications and 12 were accepted. 7 of these 12 approved projects began the process with MEPA. These 7 projects at MEPA are at various stages:

- 1 - approved by MEPA
- 2 – permit has been issued
- 3 – permit has been issued
- 4 – permit issued is non-executable
- 5 – MEPA fees are still pending
- 6 – still following the process
- 7 – MTA issued a TPCC in 2012 – no information on project

Of the remaining 5 projects, 2 never replied to the MTA’s attempts of communication. 1 project has dropped out officially and 2 are interested in pursuing the project at a later stage.

Status: On Track
This measure is not CSR relevant.

### Business Promotion and Incentive Framework

The Ministry for Gozo has identified three main sectors and is working on them: (a) youth employment; (b) the agricultural-artisanal sector; and (c) supporting businesses to develop new skills.

With regard to the first sector, the Ministry for Gozo has partnered with the Young Business Entrepreneurs (an NGO) to collaborate in the organisation of the Youth Start-Up framework project. This consisted of a research study with 1,000 young adults on their interest in entrepreneurship. The study, with 300 interviewees, focused specifically on Gozo. The results of the study were presented on the 27th June 2015. The majority of Gozitan residents interviewed highlighted that they prefer to work in Gozo. The majority of Gozitan respondents interviewed highlighted that they prefer to work in Gozo and not self-employed, stated that the main reason why they were not working in Gozo was a lack of job opportunities. To this end, the Ministry for Gozo has decided to launch a scheme for entrepreneurs involved in the development of high-tech and software products to attend the Web Summit. The objective is to create networking opportunities for upcoming entrepreneurs in a sector, which can be beneficial to create further opportunities in Gozo. In fact, during 2015, the Ministry for Gozo assisted two young entrepreneurs involved in the development of high tech and software products and in internet technology to attend the Web Summit 2015 in Dublin.

In 2016 the Ministry sent participants to Web Summit that was organised in Lisbon. The scheme will be repeated in 2017.

**Youth employment:**

During 2015 the Ministry for Gozo launched the Gozo Vocational Fund, in collaboration with Rotary Gozo and with the Malta College of Arts, Science and Technology (MCAS). This Fund aims to assist young people in accessing training in various skills that would be needed to finalise their preparation to enter the labour market. At present, 3 young people have benefited from the scheme to further their musical studies.

The expected impact will be an increase in direct investment by the private sector in urban conservation areas. The refurbished properties will attract high-value tourists. The conversion of the Palazzini for this use will revive properties in dire need of restoration. The project also provides expert guidance to investors, which in future can be utilised in other similar projects.

As a result of the lessons learnt in the above scheme, the MTA is in the final phases of creating a license category/label for Palazzini that will be entrenched in the new MTA legislative reform. The legislation is in its final phases of completion and is expected to be presented to Parliament by mid-2017.

Through this measure, the Government intends to incentivise business opportunities in Gozo.

The impact of the measures outlined should form the basis for the formulation of schemes and actions targeted towards these specific sectors.
Within the agricultural-artisanal sector, the Ministry for Gozo commissioned consultancy services on how this sector could be incentivised further. A site visit followed by a report was completed by a specialised consultant targeting micro-businesses. Following the November 2014 workshop, discussions are ongoing in order to translate some of these recommendations into concrete actions which could benefit further this sector. One of these actions includes the development of a quality mark for Gozitan entrepreneurs involved in this sector. In November 2015, the Ministry for Gozo in collaboration with the German Maltese Business Council also organised an eco-tourism networking event. The Ministry for Gozo has also assisted two artisans to participate in the 2015 year’s edition of ‘L’Artigiano in Fiera’ in Milan. In 2016, the Ministry supported the Gozo Confederation for Agriculture and Fisheries to participate in the fair.

During 2015 the Ministry for Gozo also widened the scope of the Business Promotion and Incentive Framework. In fact, the Ministry launched a scheme for dive centres located in Gozo to further promote their activities abroad. 5 dive centres participated in the scheme. The Ministry launched this scheme again in 2016. Another scheme launched during 2016 is incentivising tourism operators to develop the following new niche markets for Gozo: sports and adventure tourism; religious tourism; MICE (Meetings, Incentives, Conferences and Events); and weddings. In total, 12 entities benefited successfully from this scheme in 2016. After the successful uptake in 2015, the Ministry for Gozo once again supported Gozitan businesses to attend an e-marketing course in Gozo. In 2015, 8 entities coming from the retail sector, tourism, engineering and printing sectors, showed interest and were supported to attend the course. In 2016, 6 entities were supported. Sectors represented included English language schools, tourism and retail.

Status: On Track

This measure is not CSR relevant.

Modernising Public Administration – Using ICT in the Achievement of Government’s Simplification and Reduction of Bureaucracy Agenda

Government will be simplifying the process of deploying e-Government services. This is an initiative to promote and provide one face to online Government by simplifying this access through a set of life events (pregnancy and birth, getting a passport, looking for a job). The landscaping of activities including life events (such as business, job, studying, and family) and simplification & responsiveness were completed. This was the first phase of the EU Benchmarking exercise. Government will also focus on the simplification of social security online services and Courts online services.

e-Government services:

Developed and implemented electronic forms:

- registration for an Organ Donor (Health);
- renewal of Licence (Health);
- Ease of Business Start-up for Companies and Sole traders (MEIB);
- application for subsidy on adaptation works for persons with a disability (MFSS);
- Testimony Report (MHAS);
- application for the Guarantee Fund (MSDC);
- Police Conduct Certificate (MJCL);
- Products of Quality National Scheme (MSDEC);
- registration to Vineyard Register For D.O.K. or I.G.T. Wines (MSDEC);
- application of Services from the Civil Protection Department (MHAS);
- parcel Application – (MSDEC);
- farm Application – (MSDEC);
- organic Application – (MSDEC);
- registration as an Employer and VAT Number Request.

Enhanced electronic forms:

- application for Aid from the Malta Community Chest Fund (MCCF);
- Co Financing Funds For NGOs Application (MSDC);
- Organ Donation- Register your wish (MPho);
- ticket of Referral to Mater Dei Hospital (MPho);
- application for a Social Security Number (MFSS);
- application to Appeal a Social Security Decision (MFSS);
- application of Services from the Civil Protection Department (MHAS);
- application to Apply for a Police Conduct Certificate (MHAS);
- application for Children making use of the Breakfast Club Service in Primary State Schools (MEDE);
- application for the myScholarship Scheme (MEDE);
- application for the Malta Government Undergraduate Scheme (MEDE);
- Giovanni Curmi Higher Secondary School Application Form (MEDE);
- SEC Revision Classes 2016 (MEDE);
- registration of a Child in Kindergarten (MEDE);
- registration of Private Limited Company and application for a VAT Number and Employer Number (Malta Enterprise);
- request for Public Spatial Dataset Download (MITA).

The modernising of public administration will improve the accuracy and timeliness of the data capture and reduce the visits to the Social Security Department and area offices. Furthermore, various real time services will be offered by the Courts to the citizens and to the legal profession that will increase the case clearance rate and decrease the disposition time.
- Workers of the Year National Award 2016 (MSDC);
- Retirement Pensions Notification Response (MFSS);
- Widow's Pension Notification (MFSS);
- Invalidity Pension Notification (MFSS);
- registration as an Employer and VAT Number Request – (MEIB);
- application for Grant Paid on Expenses Connected with a Wedding Function – (MFPN);
- Malta Sport Scholarships Scheme – (MEDE);
- Student Placement Program – Student and Employer Form – (MEIB);
- Deposit or Use of Crane or other Machinery – (MJCL);
- request for Entitlement to remain insured in Malta (Form A1) – (MFSS);
- myScholarships – (MEDE);
- Fast-Track Colorectal Clinic Referral Form – MEH (Health);
- Deposit or Use of Crane or other Machinery – (MJCL);
- Small Claims Tribunal - Notice of Claim – (MJCL);
- Small Claims Tribunal – Reply – (MJCL);
- Small Claims Tribunal - Counterclaim Reply – (MJCL);
- Small Claims Tribunal - Appeal Application – (MJCL).

Electronic forms being developed:

- notification of Changes in the Committee of Management of a Co-operative Society (MEIB);
- notification of Members of a Co-operative Society (MEIB);
- Business Start-up of Sole Traders for Tax Practitioners (MEIB);
- Business Start-up of Companies for Tax Practitioners (MEIB);
- Business Start-up of Partnerships De Facto (MEIB);
- Business Start-up of Partnerships De Facto for Tax Practitioners (MEIB);
- Business Start-up of Partnership (MEIB);
- Business Start-up of Partnership for Tax Practitioners (MEIB);
- EFL Teaching Permit Application (MEDE);
- application to Order Seeds or Wills (MJCL);
- application for Registration to Practise the Legal Profession in Malta Under the Home-Country Professional Title & Under the Professional Title Corresponding to the Profession in Malta (MJCL);
- Industry Skill Card Application (MSDC);
- Vines Doc Application (MSDEC);
- Vines Bandero Application (MSDEC);
- application for Testamentary Searches (MHAS).

Social Security online services:

- As at the end of 2016, the following projects were completed: Maternity Leave Trust funding e-form, Social Assistance online eform and Unemployment Assistance online eform. Moreover, the following mServices were also completed: mServices, Child Allowance calculator, In-work benefit calculator, Sickness benefit calculator, Unemployment benefit calculator, Benefit Payment Rates, Benefit Payment Dates. The mServices were enhanced to be eID enabled.
- For 2017 other projects are planned. These include: SABS On-line services, enhancements and technology upgrade, Elderly IT Systems, Welfare Case Management, Housing Authority IT, VISA system, and EESSI Implementation / Integration.

Courts online services:

- Completed the following projects: SMS Notification, eMailer of Transcripts and Decrees, Merger of Gozo and Malta registries, Notification system for service of Acts by Court Marshals and Online Submission for Administrative Tribunal.
- Project eFees: A Business Process Re-Engineering study was conducted between MITA and MEU and the recommendations were presented to the Courts. Work on the Requirements document has been completed and the maintenance module, reporting functions and migration module have been developed. User Acceptance Testing (UATs) has been conducted and training of users is now completed. The core system was implemented in the first week of January 2016. eFines payment which replaces the eFees project has been implemented in December 2016.
- Furthermore, the following projects have also been completed and made accessible on mobile devices: e-services to the legal profession and an e-form allowing for the instigation of a Court case under the 1st Instance of the Administrative Courts.
- The LECAM computerised case management online system was also extended to the citizen with the first phase being the access to Court Acts. The services were formally launched by the Minister for Justice, Culture and Local Government on 30th July 2015. Work on the citizen facing web is at a very advanced stage and prototyping sessions have been held with key players. This second phase will be implemented as a natural follow-through to the first phase.
- Moreover, soft launch is in progress as per national direction on two major mServices: Police mobile applications (Crime/Incident Reporting Mobile App) and Justice e-Services Web App.
<table>
<thead>
<tr>
<th>Status: On Track</th>
<th>This measure is not CSR relevant.</th>
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<tbody>
<tr>
<td><strong>Aviation Malta</strong></td>
<td><strong>Aviation Malta aims to provide the necessary support to the aviation sector to consolidate its position in Malta, strengthen itself and grow further to service a wider spectrum of clients and markets. Malta must be constantly considered as a safe, reliable, efficient and business-friendly jurisdiction for a wide array of aviation services.</strong></td>
</tr>
<tr>
<td>The concept of Aviation Malta has been created in order to market Malta as a reliable, efficient and safe aviation jurisdiction. It is an effort between various entities, including Trade Malta and Transport Malta. Recently, the Ministry for Tourism has also joined forces with the said entities in order to further promote Malta as an aviation location. Both the marketing linked to Aviation Malta and the processes linked to the Aviation Strategy are ongoing. The marketing of Aviation Malta and the process linked to the Aviation Strategy is currently being carried out through participation of personnel in fairs and delegations in cooperation with Trade Malta with the latter also promoting Malta as a business location, including aviation-related services. Synergy has been found between the Ministry for Tourism and its aviation entities as well as Trade Malta.</td>
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<tr>
<td>Status: Ongoing</td>
<td>This measure is not CSR relevant.</td>
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<tr>
<td><strong>Setting up of the National Aerospace Centre</strong></td>
<td>The National Aerospace Centre (NAC) intends to become a national Centre of Excellence with sufficient critical mass to operate in all of its domains of operation. The expected impact of this will be higher income in the aviation sector, higher international reputation, graduate retention and industry growth. NAC will contribute to sustain existing, and attract new, high technology Research and Innovation operations to Malta. With the necessary financial investment, a significant increase in researcher hours will be recorded together with an increase in the country's scientific research resources. An increase in the country's scientific resources may in turn stimulate the country's competitiveness by attracting new investment in the international aviation industry which will contribute to the economic growth.</td>
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<tr>
<td>Following its presentation to Parliament on 5th March 2014, Legal Notice 68 of 2014 was issued under Cap 497, Public Administration Act, whereby the National Aerospace Centre was established as an Agency. Following approval of the Temara proposal under Horizon 2020, the Ministry for Tourism has signed the grant agreement and has started working on the business plan together with its partners, i.e. MCST and the National Aerospace Centre (NAC). A six-year business plan was finalised in May 2016. This business plan provides a detailed overview of how the Agency intends to achieve its vision for the next six years, between 2017 and 2022.</td>
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<tr>
<td>Status: Completed</td>
<td>This measure is not CSR relevant.</td>
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<tr>
<td><strong>Revision of Tax Bands</strong></td>
<td>Persons within the said tax bands are benefitting from a higher disposable income. This was done in a way that ensured that the financial targets of Government were not prejudiced.</td>
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<tr>
<td>The rate of personal income tax of 29% applicable to those who earn €60,000 or less has been reduced to 25%. This will apply to every computation: single, married and parental. Income from dividends received by individuals has remained taxable at the same rate as that incurred in 2012.</td>
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<tr>
<td>This measure came into force as of 1st January 2015.</td>
<td>From data recorded in tax returns for basis 2015, there were 55,613 taxpayers that were impacted by this measure.</td>
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<tr>
<td>Status: Completed</td>
<td>This measure is not CSR relevant but aims to address one of the three pillars of the Annual Growth Survey – ‘Pursuing structural reforms’, sub-section ‘Social policy as a productive factor – modernising the welfare state’.</td>
</tr>
<tr>
<td><strong>Repeal of Legislation</strong></td>
<td>This measure ensured that outdated and unnecessary laws were repealed from Malta’s statute book, thus eliminating any needless bureaucracy and complex processes which such laws may have created. The end result is more streamlined and up to date Laws of Malta.</td>
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<td>The objective behind this measure is to repeal and consolidate laws, both principal and subsidiary, that are deemed to be outdated or no longer relevant or laws that have been found to be duplicated, thereby ensuring simpler and updated Laws of Malta as well as the elimination of unnecessary bureaucracy that such outdated and irrelevant laws may have been creating. This year this initiative was entrusted to the Ministry for Justice, Culture and Local Government, with the collaboration of the Office of the Prime Minister (OPM) and the Law Commission. The Various Laws (Amendment and Repeal) Act was passed by the House of Representatives on 20 July 2016. This Act repeals one primary law and thirty-five subsidiary laws which have been deemed to be outdated or no longer necessary.</td>
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<tr>
<td>Status: Completed</td>
<td>By means of this measure, any residual outdated laws were repealed thereby ensuring the removal of unnecessary bureaucracy.</td>
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<tr>
<td>This measure is not CSR relevant.</td>
<td><strong>Upgrading and development of the fisheries infrastructure in Marsaflorn</strong> As a result of the project, the fishing port of Marsaflorn has been provided with necessary facilities for the handling of fish, including the establishment of a landing office. The project also provided the fishermen based in the area with a more modern and safer working environment, especially as regards the hoisting and lowering of fishing craft and the provision of electricity and water to the dry standing area and quay. Among the measures implemented, in this respect, was the reconstruction of the slipway so as its gradient can be corrected and surface smoothed as well as the installation of four service pillars. Additionally through the installation of LED lighting and an electric winch, which was calculated as being around 10% more energy efficient than the previous model, the carbon footprint of the port was further reduced. Furthermore, the area became more secure through the installation of a CCTV System, as it dissuades potential perpetrators from committing illegallities.</td>
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<td>All infrastructural works were concluded in December 2015 and they consisted of the following interventions:</td>
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<td>- upgrading of the dry standing area including the installation of four service pillars, new lighting fixtures and a CCTV system;</td>
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<td>- extensive repairs on both arms of the Menqâa slack as the latter suffered significant damage in the interim period and it was in danger of collapsing;</td>
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<tr>
<td>- construction of a new slipway as well as the procurement and installation of a new more energy-efficient electric winch to facilitate the hoisting and lowering of fishing vessels;</td>
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<td>- establishment of a Landings Office to provide the competent authorities with adequate premises to enable them to perform their inspections; and</td>
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<td>- installation of navigational lights.</td>
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The above interventions were part-financed by the European Union under the European Fisheries Fund (2007-2013) Programme.

Subsequent to consultations held with the fishermen and the launch of a public call, an additional service pillar was installed to service moored fishing craft. The pillar was commissioned in June 2016.

Status: Completed

This measure is not CSR relevant.

<table>
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<tr>
<th>Increase the efficiency of the judicial system by ensuring a timely and efficient implementation of the planned judicial reform</th>
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<tr>
<td><strong>Extension and renovation of judicial facilities</strong></td>
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<tr>
<td>The Government invested in the total refurbishment of an adjacent multi-storey building in Valletta and in October 2014 the Sir Thomas More Judiciary Building was inaugurated. Structural works on the first hall of the second floor have been completed. All electrical and mechanical works along with furniture have been put in place. This Hall started being used as from 1st March 2017. All electrical and mechanical works along with furniture have been put in place. This Hall started being used as from 1st March 2017. Moreover, it is expected that the tender for works on the second and third Halls of the third floor will be issued by the end of the first quarter of 2017. Structural works are expected to commence and be finalised in the second and third quarter of 2017. The aim is to inaugurate these two Halls in early December 2017.</td>
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<tr>
<td>All this will increase the number of Halls from 24 to 27 and will address the problem of shortage of Halls available in view of the constant increase in the number of sittings held. This is in line with the Justice Reform Programme to decrease the backlog in Court Cases. Moreover, a New Training Room and New Court Library will be made available. The New Training Room with new state of the art facilities will provide a modern environment for the training of Members of the Judiciary and staff. The New Library will provide a modern environment and adequate space for Lawyers and students who make use of the Library. A New Registry for the Family Court will also be made available. The Registry will provide ample space to increase the number of staff at the Registry, while the Legal Profession and the Public will have adequate space from where to be served.</td>
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<tr>
<td><strong>Promotion of Alternative Dispute Resolution Mechanisms (ADR) and Mediation</strong></td>
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<tr>
<td>Mediation: The Government has embarked upon the amendment of the Mediation Act to further incentivise the use of ADR procedures. The draft legislation has gone through the whole legislative process and will be published in the very recent future. The Government is committed to expand the Mediation Centre, and remains committed to see such mediations a success. In fact, the fees attached to such mediations have remained at minimal cost and a mediation process can be lodged with the mediation centre for the sum of €50. Lawyers and advocates shall also be entitled to their professional fees according to the taxed bill of costs so this will also encourage members of the legal profession to incentivise their clients to seek mediation redress when this is possible. Furthermore, where a dispute is settled in full during a compulsory mediation process, the parties will be reimbursed in part, so as to further bolster the system. This will revive mediations in Malta, and incentivise the public to resort to Mediation as an ADR, rather than to opt for litigation before Courts or Tribunals. In the short term, the figures for Mediation applications would be moderate, but the impact of this measure should be such that in the medium term (2 to 3 years), Mediation applications should steadily increase thereby also bringing the public more aware of other avenues for resolving disputes. The qualitative aspect to this measure would be that it would gradually and over time, educate the public to explore all avenues for settlement of disputes and for the public to resort to mediators and their respective legal counsel with educated preferences, rather than simply proceeding before Courts or Tribunals. A measure of this nature may consequently also have a bearing in the long term in reducing the case management of the Courts, with efficient and effective mediations.</td>
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<tr>
<td>Arbitrations: Since the inception of the Malta Arbitration Centre, in March 2000, a total of 4,956 cases (inclusive of both domestic as well as international cases) were filed with the Centre. 84 per cent of these cases have been closed by 31 December 2016. Arbitration legislation has over the years been amended in order to render the service more efficient to the public. Government is committed to bolster and improve the Arbitration Centre to be a more efficient and effective hub for dispute resolution, both locally and internationally.</td>
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<tr>
<td><strong>Extensive use of ICT Technologies</strong></td>
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<tr>
<td>A number of new technological and procedural systems have been introduced to cut down on bureaucracy and delays in the Civil Courts. These include:</td>
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<td>- Information sent to lawyers and clients via free SMS in case of postponements in the Civil Courts;</td>
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<td>- sending of emails to lawyers containing decrees from the Civil Courts for free.;</td>
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<td>The planned judicial reform will have the following benefits:</td>
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<td>- more efficiency in time needed to decide court cases. The investment in more physical and human resources will ensure a more balanced distribution of the caseload, thereby enhancing efficiency through increased timeliness and disposition of cases;</td>
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<td>- reduction of time wastage thus increasing productivity;</td>
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<td>- more trust in the justice system;</td>
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<td>- more efficiency in court management;</td>
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<td>- more motivated court employees;</td>
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<td>- enhanced accessibility of court documents through the ICT innovations, thereby contributing to added time efficiency for professional court users and more accessibility to Justice for citizens;</td>
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<tr>
<td>- additional viable options for dispute resolution to contending parties, through Alternative Dispute Resolution (ADR) mechanisms. (Such measures translate into lower costs and quicker disposal times for the parties, whilst at the same time also contribute to increased efficiency in Court, due to the decrease in the number of incoming cases. The judiciary can thus use their time more effectively, deciding cases that are more complex);</td>
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<tr>
<td>- streamlining of services offered to the users of the justice system; through the establishment of the Legal Aid Agency which is an agency in its own right, signalling a commitment to bring the Justice system even more closer to the citizen. (As an Agency, Legal Aid is now has its own budget, premises and administrative structure, thereby enabling it to expand its services to its clients, increase its professional output and address service lacunae);</td>
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<tr>
<td>- improvement in the efficiency parameters within specific areas of the administration of Justice that have a direct bearing on sustaining the economy and attracting Foreign Direct Investment (FDI).</td>
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</table>
- sending of emails to lawyers containing transcripts of witnesses' statements for free;
- sending of emails to lawyers and legal procurators with information whether summons to witnesses have been duly served or not for free;
- online access of acts, warrants and court case information available to legal professionals in the civil sphere for free;
- online access granted to citizens to view acts related to their case for free;
- video-conferencing set-up now up and running in a particular Hall of the Law Courts for the taking of evidence when this is so required;
- FAQs on the web portal of the Ministry for Justice, Culture and Local Government have started to be introduced for the public.

E-justice and the service of documents

- E-filing of applications for the Small Claims Tribunal and the Appeals from those decisions – also extended to applications before the Administrative Review Tribunal.
- Service of documents – Act 4 of 2016 – Article 187(1) of the Code of Organisation and Civil Procedure (COCP) (Chapter 112 of the Laws of Malta): Service shall be affected by the delivery of a copy of the pleading to the person on whom the pleading is to be served, wherever such person may be found. Service may also be affected by leaving such copy at the place of residence or business or place of work or postal address of such person with a member of his family or household or with a person in his service or with his attorney or person authorised to receive his mail. If service is not affected on a first attempt, the officer charged with the service shall make two other attempts to serve the copy of the pleading without further authorisations by the court and such attempts shall be made at different times of the day with the last attempt at service to be made after judicial hours. Each attempt of service is to be made after the payment of the appropriate fee due to the registry. The officer charged with the service shall file a separate certificate of service for each attempt made in the acts of the proceedings.

Increasing the number of Judges and Judicial Staff

Over the past months, each judge in the Civil Courts has been assigned with an experienced full-time lawyer chosen by the judiciary itself, with the duty of assisting the judge in the drafting of judgments (an average of three different judgments per week), writing memoranda on pending lawsuits, and assisting the judge in the drafting of court orders.

A number of Court Assistants were engaged with the Judiciary Teams. With the introduction of the Court Attorneys within the Judiciary Teams, the number of Judicial Assistants within the Judiciary Teams was decreased. A call for the engagement of 5 part-time Judicial Assistants will be issued in the very near future.

All new court staff is given in-house training upon engagement and all court staff attends regular in-house training throughout the year.

Moreover, in February 2016 the Minister for Justice, Culture and Local Government, presented to Parliament Bill 145 to deal with the manner in which members of the judiciary are appointed, disciplined and dismissed. This resulted in Act 44 of 2016, entitled 'Constitutional Reforms (Justice Sector) Act', which passed through Parliament on 20 July 2016. Further details on this Act can be found hereunder.

Dealing with backlog

In order to address backlog, various initiatives were undertaken, namely:

1. Firstly, an accurate review of the clearance rate, disposition time and pending cases of each individual judge or magistrate in both the civil/commercial and criminal sphere was undertaken.
2. Secondly, through the orders of the Chief Justice, a redistribution of duties within the judiciary was carried out. In particular, two members of the judiciary were tasked to tackle pending case load without being assigned new cases until the pending case load was tackled according to timeframes and performance indicators.
3. Thirdly, each judge in the civil sphere was assigned a full-time experienced lawyer (court attorney) who has pre-defined performance indicators. The court attorneys are engaged on a definite contract, renewable only if performance indicators are met.
4. Fourthly, with the opening of the new judiciary’s building, physical space was created for capacity building both in terms of new members of the judiciary and new court employees.
5. Fifth, since 2016, a confidential judicial report started being drafted periodically for each and every member of the judiciary. The report contains focused efficiency data for each court over which the respective member of the judiciary presides, thereby presenting them with relevant information that is aimed at helping them manage their caseload more effectively.

Simplification and Modernisation of Procedures

Civil Law: Act 4 of 2016 entitled ‘Various Laws (Justice Reform) (Civil Procedure) (Amendment) Act’ passed through Parliament on 12th January 2016. This Act addresses various amendments that simplify civil procedure, thereby contributing legislatively to an increase in efficiency, and includes the following measures:
• Increases in the competence of the Small Claims Tribunal from €3,494.50 to €5,000. The Small Claims Tribunal enjoys a very good clearance rate and this will lead to a faster resolution of cases.
• Increases in the competence of the Court of Magistrates (Civil Jurisdiction) from €11,646.87 to €15,000.
• Increases in the competence of cases of fast-track, uncontested debt which is certain, liquid and due by judicial letter from €23,293.73 to €25,000.
• Facilitates notification of judicial acts – no need to seek authorisation of the Courts in the case of unsuccessful notification.
• Provides new powers to the Court of Appeal (Civil Jurisdiction) to effect corrections in judicial acts without the need to send back the case to the Court of First Instance; to dismiss an appeal during first hearing when from the writing pleadings such appeal is held to be frivolous and vexatious and to give the option to parties to restrict the submission of their pleas and counter-pleas by means of written submissions and thus fast-track proceedings.
• Facilitates judicial sales by auction, process of interdiction and incapacitation and cancellation of existing powers of attorneys.
• Introduces the concept of ex tempore judgement in the Small Claims Tribunals and warrants of prohibitory injunction.

Apart from this, the following measures have also been taken in order to simplify civil procedures, thereby also contributing legislatively to an increase in efficiency:

• Extend the pilot project initiated in traffic sittings regarding notification of citations and witnesses to other halls. This initiative should help to reduce backlog of criminal cases which should benefit the citizens involved, the legal profession and the Police Department. It is expected that this measure will promote an efficient way of notification and as a result lesser cases will be deferred.

Commercial Law: The Budget for 2016 committed the Government to move forward legislation during 2016 to expedite procedures and clearance rates in this regard vis-à-vis companies. This legislation introduces the novel concept of Second Chance for honest directors who have concurred with the law, which Second Chance concept was initially proposed in the EU Commission Communication entitled ‘The Entrepreneurship 2020 Action Plan: Reigiting the Entrepreneurial Spirit in Europe’.

This legislation also introduces voluntary mediation procedures in insolvency, so that matters could be amicably resolved by professional mediators, if this can be attained by no less than 60% of the companies’ creditors. There are also legislative measures which shall facilitate company restructures.

The Government is currently undertaking serious studies in order to determine whether the time has arrived for Malta to once again establish a new Civil Court Commercial Section. A number of stakeholder meetings were held in the last quarter of 2016, leading to the drafting of a Bill intended to establish the Civil Court Commercial Section, together with legislative initiatives to support the setting up of this Division.

Setting up a National Insolvency Register

Together with the Malta Financial Services Authority (MFSA), Government will set up a National Insolvency Register and interconnect this register on the EU e-Justice Portal for the good functioning of cross-border insolvency proceedings. The project will allow Courts and the MFSA to align the Maltese National Insolvency Registers to the requirements of the insolvency Regulations.

Criminal Law: During 2016, the Government enacted Act 51 of 2016, entitled ‘Criminal Code (Amendment No. 2) Act’, which passed through Parliament on the 21st November 2016. Building on the recommendations of the Bonello Commission Report (of 30th November 2013) and transposing the Access to a Lawyer Directive (Directive 2013/48/EU), this Act provides for the rights of suspects and accused persons in criminal proceedings and of persons subject to proceedings pursuant to Framework Decision 2002/584/JHA (‘European arrest warrant proceedings’) to have access to a lawyer, to have a third party informed of the deprivation of liberty and to communicate with third persons and with consular authorities while deprived of liberty. Moreover, a pilot project is currently being conducted whereby prosecution in one hall of the Court of Magistrates is being conducted with the active involvement of lawyers as opposed to prosecution being conducted by police officers as was the practice for a number of years.

Constitutional Law

During 2016, the Government also adopted Act 44 of 2016, entitled ‘Constitutional Reforms (Justice Sector) Act’, which passed through Parliament on 20 July 2016. This Act seeks:
- to promote the separation of powers between the executive and the judiciary through a new system of judicial appointments;
- enhance the accountability of the judiciary as a result of the extension of disciplinary proceedings in case of breach of ethics; and
- further uphold the independence of the judiciary through the introduction of an adequate pension scheme that honours the service of retired members of the judicial bench and their widows/widowers.

In addition, this piece of legislation also makes provision for the setting up of two new Committees working under the remit of the Commission for the Administration of Justice, namely the
1. sub-Committee on the appointment of members of the Judiciary;
2. sub-Committee on the discipline of the Judiciary. (This sub-Committee is completely made up of sitting members of the judiciary which are elected by the members of the Judiciary itself.)

The overall aim of the Act is to increase transparency in the method of appointment of members of the Judiciary and increase the accountability of the members of the Judiciary.

For historical reasons, Malta's Constitutional system draws more from the British tradition than from the legal traditions of other Member States and this is also reflected in the system for the making of certain important Constitutional appointments. There have been many developments over the years but the basic Constitutional procedure is one through which Judges and Magistrates are appointed by the President on the recommendation of the Prime Minister (Articles 96 and 100 of the Constitution of Malta).

The Judicial Appointments Committee established by Article 96A of the Constitution is, according to sub-Article 96A(2), presided by the Chief Justice “or, in his absence, by the judge who substitutes him in accordance with paragraph (d) of sub-article (3)”. The other members of the Committee are the Attorney General, the Auditor General, the Ombudsman and the President of the Chamber of Advocates.

It is clear that the Chief Justice is given a very strong role on the Committee by being its ex officio chairperson. Moreover the Attorney General, although not forming part of the Judiciary, exercises a number of functions of a judicial nature, and with the required safeguards of independence, in the fields of public prosecution and of international co-operation in criminal matters.

The Attorney General, the Auditor General and the Ombudsman all enjoy constitutional security of tenure in their offices and the Attorney General and the Ombudsman are actually appointed by a two-thirds majority vote in Parliament whilst the Attorney General is appointed in the same manner as judges and is subject to the same requirements.

The President of the Chamber of Advocates is always an Advocate of long high standing and the Chamber of Advocates has a long track record of defence of the independence of the judiciary. The presence of the President of the Chamber of Advocates on the Judicial Appointments Committee is also in line with what is stated in paragraph 52 of the Explanatory memorandum to Recommendation 2010/12 which refers specifically to “representatives of other legal professions” on such authorities.

Moreover the assessment criteria adopted by the Committee have also been published in terms of Article 96A of the Constitution.

Being entrenched in the Constitution, this law required two-thirds of Parliament to be enacted, and enjoyed the support of all major stakeholders working in the Justice sector. This Act also attracted unanimity in the House and public endorsement by the Judiciary.

**The new Media law**

On the 3 October, 2016, the Government launched the required legislative process for the approval of a Bill called Media and Defamation Act. Subsequently, on 14 February, 2017 the Bill called Media and Defamation Act was published with the aim of having it debated in the House of Representatives and subsequently approved by Parliament. The new law is indeed a very important step forward for increased freedom of expression in Malta.

The Bill contains a number of proposals, inspired by the jurisprudence of the European Court for Human Rights, which are aimed at increasing the freedom of expression for journalists in Malta. The scope of the proposed legislation is to enhance the fundamental right of the freedom of expression through increased freedom for journalists, while giving opportunity to people to protect their reputation through fair and proportionate remedies.

The proposed legislation provides for the complete revocation of Criminal Libel, meaning that journalists shall not be subject to the potentiality of imprisonment whilst fulfilling their duties as watchdogs of democracy. With regards to pending criminal libel proceedings, a transitory provision in the Bill precludes the Court of Magistrates from imposing a sentence of imprisonment in whatever form.

This proposed legislation also introduces the possibility of using Alternative Dispute Resolution measures in Civil Libel procedures and incentivises the option of reaching out of court settlements. In line with the general effort to increase the use of mediation and alternative dispute resolution mechanisms across the board in the Civil Courts, the new Bill provides for a
multitude of incentives for out of court settlements to be reached. The Court will now be given the opportunity to investigate at the first sitting whether the case can be resolved summarily or to refer the case to mediation. In the case of summary disposition of the case, the amount of damages which can be afforded is drastically reduced.

The Bill was generally positively received from media practitioners and the Institute of Maltese journalists.

The Government will also launch, a public consultation to further strengthen responsible journalism on existing models in other leading democracies, such as a press ombudsman or a press complaints office. The Institute of Maltese Journalists has publicly supported this initiative for consultation.

Legal Aid System

The Legal Aid Agency (Establishment) Order (Legal Notice 414 of 2014) which was enacted on 28th November 2014, established for the first time a Legal Aid Agency (Legal Aid Malta) to be responsible for and to administer the provision of the service of legal aid in all areas where this is required.

During 2016, the office of the Advocate for Legal Aid was transferred from the Family Court building to the Agency’s premises in Archbishop Street allowing also for a visual separation of the Legal Aid Agency from the Law Courts. By the enactment of Legal Notice 64 of 2016, beneficiaries are obliged to fill in an application for legal aid in civil procedures declaring their financial status to make them eligible, or not, to the service.

The Legal Aid Malta webpage was created, on the MICL website, giving access to information about legal aid to the public.

An SMS /Email service with the name of the lawyer and legal procurator started being sent to the clients of legal aid with the aim of providing immediate communication with the client as soon as the Court decrees eligibility of legal aid to the beneficiary.

To further enhance the structure of Legal Aid Malta Agency discussions ensued during 2016 with the Industrial Relations Unit (OPM) with the aim of having an established organisation structure of the Agency.

The revision of the retainer fees of legal aid lawyers and legal procurators increased by almost threefold enabling legal aid lawyers and legal procurators to give a better service to the legal aid clients.

Electronic Register for the Termination of Mandates

The process of termination of general or specific mandates has now been made simpler and less costly. Since December 2016, the cost for such terminations has been reduced from €1,500 or €2,000 to €60. Through this newly launched system, terminations of general and specific mandates are to be processed by the Chief Notary to Government’s Office within 24 hours of filing (if filed on a working day). Apart from this, this online register will make it easier for Banks, Notaries and Lawyers to be aware of any termination of such mandates.

Online Register for Testamentary Searches

In order to decrease the level of bureaucracy in the administrative procedures involved when applying for testamentary searches of public and secret wills, this Government undertook the establishment of an online register for such testamentary searches. Without having to travel to the Public Registry or to the Civil Court’s Registry, Notaries as well as citizens now have the opportunity to order testamentary searches online, by simply filling in an e-form. Payment for such searches can also be done online. The resultant searches will subsequently be sent to the client by post.

The establishment of a First Hall of the Civil Court in Gozo

The amendments relative to the establishment of a First Hall of the Civil Court in Gozo have been drafted and transmitted to the Minister for Justice for political vetting, in view of future Cabinet approval.

Upgrade of the Web Portal

The www.justiceservices.gov.mt website offers a compilation of all main and subsidiary legislation as well as a free civil case management, court statistics and civil and criminal judgments. A whole plethora of ICT solutions have been given to practitioners and the general public for free during 2014, 2015 and 2016 and the Ministry intends to continue to enhance facilities through web portals, including consolidation through www.justice.gov.mt.

Electronic projects which are exposed through web portals are ongoing, for instance the eFees project was finalised in January 2016. This project aims to provide court employees with the facility to print out an accurate taxed bill of costs of each civil case which would be automatically adjourned. This will expedite procedures immensely since the computation of the taxed bill of costs is currently being done manually for each civil case. The eFees concept is an improvement in providing the facility to the general public to view their bill of costs online and effect payments online. Moreover, fees related with other matters, such as judicial acts, are being analysed with a view to be paid online. The eFines facility, which permits citizens to pay courts fines electronically (https://justice.gov.mt/onlineservices/eFines) is a prime example of this.
### Improvement of Data Collection and Data Analysis

Since the beginning of 2015, the Government has given particular attention to the analysis of court data and the generation of statistics as a means to understand trends and also guide policy. This has led to a major shift in the way that data is being utilised and there are ongoing efforts at fine-tuning current data collection practices, as well as identifying data-gaps.

For the first time in 2015, the clearance rate and disposition time of the civil and criminal courts have been computed since 2011, and in the case of the civil courts, have been made available online. Additionally, efficiency parameters are now being studied on a quarterly basis in order to ensure early detection of potential negative trends. Internal analysis of such data has helped identify areas in which more resources were needed. It has also helped to highlight areas in which legal amendments were needed in order to make the judicial process more efficient.

Furthermore, in order to improve the quality of the justice system, as outlined by the indicators of the EU Justice Scoreboard, the first Court User Satisfaction surveys were administered in 2016 in line with the Council of Europe methodology. The surveys were conducted on four identified professional court users, and have provided valuable feedback on various areas of the court service. The surveys will be repeated this year on a different combination of professional court users in order to ensure that the opinions of all stakeholders on how to improve.

**Status:** On Track

This measure is not CSR relevant but aims to address one of the three pillars of the Annual Growth Survey – ‘Boosting investment’, sub-section ‘Tackling barriers to investment’.

### New Law Court in Gozo

The objective behind this measure is to address the space and accessibility problems within the Gozo Law Courts, thus making the system more efficient. The amended designs have been submitted and assessed. Full development permit for the project has now been granted. The department has published tenders for the construction of a multi storey car park which is located below the proposed new law court building.

**Status:** On Track

This measure is not CSR relevant.

### VAT refund for tourists

In 2015, Government carried out the required amendments to the law to introduce this measure and issued a call for expressions of interest to select the operator that will coordinate this system. This call closed on 20th May 2015 and the legal notice regarding this measure was issued as well.

The contract with the chosen operator was signed in December 2016 and thus will start offering this service in the coming months. Currently the Government is waiting for a clear timeline from the operator for the commencement of this service.

The Malta Tourism Authority will be helping in marketing this measure.

**Status:** On Track

This measure is not CSR relevant but aims to address one of the three pillars of the Annual Growth Survey – ‘Pursuing structural reforms’, sub-section ‘Deepening the single market and making national markets bigger’.

There are indications that those countries that embrace VAT refund systems for tourists coming from third countries generate more sales to this band of tourists.

### Ordering Land Registry Plans Online

Land Registry plans are sold at the Land Registry. At this point in time, plans can only be bought by clients who physically go to the Land Registry to indicate the location on the Registry’s base map which is now outdated.

Identity Malta Agency, Loqus and MITA have met to see how best to implement the solution. Currently, the Gate 1 document consisting of requirements such as detailed user interface specifications, licensing configurations and installation information, is being revised. Identity Malta Agency established an annual agreement with the Planning Authority and all Land Registry software systems will be updated yearly with a recent basemap. Loqus is the supplier of the present Land Registry software and has been contracted to extend the software with an internet module to provide the sale of these maps online. Identity Malta Agency has acquired the needed licenses to host these updated maps on new MITA servers.

When the system is fully implemented, this service will be offered online with an updated basemap thus saving time and ensuring an increased efficiency of this service. The public can purchase official Malta Land Registry plans online with this system module which plugs into the present system. In addition, base maps will be updated to the latest version of 2015 whereas until today the Land Registry is still using outdated base maps from 2008. Necessary changes and development have been carried out to the present software to accommodate the base maps in a newer format and also to be able to cater for the old system and the newly designed module. Land Registry Plans will be posted to the customer’s residence like in the case of birth and marriage certificates. Service from the office will still remain available.
<table>
<thead>
<tr>
<th>Project Description</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due to delays in map server deployment by MITA, the planned end date of Q1 2016 had to be postponed. Other delays are also due to unprecedented problems encountered in the testing process which are now being rectified.</td>
<td>Status: Delayed  This measure is not CSR relevant.</td>
</tr>
<tr>
<td><strong>Financial Incentives for the Audio-visual Industry (formerly known as ‘Cash Rebate Incentives for the Film Industry’)</strong></td>
<td>The Malta Film Commission gave financial incentives, in the form of a cash rebate, to production companies that choose Malta as a film location.  To be eligible for the rebate, a qualifying company with a qualifying production needs to pass the cultural test and present all the documentation as requested in the Guidelines to the Financial incentives for the Audio-visual Industry.  There is no capping/maximum amount. However, the qualifying company applying for the Financial incentives for the Audio-visual Industry with an eligible audio-visual production must have a minimum expenditure of €100,000 for Qualifying Productions and €50,000 for Difficult Audio-visual Works in Malta to be eligible. According to communication from the Commission on State Aid for films and other audiovisial works, any scheme may have an eligibility criterion requiring a minimum level of production, which shall not exceed 50% of the production in the territory of the granting Member State. Thus MFC imposed a minimum Spend criteria relating to the production activity in Malta of 50%.</td>
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<tr>
<td><strong>Film Studios</strong></td>
<td>In September 2016, the Film Commission continued the competitive process with a Request for Proposals (RFP), inviting companies to present their proposals for the studios. The call closed on the 22nd December 2016. The evaluation process will be completed during the first quarter of 2017.</td>
</tr>
<tr>
<td><strong>Re-development of the Kappara Junction</strong></td>
<td>The project application for EU funding through ESI Fund 2014-2020 was accepted and the project is currently underway. The project is being co-financed through the 2014-2020 Programme. The works tender for the upgrading of the junction has been awarded and the contract was signed in December 2015, works commenced in the first half of 2016. The project is scheduled to be completed by 2017.</td>
</tr>
<tr>
<td><strong>Development of the multi-level Junction to remove a bottleneck on the TEN-T Core Road Network</strong></td>
<td>This project was awarded CEF grant funding in late 2013 and will be a major upgrade to the TEN-T Core and Comprehensive link just south of the Port of Valletta. The multi-level junction will also incorporate secure truck parking, public transport segregated lanes and space for cyclists and pedestrians to safely traverse the junction.  The project was planned in two phases to ensure continued access and the smooth allocation of financial resources. Now that Phase I of the project has had funding committed, the expropriation of the land, relocation of tenants and the detailed design of the project is underway, with the issue of the first tenders for this project expected in the coming weeks. Funding for Phase II of the project will be sought towards the end of 2015 or 2016.</td>
</tr>
<tr>
<td><strong>TEN-T Upgrade Phase II – Salina Coast Road</strong></td>
<td>This Trans-European Networks Transport (TEN-T) Section from N4 up to Commonwealth Cemetery, which is located between NA11 and NA11a, is an important 7.3km road in the transport network of Malta in view of the fact that it links the centre of Malta to the northern part of the island.  The two Coast Road construction project tenders were published on 19th February 2013 and following award, the two works contracts were signed in December 2013 collectively amounting to €53 million. Works on the Salina Coast Road have been completed with the road re-opened for traffic in October 2013. The roadside environment works and finishes and routine snag listing were completed during 2016.</td>
</tr>
<tr>
<td><strong>Shop Opening Hours</strong></td>
<td>The scope of this measure is to provide a more flexible approach for retail outlets to open on hours and days which diverge from the standard business hours. To this end, the amendments to the Trading Licensing Regulations came into force in January 2017. These amendments are expected to stimulate the retail sector while facilitating greater shopping opportunities for both tourists and local residents.</td>
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<td></td>
<td>Status: Completed</td>
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</table>
| **Refresh of Insolvency framework in line with EU recommendations of March 2014** | A Working Group (WG) was established in the summer 2015. A presentation was delivered to the Ministers for Finance and Justice on 4th January 2016 to explain the main changes being proposed. The WG delivered its recommendations and these have now been approved by Cabinet. Consultations with social and other interested partners have been executed and the final legislative proposals are now in parliamentary process. Bill No. 172 (Companies Amendment Bill) was given a first reading on 12th October 2016 and is now in the Parliamentary Agenda for the second reading. | It is envisaged that this measure will lead to legislative changes, institutional changes so as to give effect to the legislative changes, and a consultation and marketing exercise to explain the changes to stakeholders including the Malta Council for Economic and Social Development (MICESD), banks and legal practitioners. |}

<p>| <strong>Reduction of time for sale of inherited property</strong> | One of the major causes of vacant properties is litigation between heirs. In order to minimise this phenomenon of vacant properties, Government passed an Act through Parliament stating that where the heirs in an inheritance continue to hold in common, property deriving from the succession for more than three years and no action would have been instituted before a court or other tribunal for the partition of said property within three years from the opening of the succession (and the portions of the heirs in the said inheritance are the same in respect of all the assets of the inheritance), each co-owner shall be deemed to be co-owner of each and every item of property so held in common. This three year period was - prior to this amendment - set at ten years with respect to all immovable property already inherited or yet to be inherited. Act 14 of 2016 entitled ‘Civil Code (Amendment No. 2) Act’, dated 4 March 2016, hence further regulates the institute of the community of property. More specifically, this Act regulates the consequences of holding co-owned property for a period that is longer than three years (which period, prior to the enactment of this Act, was that of ten years). Whilst not directly enhancing the efficiency of national justice systems and national procedures, this Act aims to facilitate co-ownership proceedings by providing co-owners with an easier method of partitioning such co-owned property. If, following this three year period, partition of property held in common is not undertaken, then the law itself (after 3 years of co-ownership, rather than the previously established 10 year period) offers vehicles intended to apportion such property. The process in relation to this measure started with the publication of Bill Number 129 in the Government Gazette dated 3rd November 2015. This Bill has passed all the Parliamentary legislative process. Act XIV of 2016 was passed by Parliament on 1st March 2016. | It is expected that with this measure in place, the high number of vacant properties will be reduced. |
| | Status: On Track | |
| <strong>Tourism in Gozo</strong> | Gozo will continue to be marketed for its characteristic as a complementary yet different holiday destination to Malta, with emphasis on niche segments that have good potential to attract quality tourists in line with sustainable tourism strategy across sectors. This will be done strategically across international media. Schemes have been developed and launched to assist tourism operators to market emerging niches. This included a scheme whereby operators promoting the following segments: sports and adventure tourism; religious tourism; MICE (Meetings, Incentives, Conferences and Events); and weddings, would be supported to up to 50% of their outlay up to a maximum of €3,000 if they attended specialised fairs abroad and would have undertaken international promotion initiatives. Promotional campaigns targeted towards specific tourism niches have also been developed. This year the Ministry for Gozo focused extensively on promoting its main cultural activities abroad. | Promotional strategy aims to increase destination visibility with clear positioning as a different travel destination that offers the luxury of simple things to enjoy with loved ones. The strategy thus aims to increase quality, sustainable tourism across seasons and help move Gozo away from its current imbalance in tourists’ intake, prevalently reliant on day trippers. |
| | Status: Ongoing | |
| <strong>This measure is not CSR relevant.</strong> | This measure is not CSR relevant. | This measure is not CSR relevant. |</p>
<table>
<thead>
<tr>
<th>Capital allowances on office premises</th>
<th>This measure will result in reduction of expenses which will be quantified by the end of 2017.</th>
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</thead>
<tbody>
<tr>
<td>Buildings that are eligible for capital allowances (tax depreciation) purposes currently comprise industrial buildings or structures, hotels, and car parks. This list has been further extended to include office premises through means of Legal Notice 349/2016, “Industrial Buildings and Structures (Capital Allowances) Rules, 2016” that was issued on the 28th of October 2016. Status: Completed. This measure is not CSR relevant.</td>
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<tr>
<th>Rental Income</th>
<th>This measure has led to an increase in tax compliance. For basis 2015 income from this measure was as follow: Individuals taxpayers €7.1 million, Companies €2.2 million.</th>
</tr>
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<tbody>
<tr>
<td>The 15% final tax regime will now be extended to cover income from the rental of commercial property, but will exclude rents between related parties. Status: Completed This measure is not CSR relevant.</td>
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<tr>
<th>Vacant Properties</th>
<th>During 2016, there were 509 restored properties.</th>
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<tbody>
<tr>
<td>The rate of final withholding tax that will be levied on transfers of restored property within an Urban Conservation Area (UCA), as affected in 2016, will be reduced from 8% to 5%. A reduction in stamp duty, from 5% to 2.5%, levied on transfers of property within an UCA, will apply if the contract is executed between 1st January and 31st December 2016. This measure came into force as of 1st January 2016. Status: Completed This measure is not CSR relevant.</td>
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<tr>
<th>Reduction in personal income tax rates</th>
<th>In line with Government’s policy, this budget measure aims to continue reducing the tax burden on labour in order to encourage higher participation in the labour market. Persons within the said tax bands will benefit from a higher disposable income. Data for this measure can only be provided as at end 2017.</th>
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<tbody>
<tr>
<td>Government continues to reduce income tax. A taxpayer with a single declaration earning up to €9,100, a couple with a joint declaration earning up to €12,700 and a person with a single parent declaration earning up to €10,500 will be exempt from income tax. A taxpayer with a single declaration earning up to €19,500 will save up to €90 in tax annually while a person with a single parent declaration earning up to €21,200 will save up to €105 per year in tax. A couple earning up to €28,700 making a joint declaration will save up to €120 in tax. In the case of a married couple where both partners work and opt for single computation, they will be saving up to €180 between them. In the case of a couple earning up to €31,000 each, the savings in tax would reach €210. Taxpayers who did not benefit from previous reductions in income tax will benefit from this measure. Furthermore, as in the previous budget, taxpayers who are on the minimum wage will not be liable to tax on income, including the bonus. The same applies to pensioners in the same income category. This measure came into force as of 1st January 2016. Status: Completed This measure is not CSR relevant but aims to address one of the three pillars of the Annual Growth Survey – ‘Pursuing structural reforms’, sub-section ‘Social policy as a productive factor – modernising the welfare state’.</td>
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<tr>
<th>Events Calendar</th>
<th>Events play a key role in fostering tourism and economic development, thus the events calendar is an important part of the product Malta has to offer to tourists as a destination. Events are a very important aspect of the experience that a guest will take back home. Events are a means of integration of tourists with the local community. This project contributes to bring together in one publication a substantial number of events that are promoted well ahead before tourist arrival on the Maltese islands. The Malta Tourism Authority seeks to leverage the crucial link between events and the destinations in which they are staged, extending the flow of the economic, marketing and social benefits of events throughout the Maltese islands.</th>
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<tbody>
<tr>
<td>Growing importance is given to the events as a tourist product, which is best manifested through the new trends in the tourist supply aimed at enhancing the integration the local communities through the interest in learning about cultures, customs and traditions of Malta as a tourist destination. Today events hold the central position in culture and have a very prominent role in the society. Thus, events are one of Malta’s leading tourist products with an unlimited potential, which is primarily associated with the maturity of our destination in innovative planning and implementation of events and manifestations through the public and private sectors. Events are activities that belong to the group of created attractions and take place once a year, and which are promoted to tourists through the autonomous power of attraction of the event itself, and encourages the guests to take direct participation and involvement. The Events’ Calendar is one ambitious project which the Malta Tourism Authority has taken on board as part of its annual promotional production. A team of three persons within the Events’ Operations Department of the MTA, continuously throughout the year collects events’ data happening in the Maltese Islands. Various entities, event organizers, NGOs, and many more are contacted or approach the MTA for their event’s information. This collection of events is used as part of the Maltese Islands destination marketing, during tradeshows such as World Travel Market in London UK, ITB Berlin Germany,</td>
<td></td>
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</table>
IBTM Barcelona, IMEX Frankfurt Germany and many more. MTA is working hard to convince organizers to announce their dates as early as possible in order to include them in the calendar and promoted well ahead in time.

The information is then uploaded on-line on the VisitMalta.com and later published in print format as a booklet. Although the digital format is considered to be the most convenient and efficient format, operators within the tourism sector still prefer to have a hardcopy.

Status: Completed
This measure is not CSR relevant.

Malta-Gozo link feasibility study

Following the preliminary pre-feasibility carried out in 2012, Government is seeking to better understand the geological sub-surface conditions thereby better evaluating the challenges of building the tunnel. Geological Studies are underway and expressions of interest for the design, build, operate and maintain are expected during 2017. Following this exercise, further tunnel safety and cost considerations will need to be determined and evaluated.

Status: On Track
This measure is not CSR relevant.

The result of this study will be the mapping of the geology in the proposed tunnel path, thus providing a better understanding of the risks to the business model. In turn, this would lead to the definition of the options for the way forward.

Consultation on the National Transport Strategy and Master plan

This measure is a consultation exercise targeting stakeholders and the wider audience of the general public on the contents and formulation of the National Transport Strategy and Master plan, with a specific focus on land transport and traffic issues.

The aim was to obtain as much feedback as possible on both documents as these will set out the strategy, policy measures and determine future infrastructural projects for the period up to 2050 (in the case of the National Transport Strategy) and 2025 (in the case of the Master plan).

Status: Completed
This measure is not CSR relevant.

Following public consultation and Strategic Environmental Assessment, the revised final draft of the Transport Master Plan was published on 3rd December 2016.

Tidal System and Smart Traffic Management System

Traffic during peak hours in certain areas needs to be addressed as infrastructure has reached capacity, with no room for further infrastructural improvements. Such systems could provide some short term relief to the demand during peak hours by better managing the use of the infrastructure available.

For this purpose a tidal and smart traffic management system has been installed and is currently operating in Vjal Sir Paul Boffa, Paola, Malta. This was successful, further locations for the application of tidal systems are being assessed in line with measure 2.2.11.2 of the Transport Master plan.

Status: On Track
This measure is not CSR relevant.

A noticeable improvement has been observed, however since traffic management is highly dynamic, Malta is currently studying the possibility of altering lane changing times to further utilize the potential of the tidal lane system.

New ITS Campus

The objective of this measure is to construct a new campus for the Institute of Tourism Studies (ITS). The new campus will provide a better service for the tourism industry and greater opportunities, especially in Continuous Professional Development (CPD) and higher education. All the plans have been finalised and filed with MEPA for necessary approvals.

Status: On Track
This measure is not CSR relevant but aims to address one of the three pillars of the Annual Growth Survey – ‘Pursuing structural reforms’, sub-section 'Creating jobs and enhancing skills'.

The new campus will be used to upskill the tourism workforce to increase and ensure a higher quality in the services offered in the tourism sector and workforce. Additionally, the measure is intended to keep up with the demand and increase in the number of students that enrol in the tourism industry. This will also ensure an increase in the number of courses offered to the students.

Upgrade and improvements in air navigation services

Malta Air Traffic Services (MATS) Ltd is a Government-owned company and is the designated air navigation service provider for Malta. It coordinates and controls all air traffic using the Malta Flight Information Region. With a workforce of about 150 employees it strives to achieve and maintain the highest standards in the provision of a safe and efficient air traffic control.

The company adheres to International Civil Aviation Organisation (ICAO), the EU and EUROCONTROL (the European Organisation for the Safety of Air Navigation) standards and regulations.

Aeronautical Message Handling System (AMHS)

MATS Ltd, in consultation with EUROCONTROL, is currently conducting a negotiated procedure with three accredited suppliers of AMHS. The new AMHS will enable air traffic controllers and support personnel to execute their duties in accordance with ICAO and EU standards regulating the handling of aeronautical messages. In the last months, the specifications for the AMHS systems were drawn up. The project has been delayed due to a shift in priorities attributed to implementation of regulations.

It is expected that with this measure MATS Ltd will be in a better position to achieve and maintain standards applied internationally in the provision of air navigation services.
The expected completion date of the project is Q1 2018.
Status: Delayed

Air Traffic Management (ATM) System

The new ATM system will provide air traffic controllers with a modern means to execute their duties in a safe and efficient manner in line with international and regional standards. The new ATM system was procured through a negotiated procedure approved by the Department of Contracts. Training of controllers is underway to introduce them to the new system which will be in operation from May 2017.
Status: On Track

Air Traffic Control Centre (ATCC)

The existing ATCC was built in the early 1970s. This Centre is no longer adequate for MATS Ltd’s current requirements. During the past 40 years, the building has undergone several changes and additions in order to meet the company’s evolving requirements. However, it is still small and the foreseeable requirements over the next decade will render the whole complex more restrictive. Additionally, the view from the visual control room is now hampered by various developments, such as hangar facilities, undertaken within the airport perimeter over the past two decades.

Therefore, a new ATCC will be built comprising of a visual control tower, an area control centre, equipment rooms, offices, workshops and employees’ rest areas, to serve the present and future requirements of MATS Ltd and the aviation community. The first tender of the project which involves the Design and Works Supervision of the new ATCC was adjudicated in October 2016, and the contract was signed in November 2016. Excavation works and the building of a sub-structure are expected to take place in the second quarter of 2017, while the project completion date is planned for the end of 2019.
Status: On Track

New Primary Surveillance Radar at Dingli

With this measure an additional layer of primary surveillance in the Malta Flight Information Region – Maltese Airspace (FIR) for air traffic service provision purposes will be provided. The project is expected to be completed in September 2017.
Status: On Track
This measure is not CSR relevant.

Malta Film Fund

The Malta Film Commission, under the auspices of the Ministry for Tourism, is responsible for the management and administration of the Malta Film Fund which was launched in 2008. The Malta Film Fund had a total allocation of €250,000 in 2016. This fund has now been increased to €300,000 for 2017. The objective of the Malta Film Fund is to nurture and back the development and production of Maltese qualifying productions in all genres from new and established filmmakers for local and international distribution. It also aims to promote Maltese storytelling, Maltese stories and Maltese cinema and by doing so, improve the structure of the Maltese indigenous film industry.

The Malta Film Fund offers three funding strands, one for development, one for production and one for distribution at International Film Festivals. There are six schemes within the funding strands, which aim to provide support.

The objective of development support is to foster a culture of script writing and proper development of Maltese productions which can eventually be taken to the market to raise finance, support and move into production. The following schemes aim to provide development support:

- Writers’ Grant, with a maximum grant of €5,000 (up to 100% of the budget): Projects seeking support under this scheme must have been developed to treatment stage or as a first draft script.
- Development Grant, with a maximum grant of €30,000 (up to 60% of the budget): Projects seeking support under this scheme must be for scripts that are at an advanced stage and approaching market-readiness.

The objective of production support is intended to stimulate the realisation of projects. Support for production may only be awarded to applicants for projects which are fully developed. The following schemes aim to provide production support:

- Short Film Production for New Talent, with a maximum grant of €2,500 (up to 100% of the budget): This grant is intended to help new talent produce short films and will provide applicants with a platform for showcasing their talent at local and international film festivals. There is no upper limit on the experience of the teams, although applicants should be aware that the intention of this grant is to develop emerging creative teams.
- Short Film Production, with a maximum grant of €30,000 (up to 100% of the budget): This grant is intended to help creative teams produce short films and will provide the said teams with a platform for showcasing their talent at

Following the closing date for applications for Malta Film Fund 2016 (15th June 2016), 28 applications were received. Following the setting up of an independent evaluation panel of highly esteemed professionals including foreign experts from the film industry to assess and review applications and to administer awards, 7 projects were awarded grants amounting to a total of €230,914. Projects included 1 Writers’ Grant, 1 Development Grant and 4 Short Film Productions (under €20,000) Grant and 1 Production Grant (Feature Film). 1 pending assessment for an application received for International Film Festivals is on hold.

2 Evaluations sessions were held. The initial short listing session took place from 19th to 21st July and involved two evaluators. The final evaluation session which included one to one pitching sessions was held on the 23rd & 24th September and involved two evaluators.

To further help the local indigenous industry, the Malta Film Commission released a new call for production projects under the scheme of the Malta Film Fund. The goal of this special edition is to lead to the increase of a substantial amount of Maltese and Gozitan films, particularly in preparation for the event of Malta’s presidency of the European Union next year, and in 2018 when Valletta will be the European Capital of Culture. The call opened on 1st September 2016 with the closing date being 31st October 2016. 14 applications were received. The evaluations took place between 20th and 22nd January and 7 projects were selected including 1 new talent grant, 5 short film grants and 1 production grant – a total of €162,500 in funds have been allocated for these projects. Moreover, it is expected that with the new film distribution grants programme being offered in 2017 there will be an increase in the distribution of local films in international markets.
local and international film festivals.

- Production, with a maximum grant of €120,000 and not exceeding 50% of the budget.

The objective of distribution support is intended to help theatrical release at International Film Festivals of Maltese productions. The following scheme aims to provide distribution support:

- International Film Festival Promotion Grant which is a 50-50 match funding for entry fees paid to enable Maltese productions to participate in International Film Festivals.

The following scheme launched in 2016 will be integrated under the Malta Film Fund 2017

- Feature Film Distribution Grant

The objective of this grant will be to aid local film makers to distribute completed Maltese feature films. Distribution support is essential to raise the international profile and to advance and foster a wider international distribution of Maltese Films. The match funding grant shall not exceed 50% of the total projected costs, up to a maximum contribution of €10,000. Only Feature Films (fiction or animation) of a total duration of minimum 80 minutes that are already in receipt of Malta Film Fund production funding are eligible for this scheme.

<table>
<thead>
<tr>
<th>Type of Support</th>
<th>Maximum Grant</th>
<th>Percentage of Project Cost Funded</th>
</tr>
</thead>
<tbody>
<tr>
<td>Writers' Grant</td>
<td>€ 5,000</td>
<td>Up to 100%</td>
</tr>
<tr>
<td>Development Grant</td>
<td>€ 30,000</td>
<td>Up to 60%</td>
</tr>
<tr>
<td>New Talent Grant (Short Film Production)</td>
<td>€ 2,500</td>
<td>Up to 100%</td>
</tr>
<tr>
<td>Short Film Production Grant</td>
<td>€ 20,000</td>
<td>Up to 100%</td>
</tr>
<tr>
<td>Production Grant</td>
<td>€ 120,000</td>
<td>Up to 50%</td>
</tr>
<tr>
<td>International Film Festival Promotion Grant</td>
<td>€ 500 (Short Films)</td>
<td>50% match funding</td>
</tr>
<tr>
<td></td>
<td>€ 500 (Feature Films and Documentaries)</td>
<td>50% match funding</td>
</tr>
<tr>
<td>Film Distribution Grant</td>
<td>€ 10,000</td>
<td>50% match funding</td>
</tr>
</tbody>
</table>

An independent evaluation panel of highly esteemed professionals, including foreign experts from the film industry, is brought together to assess and review applications and to administer awards in accordance with the set criteria included in the relevant guidelines.

Applications may be submitted by an individual or through a Maltese/European independent audiovisual company and have to satisfy at least one of the following eligible criteria:
- producer/s, writer/s, director/s who are Maltese citizens or hold a permanent residence status in Malta;

as well as one of the following criteria:
- content and location of story is based completely or partially in Malta; and/or language to be used is Maltese; and/or likely location of the development, production and/or post-production is Malta.

Successful beneficiaries will be required to enter into an agreement with the Malta Film Fund which will set out the terms and conditions of the funding. The grant awarded is paid in stages and on receipt of all the required documents specified in the agreement.

Status: Ongoing

This measure is not CSR relevant.

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**National Development Bank**

Malta is in the process of setting up a National Development Bank (NDB). The NDB is expected to address market failures and will complement the services provided by commercial banks.

In August 2016, the European Commission approved Malta’s plans to establish a Development Bank. The Malta Development Bank is expected to be operational by the end 2017 following a capacity building exercise. The Bank will have an authorised capital of €200 million, of which €30 million will be the initial paid up capital.

Status: On Track

This measure is not CSR relevant but aims to address one of the three pillars of the Annual Growth Survey – ‘Boosting investment’, sub-section ‘Improving the functioning of the financial sector’.

The NDB is expected to address market failures and thus it will complement the services provided by commercial banks and other financial institutions.
### SME Initiative – Stimulating Private Sector Investment for Economic Growth

The SME Initiative Operational Programme is financed through the European Regional Development Fund (ERDF) with an allocation of €15 million.

Following a call for Expression of Interest, launched in July 2015, two financial intermediaries secured financing.

Status: On Track

This measure is not CSR relevant but aims to address one of the three pillars of the Annual Growth Survey – ‘Boosting investment’, sub-section ‘Improving the functioning of the financial sector’.

This initiative is expected to leverage more than €60 million of new SME financing, targeting circa 850 enterprises.

### Business Start

Through Business START (B.Start), Malta Enterprise is offering seed funding for small start-ups that have a viable business concept and are in the early stage of development. The benefits expected to be derived from this scheme are related to facilitating access to finance. The maximum value of aid that may be provided at this stage is a cash grant of up to €25,000 and support is limited to 12 months. An initial installment will be paid once the project is approved. Subsequent installments shall be paid quarterly after the Corporation reviews and endorses that the progress achieved is in line with the business plan as approved or as adjusted to adapt to market requirements. The maximum grant awarded through subsequent payments shall be calculated by multiplying €1,350 by the number of full-time employees engaged in the undertaking at least one full month prior to the end of the quarter review provided that the total payment in any quarter shall not exceed €10,000.

The scheme was officially launched as a pilot project on 29th September 2015 and the response has been very encouraging. In view of the significant interest that has been received, the scheme was then extended to 2020.

Status: On Track

This measure is not CSR relevant but aims to address one of the three pillars of the Annual Growth Survey – ‘Boosting investment’, sub-section ‘Improving the functioning of the financial sector’.

Up to January 2017, 55 beneficiaries have been awarded assistance. The total assistance awarded amounts to €1,375,000.

### Start-up Finance

Another initiative designed by Malta Enterprise is the Start-up Finance scheme which was launched as a pilot project on 1st October 2015. The aim of this scheme is to provide finance to support Small Start-up Undertakings in the set-up and initial growth phases. In line with the European Regulations, Malta Enterprise initiated an incentive open to small start-up undertakings. The support provides repayable assistance linked to private equity, crowd funding and the procurement of machinery and equipment. The Corporation shall charge an interest on any value outstanding at the end of each calendar year. The scheme is currently being reviewed and is expected to be re-launched in the second quarter of 2017.

Status: On Track

This measure is not CSR relevant but aims to address one of the three pillars of the Annual Growth Survey – ‘Boosting investment’, sub-section ‘Improving the functioning of the financial sector’.

2 SMEs have been awarded assistance. The repayable assistance awarded amounts to €300,000.

### Managed Seed Capital Fund

The Managed Seed Capital Fund is intended to support early stage technologies and knowledge/technology-based start-ups.

Early stage Technologies: Research discoveries or technologies which have not yet reached the point where their commercial feasibility or application(s) as marketable products, services, or processes have been demonstrated by way of prototyping, field testing or other means of commercial assessment.

Knowledge/Technology-based Start-ups: Individuals, pre-incorporated organisations, or incorporated companies that are in the early stages of developing businesses focused on the creation of new products or services based on intellectual property, new technologies, or innovative business models; typically, start-ups are focused on establishing reliable business strategies, identifying/capturing their first customers and securing their first rounds of financing.

A Management Committee, made up of representatives from the Ministry for the Economy, Investment and Small Business (MEISB), the Ministry for Education and Employment (MEDE) and the University of Malta was set up in 2014 to discuss and decide on the procedures to be adopted for the implementation of this measure. The idea behind this fund is to encourage academics and students possessing creative and innovative ideas to get the necessary financial support to be able to develop their ideas into business concepts.

The Management Committee is responsible for the screening and evaluation of applications.

It aims to assist promising ideas to move forward toward commercialisation and ultimately, the creation of high growth businesses in Malta. Award funding will help to bridge the initial gap between lab/patent/idea and market development, and provides support to researchers and entrepreneurs when they need it most to increase the likelihood of success.

Status: On Track

The Management Committee finalised the details of the implementation of the measure for 2016 and awarded 3 proofs of concepts projects and 6 start-ups for a total value of €100,000. This initiative is being repeated in 2017 and the same amount of funds has been allocated in the 2017 Budget.
<table>
<thead>
<tr>
<th>New/updated Euro Plus Pact commitments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Updating of electronic system for the Inspectorate section</strong></td>
</tr>
<tr>
<td>In 2017, an updated electronic system will be developed so that inspectors would be able to collate information on their laptops regarding the inspections carried out by labour inspectors at the place of work by virtue of the Employment and Industrial Relations Act. The system has currently entered the testing phase.</td>
</tr>
<tr>
<td>This measure is not CSR relevant.</td>
</tr>
<tr>
<td><strong>Consultations with all stakeholders regarding equal pay for equal work</strong></td>
</tr>
<tr>
<td>At present, the salaries of employees of private contractors who provide services to Public Entities and Government are pegged with those of Government employees performing similar duties. It is being proposed that consultations would take place to collect data and information to assess the implications if wages and working conditions of employees engaged by sub-contractors are placed at the same level as those of regular workers at the same place of work.</td>
</tr>
<tr>
<td>This measure is not CSR relevant.</td>
</tr>
<tr>
<td><strong>Reduction from 5% to 1.5% in stamp duty in transfer of a business to children</strong></td>
</tr>
<tr>
<td>Starting from April 2017, Government is giving a 12 month concession whereby the stamp duty of 5% is being reduced to 1.5%, when a parent transfers a business to his or her children.</td>
</tr>
<tr>
<td>This measure is not CSR relevant but aims to address one of the three pillars of the Annual Growth Survey – ‘Pursuing structural reforms’, sub-section ‘Deepening the single market and making national markets bigger’.</td>
</tr>
<tr>
<td><strong>Introduction of online electronic payment by importers</strong></td>
</tr>
<tr>
<td>The Customs Department, in line with the international Trade Facilitation Agreement is committed to introduce, during the course of 2017, the online payment facility for use by traders and one-time importers bringing goods to Malta that attract duties.</td>
</tr>
<tr>
<td>This measure is not CSR relevant.</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>New/Updated Measures to address growth bottlenecks and economic imbalances</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consolidation of Regulatory Frameworks for Collective Investment Scheme</strong></td>
</tr>
<tr>
<td>The number of different available options for the establishment of investment funds has grown over the years. A consolidation of these frameworks would reduce the number of frameworks, streamline the applicable rules and enable better supervision, improve the licence application process, enhance the provisions related to the ongoing governance of the relevant schemes and outline the documentation required from the schemes in certain circumstances.</td>
</tr>
<tr>
<td>This measure is not CSR relevant but aims to address one of the three pillars of the Annual Growth Survey – ‘Boosting investment’, sub-section ‘Improving the functioning of the financial sector’.</td>
</tr>
<tr>
<td><strong>Incentive to post-secondary graduates, who graduated in the last three years, to open a new business and reduce burdens</strong></td>
</tr>
<tr>
<td>Since the first two years of a start-up company are usually difficult, removing the burden of audit of accounts can help mitigate initial costs on condition that the company’s turnover does not exceed €80,000 annually. Alternatively the company may opt to have its accounts audited but gain a tax deduction of 120% of the audit fees up to €700 annually in the first two years.</td>
</tr>
<tr>
<td>This measure will cover accounting periods starting from the 1st January 2017 until the scheme is terminated.</td>
</tr>
<tr>
<td>This measure is not CSR relevant.</td>
</tr>
</tbody>
</table>
Introduction of a detailed Tax Consolidation

Government will introduce detailed Tax Consolidation regulations that permit groups of companies to calculate their profit and loss on a group basis.

This measure is not CSR relevant but aims to address one of the three pillars of the Annual Growth Survey – Pursuing ‘Structural Reforms’, sub-section ‘Deepening the single market and making national markets bigger’.

This measure shall promote more foreign investment into our country.

Risk Investment Scheme

New fiscal incentives, in the form of a Risk Investment Scheme, are targeting those investing capital in small and medium enterprises (SMEs) or in an investment fund spread over a number of SMEs registered on an alternative trading platform such as Prospects on the Malta Stock Exchange. Individuals who invest in this manner will be receiving a tax credit up to a maximum of €250,000 per year.

This measure is not CSR relevant but aims to address one of the three pillars of the Annual Growth Survey – “Boosting investment”, sub-section ‘Tackling Barriers to Investment’.

This measure will encourage investment on the Malta Stock Exchange.

Fight against unjust competition - Setting up of the Joint Enforcement Task Force

In the fight against unjust competition in commerce and against tax evasion, the Joint Enforcement Task Force will ensure joint action by the Department of Inland Revenue, the VAT Department as well as the Customs Department. The Tax Compliance Unit will also have an active role in this new initiative.

This measure is not CSR relevant.

The continued maintenance of the Cittadella will ensure that visitors get a positive experience at this important historical site in Gozo.

Continuous maintenance of the Cittadella

Following the completion of the EU Co-funded project for the implementation of the Cittadella master plan it is deemed necessary to carry out a continuous maintenance programme to ensure that the upkeep of the Cittadella is of the highest standards. This measure will ensure that the Cittadella is properly maintained both with respect to restoration as well as cleanliness and visitor services.

This measure is not CSR relevant.

Improved Connectivity between Malta and Gozo

Presently a scheduled ferry service between Mgarr (Gozo) and Cirkewwa (Malta) provides the means of transport for passengers and cars between the two islands. While the demand for this ferry service between the two islands is increasing, there is only one mode of transport to support such demand. This also means that there is one single point of failure should something happen to the ferry service or the Cirkewwa Ferry Terminal. Given also the increased traffic congestion on the road network, the fast ferry service should facilitate transport and commuter ship between the two islands. A tender for the provision of this service is currently being prepared.

This measure is not CSR relevant.

With this measure there will be the introduction of a fast ferry service which would enhance the transport link between the two islands.

Extension of Xewkija Industrial Park

The project shall create an attractive business environment centred on a large multi-purpose facility serving as an enterprise hub on the main arterial road linking Mgarr to Victoria, attracting new business start-ups and consolidating existing businesses in a suitably hi-tech facility. In addition, a separate self-contained industrial workshop complex shall be set up to transfer unsightly, unsafe and noisy small-scale industrial operations out of urban centres for a better, more tranquil, safe and hygienic community environment.

It also aims to facilitate the establishment and growth of SMEs in Gozo by providing a location away from village cores and enabling further economic growth through better diversification in the economy and an increase in job opportunities for Gozitans in Gozo.

This measure is not CSR relevant but aims to address one of the three pillars of the Annual Growth Survey – ‘Pursuing structural reforms’, sub-section ‘Creating jobs and enhancing skills’.

The two developments should nurture the growth potential of SMEs at a regional, national and international level through the provision of a suitable hosting infrastructure and working environment.

Yacht Marina at Gżira Gardens

With the exponential growth of the yachting industry in Malta, and the opening of several private marinas, it was increasingly felt that the Transport Malta [TM]’s role as yacht marina operator was no longer desirable and that TM should be released from its operational responsibilities to focus on its regulatory role whilst strengthening Malta’s development as an international centre for yachting.

In line with the above, Government acting through the Privatisation Unit privatised the operation of a number of designated yacht marinas which had been previously managed by TM. This move was aligned with the broad Government policy to continue to entrust operational activities to the private sector while limiting the role of the public sector to policy setting and regulation. It was believed that the local yachting sector could derive significant benefits from the involvement of the private sector. In the hands of experienced and reputable private operators, complemented by investment in upgrading the existing facilities and improved berthing management, the marina’s unique location and facilities could be positioned to take advantage of the business opportunities presented by a growing and dynamic yachting industry. The annual Concession Fee

The Concession for the operation and management of the Marina is designed to attain the following benefits:

- To upgrade the service level of the Marina through investment in and modernisation and development of the present yacht marina facilities.
- To optimise Transport Malta’s one-time and annual proceeds.
- To give due cognisance to the marina’s stakeholders and seek, as far as possible, to address their particular needs within the new market setting.
- To ensure that the marina areas, and particularly the public areas adjacent thereto, are maintained and embellished in such a way as to enhance the locality to the benefit of both residents and visitors.
- Generally, to support the tourism sector through the promotion of Malta as a prime yachting location.
Consideration of issue of call for offers for project related to a new yacht marina at Marsascala

This project will see the development, operation and management of a Marina and related shore side facilities to a standard that meets the level of quality expected by its users and the local community and will also ensure its long term sustainability in the locality and within the relevant yachting services market.

This measure will thus meet the demands of the growing and dynamic yachting industry, the planning, development and infrastructure required in the area to meet the objectives, principles and policies and to promote development in the area. This measure should be completed by September 2018.

This measure is not CSR relevant.

The construction of a new breakwater arm at Tal-Qrejten Marsaxlokk

Government will construct a new breakwater arm at Tal-Qrejten and repair and increase in height the existent breakwater at Delimara. This project, with a preliminary Estimate of €38 million, will increase the number of days during which the harbour of Marsaxlokk can be used during the year by the Marsaxlokk fishermen. This should be completed during 2019.

This measure is not CSR relevant.

Establishing a National Excellency Fund to award artists and other cultural and creative professionals

This measure will support the development of the cultural and creative industries by assisting creative persons to further their training and develop on a professional level. The measure is also necessary to promote artistic excellence as the main value for artistic work both at the very early stages of an artist’s career and throughout his/her work.

The fund will be divided into the following:

1) The Professional Development Fund which will be launched in March 2017.
2) The Young Artists Scheme which is expected to be launched in April 2017.
3) The Arts’ Awards which will be launched in April 2017.

This measure is not CSR relevant.

Business Enhance ERDF Grants Schemes

The Business Enhance Grants Schemes seek to support enterprises when undertaking investment projects aimed at securing sustainable business growth, by becoming more competitive, innovative and become more resilient to market challenges. These schemes are part-financed by the European Regional Development Fund 2014-2020 and address a number of priority areas under Operational Programme 1 2014-2020 ‘Fostering a competitive and sustainable economy to meet our challenges’. A number of schemes have been launched.

This measure is not CSR relevant but aims to address one of the three pillars of the Annual Growth Survey – “Boosting Investment”, sub-section ‘Increasing the impact of EU funds in support of the investment plan for Europe’.

<table>
<thead>
<tr>
<th>National Employment Policy</th>
<th>Main commitments under the National Employment Policy</th>
<th>Foreseen main measures and indication on whether they are CSR relevant</th>
<th>The estimated impacts of the measures (qualitative and/or quantitative)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training Aid Framework 2 (TAF-2)</td>
<td>Employers will benefit from partial subsidies on training given to their employees.</td>
<td>The Training Aid Framework 2 was completed in 2015 with a total of 9,000 trainees receiving training. 1,120 grant agreements for the value of €1.3 million were paid.</td>
<td></td>
</tr>
<tr>
<td>Work Exposure</td>
<td>The general target for the Work Exposure Scheme through the duration of the ESF Project is to place 1,030 persons who are not in education, employment or training (NEETs). These persons are expected to benefit from work exposure for a duration of 12 weeks. The annual target for years 2016 and 2017 is to place 460 trainees (230 trainees per year).</td>
<td>It is estimated that 40% of NEETs will be in employment after the scheme ends.</td>
<td>The running of the Work Exposure Scheme, which will be part financed by the European Social Funds, has continued in 2016 and 2017. From January 2016 until end of February 2017, Jobsplus has placed 393 trainees. 288 trainees have already completed the scheme, 19 are still attending, 63 dropped out, while the remaining 23 participants opted not to participate in the scheme.</td>
</tr>
<tr>
<td>Work Programme</td>
<td>The private sector and the ETC are working together to help the long-term unemployed and inactive persons to re-enter the labour market.</td>
<td>From the beginning of the initiative till end of January 2017, the number of people who signed the Work Programme Contract is 1,199.</td>
<td></td>
</tr>
<tr>
<td>Access to Employment Scheme</td>
<td>Employment-related subsidies will be given to employers who recruit disadvantaged, severely disadvantaged or registered disabled persons.</td>
<td>From the start of the Scheme until the 28th February 2017, the A2E Unit received applications in respect of 782 participants, of which a total of 504 participants were still on the Scheme. The cumulative total budget commitment to date is of €3,809,943.02.</td>
<td></td>
</tr>
</tbody>
</table>