

MEMORANDUM FOR CABINET BY THE HON. MINISTER OF WORKS & HOUSINGRoad Contribution by the Services

The above-mentioned agreement between the Maltese Government and the Services provides

- a) for a contribution to be made by the Services to the Maltese Government in respect of the maintenance of public roads, the term maintenance to include for the purpose of the agreement, repairs and resurfacing of roads and streets and minor improvements. The contribution leviable from the Services is assessed by splitting the expenditure incurred on maintenance in direct proportion of the fuel consumed by the Maltese Government and the Services;
- b) for the contribution by the Services towards NEW WORKS, namely major improvements of existing standards, major widenings and other work intended to improve the traffic flow or to promote safety, provided the Services derive a benefit from such NEW WORKS. The question of such contribution shall be considered by the Services having regard to the benefit and extent thereof to them.

2. The agreement specifically excludes contribution by the Services towards the cost of construction of NEW ROADS as distinct from NEW WORKS. The relative clause in the agreement runs as follows:-

"The cost of construction of new roads and streets shall be excluded from this agreement. Any contribution towards such cost shall be considered by the Service Departments only if it is clearly demonstrated that the construction of such a new road or street is due specifically to Service requirements. Where the services gain no benefit from the construction of a new road or street other than its use in common with the public no contribution shall be made by the Services".

3. The above mentioned agreement became effective from the 1st April, 1959, and was to remain in force for five years, that is up to the 31st March, 1964. At the end of that period the agreement could be terminated by either party giving six months notice of termination in writing OR could be extended for periods not exceeding three years by exchange of letters. In effect the agreement was extended for one year from the 1st April, 1964, at the request of the Maltese

Government and is therefore due to lapse on the 31st March, 1965, unless further extended with the concurrence of the Services.

4. Contribution in respect of MAINTENANCE WORKS have been paid regularly by the Services every six months in arrear as provided for in the Agreement. In regard to NEW WORKS, it was proposed to make a formal approach to the Services for a contribution to be made in respect of the NEW WORKS carried out during the first Five Year Plan period (which it will be noted coincides with the original period of the Agreement, i.e. from 1st April, 1959 to the 31st March, 1964) from which NEW WORKS, it was considered, the Services derived a benefit.

5. However intimately linked with the question of contribution towards NEW WORKS was the contribution towards the cost of NEW ROADS which, as already stated, is excluded from the current agreement, unless such NEW ROADS are carried out specifically to meet Service requirements. It is very seldom that the Public Works carries out new road works to meet Services needs primarily. It is felt that the Services should contribute towards the cost of NEW ROADS from which they would derive a benefit.

6. The two questions of the Services contribution towards NEW WORKS and NEW ROADS have been considered by a Working Party consisting of representatives of the Administrative Secretary, the Crown Advocate General, the Financial Secretary and the Director of Public Works. The report of the Working Party is attached.

7. In respect of NEW WORKS the Working Party propose that the Services contribution should be an agreed percentage of the capital cost and that such percentages could be conveniently set at five levels, say 50%; 33 1/3%; 25%; 20%; and 15%; depending on the degree of benefit derived by the Services. This, it is felt, should be agreed to.

8. The NEW WORKS carried out during the course of the first Five Year Plan, towards the cost of which it is felt that the Services can reasonably be asked to contribute in terms of paragraph 4 of the Agreement, copy of which is attached, are the following:-

a)	St. Andrew's Road	Cost £16,800
b)	Pieta Wharf	Cost £39,800
c)	Salina Coast Road	Cost £43,400
d)	Tarxien Bir-id-Deheb Road	Cost £70,630
e)	Road from new deep water quay and Marsa Cross roundabout	Cost £55,000
f)	Traffic Signs (3,000 No.) have been put up and maintained and 30,000 feet of carriageway markings laid down and maintained. Road safety devices such as bollards, guardrails, studs etc., have also been installed and maintained	Cost £36,996

The expenditure under items (c), (e) and (f) is not final and the additional expenditure incurred during the year 1964/65 or during any additional period the agreement remains in force would also qualify for contribution. Moreover it must be remembered that in regard to item (a), the Old Torpedo Depot at Msida has now been handed back to Government, and there is no other Service interest in the area as far as is known. The Services have likewise been asked to give up the camp at Ghajn Tuffieha, and if this happens, the road user element will be reduced to the relationship with the Tal-Majesa Field Firing Range only. Hence there is some doubt about the Services contribution towards the Salina Coast road. The Navy will be leaving Hal-Par and probably most of Kalafrana, and if the Royal Air Force move into Hal-Par, they will have little or no link with the Dockyard such as the Navy had. Here again, therefore, the basis for a contribution from the Services for the Tarxien - Bir-id-Deheb road is doubtful. However it is felt that we should on principle present all these NEW WORKS to the Services for a contribution, even those cases where they could derive a benefit from them for only a short period.

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9. About NEW ROADS, the Working Party report states in paragraph 6 that both in the current agreement and in the previous agreement of 1949 relating to road maintenance, the liability of the Services to contribute towards the cost of NEW ROADS is excluded probably because of the fact that the inclusion of such a provision would have been inappropriate in a MAINTENANCE of Roads Agreement. The Working Party report continues that this was in fact the stand taken by the Combined Government Services Committee which in 1947 reviewed the entire field of road maintenance and whose recommendations formed the basis of the 1949 Agreement. Indeed that Committee was of the view that there should be a separate agreement to cover contributions towards NEW ROADS.

10. It is not felt that there should be any reason why contributions for road maintenance and for road construction should not be provided for under one agreement, in which case the "objections" raised by the Working Party would no longer apply. In any case these objections are only of academic interest for we are really concerned here with the levying of contribution for NEW ROADS and the Working Party fully endorses the view that we should levy such a contribution.

11. Indeed on this point the Working Party report says that -

"Although in the agreements there is no specific provision for Services contribution on new roads, except in a negative sense, it appears that this matter was under active consideration at various times and the underlying principle appears to have been accepted by the Government - Services Working Party in 1947 and endorsed at Privy Council level. Consideration was even given to the alternatives of an extended proportional contribution to entire roads or to specific contributions to particular stretches of roads of interest to the Services. However, these points do not emerge in the agreements, possibly on account of the practical difficulties involved. We feel that once the Services are exempted from paying licence fees and Customs dues

in connection with road traffic, they should make a contribution to the capital cost of roads. Such exemptions are assessed at the moment at £90,000 a year. If it is not felt that the Services should be asked to contribute to the capital cost of all new roads then we feel that they should contribute to particular roads of definite interest to them on the basis suggested in paragraph 3 (paragraph 7 of this memorandum) in respect of new works. Of course if these suggestions in respect of new roads are agreed to, they should apply "a fortiori" to new works".

12. It is submitted that if we were to go to the Services with the request that they should contribute towards the cost of construction of all new roads they are more than likely to turn this down on the basis that they use these roads to a very little extent. On the other hand we can make out a much stronger case for contribution in respect of particular roads from which the Services derive a material benefit and the Services are more likely to accept the reasonableness of our request in the case of the latter than in the former because one would be based on actual merit whilst the other would not. In any case the percentage contribution in respect of all new roads is bound to be small but comparatively much larger in respect of individual projects useful to the Services.

13. As a last resort, should the request for contribution for NEW ROADS fall through, the Working Party suggests that -

"The Services should consider contributing not only where a new road is constructed specifically to meet Service requirements but also where the construction of a new road is an obvious economic alternative to the carrying out of new works, as at paragraph 4 of the Agreement, to an existing road. In effect, this would extend the definition of new works to include a new road in specific circumstances. A practical example of this could be the Sliema Regional Road, since it could be argued that a similar result would be achieved if the existing main road, i.e. Rue d'Argens, were to undergo a major face lift in the way of widening, with all the expense and labour of setting back the existing line of buildings".

It is submitted that this proposal should be put forward to the Services should the suggestion for a contribution towards NEW ROADS be unacceptable to them.

14. Paragraph 11 of the Agreement provides that the Customs Department's figures of fuel consumption by civilian vehicles shall be increased by 5 per cent to cover the use of public roads and streets by horse drawn vehicles. In paragraph 9, the Working Party report draws attention to the fact that recent traffic surveys at 25 representative points, covering the whole of Malta, have shown that horse drawn traffic is only 1 per cent of the whole. It is felt therefore that the percentage increase of 5 per cent provided for in paragraph 11 of the Agreement should be reduced to something under one per cent. This would have the effect of increasing the Services contribution pro rata.

15. One point of paramount importance in deciding on this question is that in terms of the Agreement on Mutual Defence and Assistance - vide Part 5 - Section 4 - Sub-section 4 -

"In regard to roads, drainage, ports and harbours, the British Authorities shall make such contributions towards the cost of their maintenance on a basis to be agreed between the British Authorities and the authorities of Malta, provided that for the period of their duration the current agreements relating to roads and drainage shall continue to apply".

This clause in the Defence Agreement seems to exclude contributions for NEW ROADS and possibly also for NEW WORKS though it must be pointed out that there is a strong maintenance element in the latter.

16. Another important point which must be decided is whether an approach should be made to the Services straightaway in regard to the payment of contribution in respect of the NEW WORKS referred to in paragraph 8 of this memorandum or whether we should tackle this point within the context of a new agreement. It must be pointed out, however, that should we follow the latter course some considerable time must lapse before the new agreement is finalized and the longer, therefore, would our claim for contribution for the specific road works mentioned, take before it can be submitted to the Services. All in all it would seem preferable to proceed with the submission of a formal claim to the Services in respect of these specific road works, even though such action will undoubtedly put the Services on their guard and might make it more difficult for us to get them to agree to contributing towards NEW ROADS. The formulation of the new agreement could proceed concurrently.

17. To summarize, the Cabinet is asked to decide:-

- a) ~~whether, notwithstanding the clause in the Defence Agreement, we should press our claim for a revision of the Roads Agreement to take account of NEW ROADS. It is felt that we should do so;~~
- b) whether we should claim contribution in respect of NEW ROADS on the basis of all new road works carried out ~~or~~ whether we should limit our claim to specific new road works from which the Services, it is considered, would derive a benefit;
- c) whether the percentage levels proposed in para. 7 of this memorandum are agreed to;
- d) should our approach to the Services as at b) above fail, whether we should put forward to the Services the proposal to contribute towards specific NEW ROADS as an extension of NEW WORKS as outlined in paragraph 13 of this memorandum;
- e) whether we should tackle the Services to contribute towards the NEW WORKS mentioned in paragraph 8 straightaway and in anticipation of any new Roads

Agreement which may be formulated eventually:

- f) whether we should try to negotiate one Agreement to cover both the maintenance and construction of roads, and finally
- g) whether we should claim the reduction of the 5 per cent addition on fuel consumed by civilian vehicles in virtue of the considerable decrease in horse drawn transport.

23rd January, 1965.

H.W.H.53/62

AGREEMENT REGARDING CONTRIBUTIONS BY THE SERVICES
TOWARDS THE MAINTENANCE OF PUBLIC ROADS AND STREETS
IN MALTA AND GOZO

Report by Working Party

We have examined the position as reflected by the terms of the current Agreement with the purpose of:-

- a) formulating the approach to be made to the Services for a contribution in respect of the cost of new works; and
- b) assessing the grounds on which a case might be made to induce acceptance by the Services to contribute towards the cost of new roads.

2. Paragraph 4 of the Agreement, in effect, accepts the principle of contribution by the Services towards the cost of new works. Major improvements of existing standards, major widenings, and other work intended to improve the traffic flow or to promote safety come within this category. The question of any contribution by the Services towards such new works is to be considered on its merits by the Service Departments having regard to the benefit and extent thereof to the Services.

3. We consider that if all new works were to be included for Services contribution the application of the maintenance formula established at clause 8 of the current agreement would have been indicated. However, considering that only selected works of special benefit to the Services are being submitted, we feel that the Services contribution should be an agreed percentage of the capital cost. Such percentages could be conveniently set at five levels, say 50% 33 1/3%, 25%, 20% and 15%, depending on the degree of benefit enjoyed by the Services.

4. The following are the new works carried out during the course of the first 5 - year Plan, towards the cost of which it is felt that the Services can reasonably be asked to contribute in terms of paragraph 4 of the Agreement:-

- a) St. Andrews Road running along the principal military area, has been widened and straightened and is now safer for traffic

Cost £16,800.

- b) A new wharf wall has been built at Pieta Wharf near the old Torpedo Depot, after Admiralty requests for repairs to the old wall. The opportunity was taken to widen the adjoining road.

Cost £39,800

c) A mile

- c) A mile long section of the Salina Coast Road between Ghallis Tower and Salina has been widened and straightened. This road is the main road link between St. Andrews and the Military Camp at Ghajn Tuffieha, and is heavily used by Service traffic. Improvements are also being made at Bahar-ic-Caghaq and Cala Marco.

Cost to date £43,440.

- d) A mile long section of the Tarxien - Bir-id-Deheb road has been widened and straightened. This is part of the link road between the Dockyard and the Service establishments at Hal-Far, Kalafra and Benghaisa.

Cost £70,630.

- e) Improvements have been carried out along the road from the new deep water quay and Marea Cross Roundabout. Further improvements are in hand. These works improve access to the Services establishments in the area.

Cost to date £55,000.

- f) 3,000 traffic signs have been put up and maintained and 30,000 feet of carriageway markings laid down and maintained. Road safety devices such as bollards, guardrails, studs, etc., have also been installed and maintained.

Cost to date £36,996.

5. With regard to the question of the Services contributing towards the cost of the construction of new roads, paragraph 5 of the Agreement is emphatic in excluding any such contribution except where construction is specifically due to Service requirements. Since such a situation rarely, if ever, arises, the practical effect of this paragraph is to eliminate totally any contribution by the Services towards the cost of construction of new roads.

6. It is to be noted that both in the current Agreement and in the previous Agreement of 1949, relating to road maintenance, the liability of the Services to contribute towards the cost of new roads is excluded. This is probably due to acceptance of the fact that the inclusion of such provision is not strictly appropriate to an agreement concerned specifically with the maintenance of roads. Nor can the principle of contribution, accepted in the case of new works, be "projected" to apply to new roads since this principle has its origin in the fact that expenditure on road improvements is closely related to maintenance, and that it is in the mutual interest of the Government and the Services that improvements should proceed concurrently with maintenance, since capital expenditure on improvements in many cases reduces maintenance costs. In fact, the combined Government-Service Committee which in 1947 reviewed the entire field of road maintenance and whose recommendations formed the basis of the 1949 Agreement, stated that the question of whether the Services should or should not contribute towards the construction of a new road should

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be the subject of a separate agreement.

7. Although in the agreements there is no specific provision for Services contribution on new roads, except in a negative sense, it appears that this matter was under active consideration at various times and the underlying principle appears to have been accepted by the Government-Services Working Party in 1947 and endorsed at Privy Council level. Consideration was even given to the alternatives of an extended proportional contribution to entire roads or to specific contributions to particular stretches of roads of interest to the Services. However, these points do not emerge in the agreements, possibly on account of the practical difficulties involved. We feel that once the services are exempted from paying licence fees and Customs dues in connection with road traffic, they should make a contribution to the capital cost of roads. Such exemptions are assessed at the moment at £90,000 a year. If it is not felt that the Services should be asked to contribute to the capital cost of all new roads then we feel that they should contribute to particular roads of definite interest to them on the basis suggested at paragraph 3 in respect of new works. Of course if these suggestions in respect of new roads are agreed to, they should apply "a fortiori" to new works.

8. However, there is one form of amendment to paragraph 5 of the current Agreement which should in extremis be proposed and it is that while the principle of contribution to the cost of new roads generally remains excluded from the Agreement, the Services shall consider contributing not only where a new road is constructed specifically to meet Service requirements, but also where the construction of a new road is an obvious economic alternative to the carrying out of new works, as at paragraph 4 of the Agreement, to an existing road. In effect, this would extend the definition of new works to include a new road in specific circumstances. A practical example of this could be the Sliema Regional Road, since it could be argued that a similar result would be achieved if the existing main road i.e. Rue d'Argens were to undergo a major face-lift in the way of widening, with all the expense and labour of setting back the existing line of buildings.

9. In conclusion, while not in our terms of reference, we note that paragraph 11 of the 1961 Agreement, providing for a 5% increase to civilian road usage in respect of horsedrawn vehicles, should no longer apply. The recent traffic surveys at 25 representative points, covering the whole of Malta, have shown that horsedrawn traffic is only 13 of the whole

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R.Chalmers

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J.Mercieca

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28th October, 1964.

January, 1961.

Sir,

Contributions by the Services towards the maintenance
of Public Roads and Streets in Malta and Gozo.

1. It having been agreed that the three Services shall collectively contribute towards the cost of maintenance of public roads and streets in Malta and Gozo, the general conditions and principles covering these arrangements are set out below.

2. The term "maintenance of public roads" shall be deemed to cover the following items only:-

- (i) Repairs of roads and streets.
- (ii) Resurfacing of roads and streets.
- (iii) Minor improvements as defined in paragraph 3.

3. A minor improvement shall be defined as an improvement to existing standards, costing not more than £500, effected in the course of road and street repairs and/or resurfacings. The Services Contribution towards the cost of such minor improvements shall be related to a total expenditure ceiling of £30,000 in any one year on minor improvements carried out by the Malta Government.

4. Major improvement of existing standards, major widenings and other work intended to improve the traffic flow or to promote safety shall be considered as NEW WORKS and shall be excluded from the terms of this agreement. The question of any contribution by the Services towards such NEW WORKS shall be considered on its merits by the Service Departments having regard to the benefit and extent thereof to the Services.

5. The cost of construction of new roads and streets shall be excluded from this agreement. Any contribution towards such cost shall be considered by the Service Departments only if it is clearly demonstrated that the construction of such a new road or street is due specifically to Service requirements. Where the Services gain no benefit from the construction of a new road or street other than its use in common with the public no contribution shall be made by the Services.

6. The following items of expenditure only shall be included under the heading of "maintenance" :-

- (i) One half of the expense incurred on the personal emoluments paid to Professional, Technical, Supervisory and Administrative staffs engaged on road works in general.
- (ii) Replacement cost of hand tools and light equipment.

- (iii) The full cost of wages and material actually expended on road and street maintenance works but excluding the cost of depreciation of heavy plant and equipment.

7. The Malta Government agrees to furnish such particulars of costings in connection with paragraph 6 of this agreement as may be requested by the Services from time to time.
8. The contribution by the Services towards the cost of maintenance of public roads and streets shall be paid six monthly in arrears and shall be based proportionately on the quantities of fuel consumed by Service road vehicles as compared to the quantities consumed by civilian road vehicles during the same period. Fuel shall be defined as any type of MT fuel propellant.
9. The fuel consumption figures mentioned in paragraph 8 shall be based on the Customs Department records in the case of the Malta Government's proportion of the cost and the Services' records of consumption for the Services proportion of the cost.
10. The fuel consumption figures referred to at paragraph 9 shall be abated on both sides to take account of fuel used in static plant and machinery. In the case of the Services' contribution the figures shall be further abated to take account of fuel consumed by Service road vehicles on roads and in areas maintained exclusively at the expense of the Service Departments.
11. The Customs Department's figures of fuel consumption by civilian vehicles referred to at paragraph 9 and 10 shall be increased by 5% to cover the use of public roads and streets by horse drawn vehicles.
12. The contribution by the Services calculated as at paragraph 8, 9 and 10 shall be increased by 7½% to cover the cost of depreciation of heavy plant and equipment used in road and street maintenance.
13. The Service Departments shall be entitled to designate particular roads and streets on the maintenance of which up to one third of their contribution shall be spent.
14. In the event of the contribution by the Services in any period of 12 months falling below £18,000 the contribution formula may be reviewed at the request of the Malta Government.
15. In the event of the total expenditure of the Malta Government on the maintenance of public roads and streets in any period of 12 months falling below £110,000 the contribution formula may be reviewed at the request of the Services.
16. This agreement shall be effective from 1st April 1959 and shall remain in force for a period of 5 years, and unless terminated at the end of that period by either party giving six months notice of termination in writing shall be extended for periods not exceeding 3 years by exchange of letters. The agreement may also be terminated at any time provided six months previous notice in writing shall have been given by either party.

17. Any extension or modification to the arrangements described herein shall be considered an integral part of this agreement provided that consent thereto has been evidenced by an exchange of letters between the two parties. Such letters which shall clearly specify the variations, shall be attached to and form part of the agreement.

18. These conditions being agreed between us, this letter and your acknowledgement thereof shall together constitute sufficient evidence of the agreement existing between the Malta Government and the three Services.

I am, Sir,

Your obedient servant,

Financial Secretary,
Malta Government,
Luberge D'Aragon,
Vallletta.