



TALLINN
YEARBOOK
2009

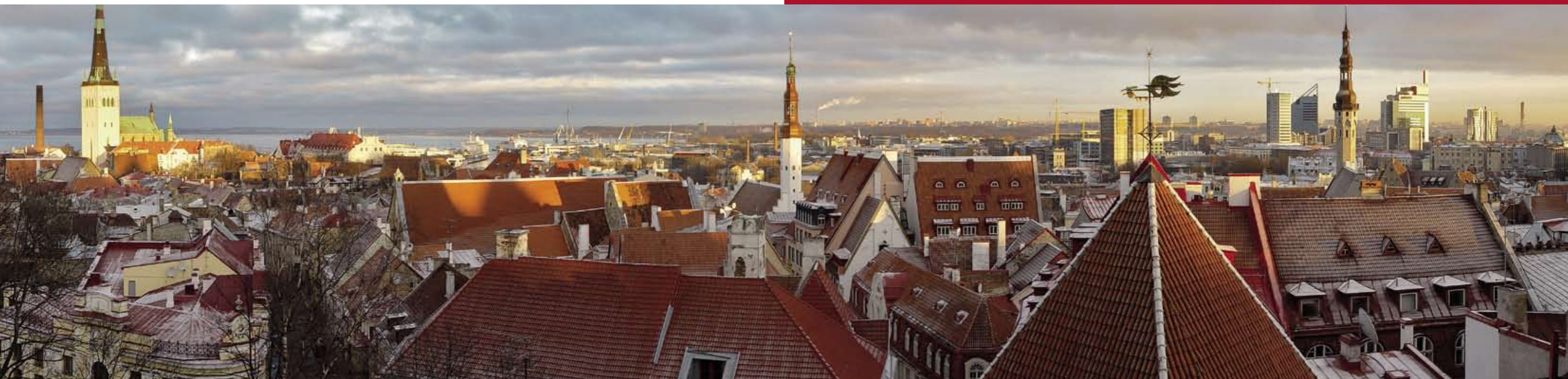
TALLINN YEARBOOK 2009



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Dear co-resident of the City,

Some years ago, “Tallinn Cares” was the main headline for a budget. The credit crunch had not become apparent and something that had to be considered in the everyday running and management decisions. It was the opposite; we enjoyed rapid economic growth (which turned out to be a bubble), and the advantages of high employment rates. Social cohesion and caring were the primary key words that were mentioned in official addresses. This is why some of the political choices made by Tallinn may even have seemed out of time and place. However, after only a couple of years, it was quite obvious that social emphasis is always both relevant and timely in public policies. This is what has driven the city government and has steered the development of Tallinn over the last five years.

In 2009, as the credit crunch acquired drastic dimensions, caring for its people remained the primary objective, as before, in the management of Tallinn. We prepared and launched a special package of assistance as an additional measure to support people who were coping with economic difficulties and to pep up business. Several European towns as well as the majority of countries have implemented similar crisis management programmes. In Estonia, however, state agencies have been unable to adopt similar measures – perhaps due to the extraordinary character of the situation – although Tallinn has channelled a remarkable volume of assets into mitigating the social problems.

The first assistance package focused on six important spheres: reducing unemployment, redirecting expenditures, city benefit and grant system, advising people in



difficulties, energy, and supporting entrepreneurship. We offered social positions to the unemployed, launched job clubs in all the districts of the City, and supported the creation of new jobs from the city budget. The number of enterprises that were established during the year considerably exceeded what we had hoped – 6,242 instead of the planned 3,000. Dozens of new infrastructure projects were completed, which improved the life quality and environment of our city residents considerably. All this comes as a natural part of the policy of caring, but it is also a test of the merit of the 2011 Cultural Capital of Europe.

2009 is also remembered for the local government elections and for the residents of Tallinn showing, once again, their absolute trust in a single political party – the Centre Party. For the first time ever, 79 members were elected to the council instead of the former 63 members. The City Council includes 8 Social Democrats, 13 Pro Patria and Res Publica Union members and 14 Reformist Party members. 44 members of the Centre Party became members of the City Council. The work of the new membership of the council began smoothly and efficiently, and a coalition of the Centre Party and the Estonian Social Democratic Party govern the town. Effective co-operation is the common objective of the programmes of both parties, with caring for and the welfare of all people as the priorities. This is exactly what Tallinn has tried to offer its residents.

Toomas Vitsut,
Chairman of the City Council

Address of the Mayor



2009 was not an easy year for any local government unit in Estonia nor was it for the Estonian state and its people. It became obvious in the course of 2009 that the Estonian economy was in a much worse state than even the most pessimistic analysts had the courage to predict at the beginning of the year. The risks that the Estonian economy had taken were realised, and the credit crunch took a turn for the worst instead of showing the first signs of abating.

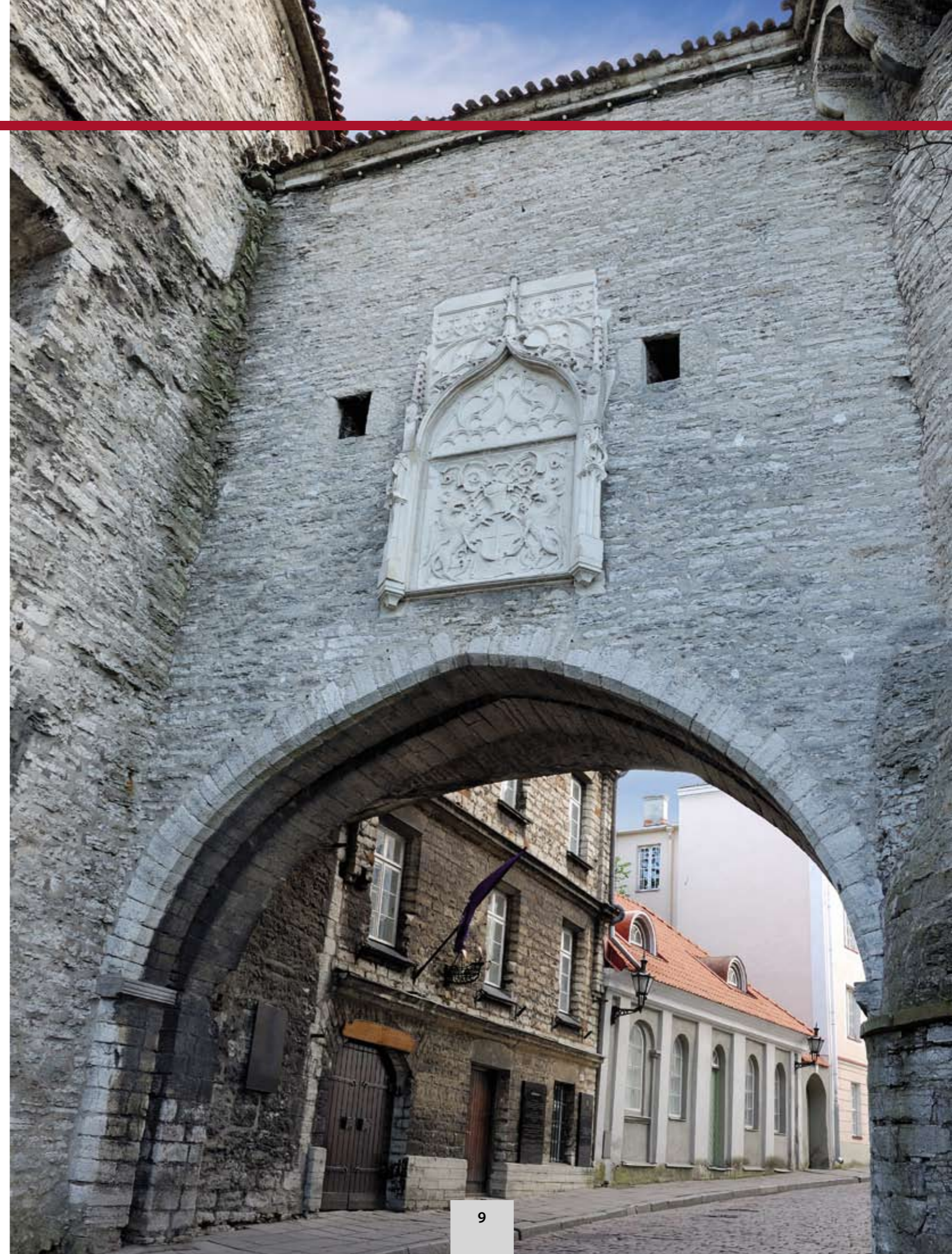
Quite understandably, the financial situation of the City of Tallinn was affected by the same factors, and, consequently, this affected the country as a whole. The economic recession resulted in a decrease in both employment and the income of city residents, and, in turn, the tax and income base of the City. The resolutions that were adopted by the Government of the Republic as well as state budget cuts also had a negative impact on the financial position of the City. According to estimates, the Government of the Republic cut the income base of local governments by more than 2.5 billion kroons in comparison to 2008. Additionally, the Riigikogu adopted a law that imposed additional loan restrictions on local governments and local government-owned foundations and firms, which made the situation for a number of large City-owned health care institutions rather complicated and considerably affected the regular business of public transport enterprises. Therefore, the City of Tallinn was forced to adopt strong measures in 2009 in order to introduce some saving measures.

Due to the resolutions adopted at national level, the expenditures of the City went up, regrettably, as a background to the general recession. As the income tax rate increased by two percentage points over the year, the expenditures of the City increased by more than 52 million Estonian kroons. From summer 2009, employers were also obliged to pay a portion of the sick benefit for employees, which meant an additional increase in expenditures of approximately 15.5 million Estonian kroons for the City. These are just some of the examples of the

added costs. It is also appropriate to mention that the City is one of the most important taxpayers for the state, as it contributes, either directly or indirectly, more than one billion Estonian kroons in tax revenues. With resolutions of the City Council, the City was forced to cut its budget twice, in June and October 2009, against the background of rapid, mostly negative changes in the Estonian economic environment.

In view of the above, it is quite clear that the City Government has faced a number of serious and complicated choices. The City is duty-bound to provide the residents with the required services and amenities and ensure the everyday operation of the 280 agencies within the City organisation and City-owned firms. In a situation in which resources have dwindled, the City Government has attempted to find the best solutions to perform the primary duty of any local government, which is to ensure the availability of the required public services and amenities and the sustainable budgetary policy of the City. It has not been a simple task, in view of the real situation around us. But, once again, this will give us even greater pleasure to see that despite everything Tallinn has done well, as this report will show!


Edgar Savisaar
The Mayor





The City of Tallinn is the largest local government unit in Estonia

According to the information available from the population register, the number of people residing in Tallinn increased by 2,698 inhabitants in 2009, and at the end of the year Tallinn had 406,703 inhabitants, approximately 30% of the population of Estonia. Though, according to the population register, the population of Estonia is continuously decreasing, the population of Tallinn has remained rather stable, showing a slight growth tendency. The natural growth rate has remained positive in Tallinn since 2005. According to Statistics Estonia, 5,150 children were born in Tallinn in 2009, which is, unfortunately, 271 children fewer than in 2008. However, many people from other parts of Estonia who have lost their jobs as a result of the recession often come to Tallinn in search of work, thereby increasing the population of the city.

Tallinn is the service, trading, and financial centre of Estonia. Active economic activities are concentrated in Tallinn and the surrounding areas. The city's contribution to Estonian GDP is around 49%. More than 76% of the added value is mainly created in the tertiary sector of Tallinn, including wholesale and retail trade, hotels and restaurants, financial mediation services, real estate, public administration, education, health care, transport, communications, and other social and individual service spheres. Tallinn contributes 38% of the total export volume of Estonia and two-thirds of the total volume of goods and services sold.

According to Statistics Estonia, 196,200 people aged between 15 and 74 were employed in Tallinn in 2009, 19,400 less than the previous year. The effect of the economic recession became most notable during the last quarter, when the number of those employed decreased by 30,400 in comparison to the same period in 2008. According to information available from the Estonian Unemployment Insurance Fund, in December 2009 there were 26,600 people unemployed in Tallinn, which is 18,700 or 3.4 times higher than just over a year ago.

The readiness and ability of the national structures to resolve the problem of the unemployed is rather poor. The City Council of Tallinn adopted a package of measures on 16th April 2009 aimed at assisting the city inhabitants and companies by mitigating the effect of the economic recession and helping them to emerge from the crisis. The package consists of 41 different measures, including a number of measures for reducing unemployment. In 2009 and 2010, respectively, 136.4 million and 174.9 million Estonian kroons were earmarked for the package.

The main obligation of the city as a local government unit is to ensure the implementation of its statutory functions and the creation of a high-quality living and favourable business environment within its territory. The City of Tallinn offers its citizens a whole range of services. On the one hand, the city has the obligation of ensuring its caters for the most vulnerable, while also providing for the more demanding users of public amenities and services.



The City of Tallinn is governed by Tallinn City Council and Tallinn City Government.

Tallinn City Council is elected for a period of 4 years by the residents of the city. The recent elections of the council took place on 18th October 2009. The City Council holds full council sessions and also uses commissions and fractions to run the city. The previous sixth membership of the City Council had 63 members while the current 7th membership has 79 city councillors. Four political parties form the membership of the council, including the Centre Party (44 members), the Reform Party (14 members), the Pro Patria and Res Publica Union (13 members), and the Estonian Social Democratic Party (8 members).

The new City Council has formed 10 commissions: the Commission of Education and Culture, the Environment Commission, the Commission of Law and Order, the City Management Commission, the City Property Commission, the Finance Commission, the Auditing Commission, the Social Affairs and Health Care Commission, the Consumer Protection Commission, and the Legal Matters Commission. The City Council held 24 sessions in 2009, and it adopted 271 resolutions and 47 regulations; 146 commission sessions were held.

The City Government is the executive body of the local government unit, and it implements practical activities to discharge the functions imposed on the City Government by national legislation adopted by Tallinn. The City Government currently has seven members – the Mayor and six Deputy Mayors. The duties of the City Government members are regulated by fields of responsibility. The City Government conducts the work of all institutions (except the City Council Office) and participates in the work of legal entities in private law as a shareholder, participant, founder and member. The organisational and technical work of the City Government is done by Tallinn City Office; the Head of

the City Office is the City Secretary, who is appointed by the Mayor.

As a general rule, the sessions of the City Government take place once a week. 57 sessions took place in 2009 and 101 regulations and 2,205 resolutions were adopted.

The city institutions are:

- administrative agencies of the city, which exercise public authority;
- institutions administrated by the administrative agencies of the city, which do not exercise public authority.

23 administrative agencies of the city and 246 institutions administrated by the administrative agencies of the city form the organisational structure of the City of Tallinn. Apart from these agencies, the city has established or holds interest in a number of enterprises, which aim to ensure the availability of high-quality public services to the residents of the city. For example, the city holds control in 9 trading companies and 13 foundations, the largest being AS Ida-Tallinna Keskhaigla (East Tallinn Central Hospital), AS Lääne-Tallinna Keskhaigla (West Tallinn Central Hospital), SA Tallinna Lastehaigla (Tallinn Children's Hospital), and the Tallinna Autobussikoondise AS (Tallinn Bus Company) and Tallinna Trammi- ja Trollibussikoondise AS (Tallinn Tram and Trolleybus Association AS) transport companies. The city also has major control in three more trading companies and one foundation. On average, 19,537 employees, including 1,523 officials, were employed in administrative agencies of the city, trading companies, and foundations; 8,939 of the 12,773 employees of the administrative agencies of the city were working in schools and kindergartens.

DEVELOPMENT OF CITY LIFE BY AREAS





Giving its residents the opportunity to grow up safely and enjoy diversified development alternatives and life-long studies is one of the main goals of Tallinn.

The diversification of the opportunities for obtaining education and their accessibility to everyone has been the main objective of the educational field of the city. It is important that all children in Tallinn would be ensured kindergarten facilities; the provision of opportunities for acquiring basic and secondary education; the acquisition of vocational education, depending on labour market requirements; and diversified leisure education and activity alternatives for children and young people.

At the end of 2009, Tallinn had 127 kindergartens, 3 kindergarten-elementary schools, 1 kindergarten-basic school, and 2 schools with kindergarten groups with places for 21,304 children. Additionally, the city supported 18 private kindergartens, therefore offering childcare facilities for 596 more children. The implementation of the "Place in Kindergarten for Every Child" programme was continued; this involved the creation of 1,356 new kindergarten places, including 120 places in a recently opened new kindergarten – Tallinn Rännaku Kindergarten. 1,202 places were added by increasing the number of children per group and 34 places by opening new groups in Tallinn Lepistiku Kindergarten-Elementary School and Tallinn Kivila Kindergarten. Implementation of the "Fire Safe Kindergarten" programme, which involved the fitting of fire alarms into kindergartens, was completed.

High-quality education is one of the main development engines of any country. In Tallinn, there were 70 municipal schools, 11 private schools, and 2 public general education schools in 2009. 43,331 students were studying in Tallinn schools during the 2008/2009 academic year, with 5,671 coming from other local

government units. The number of students in city schools has dropped by 1,497 children, due to demographic trends, in comparison with 2008.

The city grants free school lunches to all students from classes 1 to 9. More than 57 million Estonian kroons, in addition to funds allocated by the government, was spent to compensate catering expenditures. Long day groups and assistant teachers as well as a number of different support services (including speech therapists and psychologists) remained available in every school.

The most important goal in the sphere of education is to ensure a contemporary learning environment in educational institutions. In 2009, four municipal general education schools were completely renovated: Tallinn Juhkentali Gymnasium, Tallinn Lilleküla Gymnasium, 53rd Secondary School of Tallinn, and Tallinn Mahtra Gymnasium. The full-scale renovation of the following municipal general education schools was launched in 2009 in co-operation with the private sector: Tallinn Järveotsa Gymnasium, Tallinn Väike-Õismäe Gymnasium, Liivalaia Gymnasium, and Humanitarian Gymnasium of Tallinn.

Apart from basic and gymnasium education, the city also offers vocational education at Kopli Vocational School of Tallinn, where 111 students and 162 students were studying under antecedent vocational and vocational programmes, respectively. Students are admitted to the following specialities at Kopli Vocational School of Tallinn: real estate maintenance, folk woodwork, textile, tram and trolleybus engineer, home economy, environmental engineering, and horticulture.

The city pays a significant amount of attention to



providing and ensuring leisure studies. In 2009, there were 9 municipal hobby schools in the city, offering education to a total number of 6,353 children. 26,116 children were pursuing their hobbies at general education schools. Additionally, the city provides opportunities for leisure activities in 27 private hobby

schools and circles, which were used by 1,996 children in 2009. The following leisure activities were available to the pupils: technology, natural sciences, theatre, sports, art, music, dance, construction technology, and foreign languages.



The main goal to be accomplished in the coming years involves the successful preparation and implementation of the "Tallinn – European Capital of Culture 2011" project and the launch of the related investment programme. The Tallinn 2010 foundation, which was established by the city in 2007, has the task of planning the capital of culture programme by gathering and evaluating ideas, and organising an exciting, special and high-level cultural year in Tallinn in 2011. "Seaside Stories" was the headline subject for the capital of culture in 2009, and it is based on the cultural programme for 2011.

2009 was a year for museums in Estonia. A thematic children's museum, Miia-Milla-Manda, was opened in Kadriorg Park within the framework of a related programme by Tallinn City Museum. Tallinn City Museum was awarded the highly appreciated Big Museum Rat prize for its organisation of the "Fiddler on the Merry-Go-Round. August Gailit at Tammsaare" exhibition.

The renovation of the Bastion tunnels as well as Kiek in de Kök and its new exhibition was continued; the new display was completed in March 2010.

There are also 10 cultural institutions in Tallinn in which to spend free time, or organise concerts, stage plays, and exhibitions:

The Tallinn Dome Club, Pelgulinna Civic Centre, Cultural Societies' Information Centre, Russian Cultural Centre, Lindakivi Cultural Centre, Mustamäe Cultural Centre Kaja, Salme Cultural Centre, Nõmme Cultural Centre, Haabersti District Leisure Centre of Tallinn and Pirita Leisure Centre.

Tallinn City Theatre gave 387 performances to 55,362 spectators. The repertory of the theatre included 21 different plays, 7 of which were new stage plays. In 2009, the Hell Theatre was restored to its original scope, and it opened with "Us, the Heroes", in the spring.

Tallinn Philharmonic Society organised the Birgitta Festival for the fifth time. The programme was rather substantial and diversified. "Time to Love", an oratorio by Tauno Aints, was performed at the festival as an autonomous production.

The theatre festival "Golden Mask", which was organised by NGO ART-Foorum and the "Church Renaissance of Tallinn" concert series are some of the major cultural events that took place during the year. Events dedicated to the Day of Tallinn were more diversified than in previous years. Greeting concerts by different cities in Estonia and the final event of the "Song of Tallinn" song festival took place in the Tallinn Town Hall Square. The Day of the Restoration of Independence was celebrated with a stage play performed at the opening of Freedom Square in August.

"To Breathe as One" Song and Dance Celebration, which took place in July, was an important event. 280 groups, involving about 8,300 people – 1,261 dancers and 7,061 singers – from Tallinn took part in the celebration. In February, the beginning of the Chinese New Year was celebrated for the first time, which involved a grandiose festival in the Park of Kadriorg. Apart from the performance programme, an ice sculptures' exhibition was opened; the audience enjoyed a fire circus and fire sculptures.

18 library branches, which were visited by approximately 1.3 million people during the year, were operating in Tallinn. The number of people who used the Katariina Jee library omnibus, which was launched back in 2008, increased considerably.

The development of creative, spatial, and technical possibilities for cultural institutions continued to offer diversified cultural services to the residents of Tallinn. The reconstruction of the Tallinn Song Festival Grounds and the Russian Cultural Centre was continued.

The opening of the new snow leopard display was a major event hosted by Tallinn Zoo. Aside from the better living conditions of the animals, one can now observe the lives and habits of snow leopards in real time using the web camera feature. Investment support from the European Union's "Enhancing Regional Competitiveness" measure was used to complete the reconstruction of the elephants' section of the enclosure for the pachyderm animals in 2009; the project had been in process for four years. The project gave the elephants modern living conditions.





Residents of Tallinn must be physically active to remain optimistic and healthy

The city has a goal to diversify the alternatives available for the residents of the city, and particularly young people, to pursue leisure activities and sports, both as a hobby and competitively. Therefore, it is important for the city to offer a diverse range of sports and sports events to its residents.

The objective of the youth work is to offer young people diversified and high-quality alternatives for urban entertainment and introduce both children and the young to healthy ways of living.

In total, the city has 24 sports bases and facilities, where around 30 different sports can be pursued. In 2009, such services were, on average, available for 10-13 hours per day 7 days per week. One of the most widely used exercise and recreation facilities is the Nõmme Sports Centre, which was frequented by 72,824 sports fans and participants of different events in 2009. The total length of the Nõmme-Harku exercise trails at Nõmme Sports Centre is approximately 17.5 km, making them the longest trails of their kind in Estonia.

The promotion of outdoor exercise will be continued through the health movement programme "Tallinn on the Move". As many as 289 different events were organised and supported within the framework of the programme. Numerous regional sports events, competitions, and health days were organised in districts.

Support was made available to sports clubs on a continuous basis; this allowed 19,160 practitioners to participate in sports. The average support amount per practitioner was 3,513 Estonian kroons.

The renovation of the Northern Sports Building was completed in 2009; the renovation of the exercise fields of Lasnamäe Sports Games Schools was continued and the establishment of Järve forest park health trail was commenced. The traditional event of acknowledging teams was also held.

The city offers youth work services in eight regional youth centres, information centres, and information

and advisory centres. The greatest endeavour of the youth centres is the organisation of the Youth Week, the goal of which is to offer diversified activities and information on the ways to spend one's out of school time in Tallinn and to introduce the youth centres of Tallinn in general. Youth centres were visited 65,850 times in 2009. 47 clubs or studies, offering various hobby activities, were practising in youth centres.

The number of information and counselling contacts was 303,402 in 2009, which mostly included visits to the popular www.taninfo.ee youth information website, a site that enjoys continued popularity. The Youth Information Centre of Tallinn issued 9 publications with a total circulation of 120,250 in 2009, and it organised 17 information dissemination events and 91 information dissemination lessons at schools.

The Tallinn Branch of the Science Centre AHHA has been operating in underground premises under Freedom Square since August 2009; according to estimates, just over 40,000 visitors found their way to the centre last year. AHHA fulfils a special role in the youth work done by the city by introducing new and innovative approaches and giving children and young people knowledge about different research fields, using language they can understand. The Science Centre AHHA is focused on families and, therefore, it supports the "Children and Youth-Friendly Town", which was granted to the city by UNICEF.

The support for the youth camps for the children and young people of Tallinn was continued. 41 partners helped to organise the summer youth camps. The support amount was 55 Estonian kroons per participant and the number of supported participants amounted to 5,264.

In 2009, the pupils' summer brigade, which has been active for six years, had 60 groups involving 940 young people.





One of the most important functions of the city is to ensure care for different groups of residents through assisting and supporting the elderly, disabled people, children, and families with children.

Keeping in mind the needs of all those who require assistance, the city has, over the last number of years, considerably contributed to social welfare and health care services. The number of services that have become available in these fields has increased considerably as a consequence.

The population of Estonia, Tallinn included, continues to age. Therefore, the demand for places in nursing homes continues to increase. The purpose of care for the elderly is the provision of high-quality general nursing home services and ensuring that the elderly can cope in society. In 2009, the renovation works of one part of Iru Nursing Home were completed; as a result, the living conditions of the individuals being cared for in the nursing home and also the working conditions of the staff improved considerably. At the same time, general nursing home services were provided to 350 individuals who required nursing services. In other nursing homes all over Estonia, services were provided to 467 individuals. Iru Nursing Home began the provision of interval services as of 1st July 2009, which were aimed at improving the ability of the elderly to cope after a stay in hospital, if they cannot be cared for in their homes due to temporary absence of their family members or next of kin. In 2009, the social welfare emergency call button service was extended to all elderly and disabled people who require the service.

Children need to feel that they are cared for, safe, and assisted. The purpose of children's welfare is to take care of children in children's homes who lack parental care

and provide shelter and rehabilitation services to children and young people with addiction problems, counsel families with children and provide support services to risk families, and assist mothers and children who are victims of domestic violence. The Tallinn Children's Safety Centre provides shelter and rehabilitation services: there are 40 places for children that require social rehabilitation and 14 places for the provision of shelter services. A 5th department was added to the Tallinn Children's Safety Centre in 2009 to improve facilities for the rehabilitation of children with additional issues.

21,125 people with disabilities, including 1,121 children, reside in the city of Tallinn. The city supports disabled people by providing transport services, personal assistant services, working and occupational centre services, and the organisation of day occupation and care services. In 2009, deaf people and their welfare were the focus of the programme; a system for calling taxicabs by SMS was launched and 500 informative plastic cards with text in three languages, to help deaf people and people with impaired speech to cope in emergency situations, were printed.

District day centres offer a number of alternatives for active participation in social life; the services of the centres are used by the elderly who do not have an active social life, children, individuals leaving caretaking establishments, and other risk group members. Home services that are offered by districts are designed for elderly and disabled people who would need nursing



at social hospices upon the absence of these services. The city also caters for those in need by providing soup kitchens and shelters for the homeless.

Various supports, benefits, and social welfare services form a part of the assistance package launched by the city of Tallinn in April 2009, and these contribute to helping people in need. The assistance package helped to extend the free catering service in soup kitchens, the number of beds for peoples with no health insurance was increased, the number of places in shelters for the homeless was increased, and counselling services for people in need were extended. The rate of support paid to the elderly and disabled people to compensate for price increases went up to 1,000 Estonian kroons from the former 850 Estonian kroons. The rapid increase in the amount of unemployed individuals increased the number of people who required support. While the benefit was paid to 1,110 families in a total amount of 7.60 million Estonian kroons in 2008, the number of families requiring support had increased to 2,636 families and the total support amount was 21.40 million Estonian kroons in 2009. In autumn of 2009, free firewood and potatoes for winter, which were distributed to families receiving sustenance benefits, represented considerable assistance.

A social accommodation unit was finished in May 2009 at Paljassaare Road 35, and it has an average of 45 places for people who require assistance. A detention centre with 50 places in sobering-up cells was opened in November. Sobering-up cells have round-the-clock surveillance and medical assistance is available to individuals who are brought in to sober up. In September, the city supported the opening of a family centre at the Pelgulinna Maternity Hospital of AS Lääne-Tallinna Keskhaigla (West Tallinn Central Hospital), the main function of which is to prepare young parents for the birth of a baby and improve the knowledge required by parents to bring up and nurture a healthy child.

As for the field of health care, the city sees the availability of high-quality first level and special health care to all city residents as a matter of utmost importance. At city level, an inter-sectoral health coalition, chaired by the Mayor of Tallinn, was formed. The function of the health coalition is to co-ordinate the implementation of a development plan between different sectors and districts, determine priorities and demand for resources, approve action plans, and assess progress reports. Treatment alternatives, which are available to individuals without valid health insurance, was extended in the field of health care; home nursing services, which are available to patients who suffer from long-term chronic diseases, were extended. Aside from Iru Nursing Home, home nursing services are available in social centres in the city. Health promotion specialists from all of the district governments actively contributed to shaping the health patterns of the city residents.

Aside from the Tõnismäe street pharmacy in the centre of town, night shift services were launched at Lasnamäe to ensure the availability of medications around the clock. The demands of approximately 3,000 and 900 clients were met in downtown and Lasnamäe, respectively; the annotations of the 40 most frequently purchased prescription medications were translated into Russian in 2009. 70 sets of materials were printed using the translated annotations and were distributed to pharmacies in the city, giving them the opportunity to order more copies, if required.

Tallinn Emergency Medical Services also operates as one of the institutions of the City of Tallinn, and it provided emergency medical services with 14 teams and responded to 61,420 calls in 2009. During the summer months, an emergency medical services bicycle team was successfully used in the Old Town of Tallinn to meet the street calls for assistance, which can be quite common in this part of town. The team was able to move more efficiently in areas that are not easily accessible for vehicles. Radio communication devices, acquired in 2009, allowed the Tallinn Emergency Medical

Services to be the only medical service in Estonia to link emergency medical care vehicles to the national operative communication system, which ensures a good connection between the Estonian Rescue Service and the rescue, police and defence forces that are operating at the site.

The partial compensation of student loans (3.4 million Estonian kroons in total) to medical doctors, nurses, rehabilitation care specialists, and social workers working in medical care institutions and school health rooms of the city of Tallinn was continued in 2009 in appreciation of the work that the specialists are doing.

MAINTENANCE SERVICES



A habitable and green living environment, by promoting a nature-friendly lifestyle as one of its goals, is important for the residents of the city.

27% of the area of Tallinn is made up of green areas. The total area of the green areas is 40.3 km², with parks of municipal importance and of importance for districts forming 3.5 km² and 11.4 km² of this area, respectively. The main purpose of maintenance and ground keeping services is to create a network of green areas and city forests. For that purpose, the existing parks, green areas, and fountains were maintained and restored, and new ones were established. An activity-packed programme of events was prepared to increase the attractiveness of green areas. Co-operative housing associations were supported in landscaping their yards for the purpose of improving the living environment.

The public garden in front of "Sõprus" cinema was reconstructed and a fountain was built to ensure its upkeep and aid in livening up and decorating public city spaces in the Old Town of Tallinn. This completed the architectural complex that involved the building and a fountain in front of it, which had already been designed when the cinema project was first planned. A park that had been established and then abandoned after the closure of Kalamaja Cemetery in the 1960s was reconstructed to offer the population of North Tallinn better recreation possibilities; two new fountains were built in the park. The reconstruction of Kadriorg Park continued and the building of the Tondiloo green area was completed. Two new family recreation areas were built in the Lasnamäe district and 29 public playgrounds were reconstructed in the courtyards of houses. The last section of a beach promenade linking the beginning of Kakumäe peninsula to Stroomi recreation zone was completed as a part of a light traffic road from Paljassaare peninsula to Kakumäe peninsula. This completed the construction of the 2,500 m Rocca al Mare beach promenade.

An international flower festival took place in Tallinn from 3rd June to 6th October 2009 with the purpose of restoring the good flower arrangement traditions of Tallinn and launch long-term programmed activities for promoting the art of flower arranging; more than 400,000 people visited the festival. 31 pleasure gardens, the two main themes being "Medieval Garden" and "21st Century Sustainable Garden", were prepared for the festival. Six pleasure gardens were created by teams from Tallinn's sister towns in Russia, Belgium, Sweden, Finland, Macedonia, and Ukraine and 25 pleasure gardens by Estonian teams. 12 thematic days and 14 concerts took place within the framework of the festival. According to the plans, the festival will become an annual large-scale event, which will bring horticulture and flower enthusiasts to Tallinn from both Estonia and abroad. Excursions, concerts, and exhibitions were organised in Kadriorg Park in the summer of 2009 to introduce parks as a form of art. The highlight of the cultural programme was the light festival "Light Walks in Kadriorg", which took place in October. In winter, skating opportunities are extended by a temporary skating rink, which has been open during the winter in the green area of Harju street since 2006. In 2009, the skating rink was open from 1st January until 29th March and from 8th November until 31st December. 30,451 people, including 4,019 schoolchildren, visited the skating rink during the year.

20.10 million Estonian kroons were allocated to apartment associations within the "Clean the Courtyards" project, which continues to gain popularity. The funds were allocated to satisfy applications for cleaning courtyards from 183 co-operative housing associations. The extension of parking areas and repairs of courtyard roads in the territory of co-operative housing associations were the most popular works funded.



12,772 metres of water supply structures, 57,060 metres of waste water sewage structures and 14,719 metres of storm water collection structures were built in Tallinn in 2009 to ensure the completion of the municipal sewage network, which will cover the entire city by the end of 2010. In total, 84,551 metres of water supply and sewage structures were built. The building of sewage systems was mostly carried out in the Nõmme, Maarjamäe, Kristiine, and Veskimetsa areas. The city continued to pay support for houses getting connected to the sewage network in residential areas, which previously had no public sewage. The cost of connecting 2,313 properties to the municipal water supply and sewage network was compensated to the residents, with the total value of the project amounting to 167.30 million Estonian kroons.



Systematic dwelling policies and sustainable use of land are highly important for the interests of the whole city.

The settlement of issues arising from the sphere of tenants living on restituted property and individuals with low income remains the most important in the sphere of city land and property management. In 2009, the housing problems of tenants who were living on restituted property were solved within the housing building programme "5,000 Dwellings for Tallinn" programme, and the second programme for building residential dwellings in Tallinn was launched. The programme forms a part of the housing policies of the city in general, which focuses on providing housing lease alternatives for city workers and young families. 100 young families were housed within the framework of the programme in 2009. In 2009-2011, a total of 9 residential houses will be completed in Raadiku Street, containing 1,215 apartments with a total area of 75,148 m². In 2009, the first three houses with 420 apartments were completed.

The city introduced a new type of subsidy in 2009, which is directed towards supporting the process of applying for energy performance labels for residential buildings by co-operative housing associations. Support was provided to 666 apartment associations to the tune of 1 million Estonian kroons, approximately 1,500 Estonian kroons per building. The information dissemination desk continued to operate at the information department of the City Government, where the lawyers of the Estonian Union of Co-operative Housing Associations gave advice on matters related to co-operative housing associations. Co-operative housing associations

were also supported with training support. The total amount of support that was allocated for the training of 288 chairmen of co-operative housing associations amounted to 576,000 Estonian kroons or 2,000 Estonian kroons per trainee.

The city also has an obligation to take care of people in need. Tallinn has 4 social housing units for the re-socialisation of the homeless. Individuals who are unable to cope economically in municipal apartments are also relocated to social housing units. The construction of a social housing unit at Kauge Street 4 was completed in 2009; various solutions, involving renewable sources of energy, were used within the framework of the project. The construction of family houses was begun in 2009, the purpose being to ensure that children from orphanages have a living environment, resembling that of a family as closely as possible. The competition for collecting ideas was organised to find the project designer and a project design contract was concluded. 5 semi-detached houses and 2 individual houses will be built in various districts of Tallinn within the framework of the project; the houses will be used to house children who are currently living in so-called integrated orphanages.

A programme for developing the markets of Tallinn was launched; Nõmme Market was the first to be renovated within the framework of the programme, and a municipal institution was established to manage the markets. The new Nõmme market became very popular among the residents of the city within a short period.

PUBLIC TRANSPORT AND TRAFFIC SAFETY



The public transport of the city is mostly organised through transport enterprises that are owned by the city, and 57 bus, 4 tramm and 8 trolleybus lines are operating. At rush hour, 309 buses, 55 trams, and 83 trolleybuses, a total of 447 public transport vehicles, operate in the city. In 2009, a total of 22 new buses, including 15 articulated buses and 7 new articulated trolleybuses, were added to the public transportation fleet. Additionally, 3 second-hand buses and 6 second-hand trams were used. The annual mileage was 30.3 million kilometres and services were provided to 119.30 million passengers.

“The Assistance Packages for City Residents and Entrepreneurs” were adopted with resolution no. 71 of the Tallinn City Council on 16th April 2009, which involves the creation of social jobs in transport companies belonging to the city, including Tallinna Autobussikoondise AS (hereinafter TAK) and Tallinna Trammi-ja Trollibussikoondise AS (hereinafter TTTK). The City of Tallinn allocated a total of 13.70 million Estonian kroons for funding the social jobs of travel assistants and cleaners of the public transport to TAK and TTTK. Since 1st June, TAK employed 60 and TTTK 40 cleaners, who cleaned the public transport after their last stops. From September, travel assistants began working in the public transport, their main function being to assist and advise passengers. As of 31st December 2009, 296 travel assistants and 60 cleaners and 192 travel assistants and 40 cleaners were working at TAK and TTTK, respectively.

The city sees increasing the convenience of public transport as a matter of high importance. The priority system of public transport, which was created within the SMILE project through foreign assistance, allows public transport vehicles that are behind their schedules to change the traffic lights to green on 31 cross roads and junctions, if necessary. In total, 99 TAK buses and 73 TTTK trolleybuses were fitted with the respective devices within the framework of the project. At the same time, 291 TAK, 29 MRP buses, and 91 TTTK trolleybuses

and 57 TTTK trams were fitted with indoor and outdoor information boards for notifying the passengers via automatic audio notification systems and cruise control systems. 16 public transport vehicles were fitted with automatic devices for counting the passengers, while traffic light programmes, which give the green light to public transport approximately 6 seconds ahead of the regular schedule, were ordered for 2 major road junctions.

Three new traffic lights were fitted for ensuring the safety of pedestrians and a smooth traffic flow in 2009: the crossing of Pärnu highway, the cross road of Viljandi highway/Valdeku Street and the cross road at Smuuli Street/Paekaare Street. The “Park and Ride” and “School Bus” projects were continued in order to reduce traffic volumes in the city. The “Park and Ride” car parks are opened on the Pirita/Town Centre, Öismäe/Town Centre, Peterburi highway/Town Centre and Pärnu highway/Town Centre lines. The “School Bus” programme was launched on the Viimsi line in 2007, and it was extended to the Vääna-Jõesuu, Tabasalu and Randvere lines in 2008. Each day, an average of 210 students made use of the school buses in 2008-2009.

A widely-based taxi services commission was established in 2009 with the purpose of ensuring well-operating and correct taxi services. The commission includes the Deputy Mayors that are responsible for the spheres of public transport and public order, employees of various institutions of the city, and independent experts. The task of the commission is to review the received taxi transport and vehicle card applications, to process the complaints concerning taxi services that are filed with the Transport Department, and to check the compliance of carriers and taxi drivers with the legislation that regulates taxi services. The establishment of such a commission shall improve the co-operation between various city departments in identifying violations of the legislation and improve the conduct of administrative and misdemeanour proceedings.

CITY PLANNING



In 2009, the main focus of spatial development was on bringing seaside areas back into use and giving them new functions, improving the quality of public spaces, and preparing city decoration projects within the Capital of Culture 2011 project. One of the activities directly linked to these priorities was the organisation of an international architectural competition for the new administrative building of Tallinn City Government in 2009. The purpose of the competition is to turn the Linnahall and Kultuurikatel areas into a new administrative and cultural centre of the city, which would be closely linked to the future Tallinn beach promenade, introduced as the Cultural Kilometre, and seaside activities. A project by a Danish architectural bureau, BIG ApS, "The Public Village", won the competition from among the 47 submitted projects.

ENVIRONMENTAL PROTECTION



In 2009, the city supported the improvement, clarification, and notification of the environmental condition of the city in a number of ways. The maintenance month campaign, which extended to the whole town, was organised in spring, the objective being to clean the city of any waste that had gathered over the winter. The European no-vehicle week was organised for the eighth time. The headline subject of this year's event was "Improve the City Climate", the goal being to increase the awareness of the important role played by local authorities in combating global warming. Tallinn has organised the no-vehicle day since 2001 and a no-vehicle week since 2006. The waste treatment campaign "Prügihunt" was organised for the 7th time in autumn of 2009. The campaign focused on promoting the utilisation of waste handling facilities. The purpose of the campaign was to increase the awareness of people on waste sorting and waste collection station issues and other topics, involving the handling of waste.

Regular study tours and practical natural studies were organised for the first time in 2009 in the new nature studies house, which was completed on Aegna Island in 2008. In 2009, 1,300 nature enthusiasts visited the Aegna Nature Studies House in 2009, including students and teachers from Tallinn schools, kindergarten students, and adults. The conduct of study programmes in the Aegna Nature Studies House increases the awareness of nature and the environment as well as practical knowledge of nature among children. It also improves natural behavioural skills. Nature studies, linked to the curricula of general education schools, were organised for the students in the Nature Studies House of Tallinn Botanical Gardens, which was completed in 2009. Training programmes were organised in seven different spheres in 2009. 1,847 students from 24 schools and 73 classes took place on 77 training days. 3,717 students and 350 teachers from 41 schools and 175 classes participated in nature studies' trainings at Tallinn Zoo.



ROADS AND STREETS



1,460 roads and streets with a total area of 13.10 million square metres and a total value of 3.30 billion Estonian kroons can be found in the city of Tallinn. Road engineering structures were cleaned on 8.90 million square metres to ensure the functioning of roads and streets and the upkeep of the greenery on 3.70 million square metres. The regular maintenance of road engineering structures was conducted on 226,346 square metres.



The reconstruction of Freedom Square was completed in 2009; the works involved the remodelling of Freedom Square into a representative square at both the municipal and national level. The total value of the project, including project design works, was 285 million Estonian kroons. The official opening of the site took place on 20th August 2009. The function of the square has changed as a result of the renovations: the former car park has been re-designed into a pedestrian area and an underground part has been added, including car park, business and exhibition rooms. The roads and sidewalks of Kaarli Boulevard were also renovated in the course of the renovation works of Freedom Square.

The major road projects that were completed in 2009 included the Tartu highway viaduct (Suur-Sõjamäe Street/Järvevana road), the Patriarch Alexis II Square, Pae Street (Punane Street/Paekaare Street), Pelguranna Street (Kolde Boulevard/Kopli Street) and Viljandi highway (Valdeku Street/city border). The next road projects were begun and these works will be continued in 2010: Pärnu highway (Hiiu Street/Laane Street), Nõmme road (Linnu Road/Tammsaare Road) and the connecting road between Veerenni Street and Filtri road (funded with foreign assistance). 4.70 kilometres of light traffic roads were constructed in 2009, the biggest projects being the Rocca al Mare beach promenade and the light traffic road at Pelguranna Street.

The standard and energy-sustainable illuminating of streets, parks, green areas, and other territories in public use in the City of Tallinn was continued, with the well-being and road safety of the town residents in mind. 52,400 lamps and lighting fixtures have been fitted to illuminate the roads and streets of the city. 1,670 new lighting fixtures were fitted during the street lighting works. The "Safe Pedestrian Crossing" project, which was launched back in 2005, was continued and it has contributed to better illumination at 216 pedestrian crossings, including 67 crossings in 2009.



PUBLIC ORDER

The Municipal Police Board of Tallinn is responsible for ensuring public order within the administrative territory of the city. The main functions of the board include the detection of misdemeanours, response to received applications, and imposing warnings and meting out punishments. In 2009, exercising control of taxi services, supervision over compliance with the Trading Activities Act, and the conduct of misdemeanour proceedings on violations were added to the list of the board's functions. The development of the municipal police is an ongoing process aimed at increasing the efficiency of the city's main supervision and control functions by bringing them together under the Municipal Police Board of Tallinn. In 2009, the Municipal Police Board of Tallinn moved to new premises at Pärnu mnt 139c/1.

The city co-operates with Estonia's North Police Prefecture to ensuring safety in the city. Various non-governmental organisations and associations that focus on ensuring safety are also supported. In all, 17 projects are assisted, including the "Psychological Counselling and Youth Work" project by NGO Eesti Vaimse Tervise Ühing (Estonian Mental Health Association), and the leading "Together We Will be Stronger" project by NGO MTÜ Rua Crew. The supporting of several projects that have been conducted for several years was continued, which included the Estonian Union for Child Welfare project "Stop School Bullying" and the Estonian Union of Parents project "Let the Child Cross the Road Safely".



The main goals of the field include supporting entrepreneurship and enhancing competitiveness, increasing the awareness of Tallinn as a tourism destination and organising consumer protection and supervision over entrepreneurship in the city.

The city has devised a number of measures to increase business activities and improve employment. In 2009, 206 entrepreneurs were supported with start-up benefits, benefits for creating new jobs and social jobs, in-service training benefits, grants for trainee instructors, trade fair grants, and grants for co-financing cluster projects. Cluster development contributed to the emergence of co-operation forms, which included several sectors, supporting and organising information dissemination events, and advising the created cluster combinations. More active co-operation was organised with universities in Tallinn within the framework of the Tallinn Innovation Strategy, which involved support of international conferences, participation in trade fairs abroad, organisation of summer universities, and competitions for outsourcing applied research projects.

The "Programme for Developing Small Enterprise in Tallinn in 2010-2013" was adopted; the programme describes the current situation of small and medium-sized enterprises and their main problems and important activities with action plans.

The package of measures of assistance that were adopted by the city of Tallinn in the beginning of 2009 included measures for mitigating unemployment, reducing housing expenditures, supporting entrepreneurs, and protecting consumers. Apart from the payment of various benefits, two employment fairs were organised during the spring, together with the business contact fair "Tallinn Works". Social benefits were made available to the least privileged inhabitants of Tallinn in compensation for the increase in the price of heating energy and were distributed to apartment houses from the district-heating network.

In 2009, more attention than ever before was paid to the dissemination of consumer education. For the first time ever, an information dissemination day for consumers was organised, which involved the whole town and was aimed at increasing the awareness of consumers in Tallinn of their consumer rights. The Price and Consumer Protection Service advised residents and entrepreneurs and settled received complaints 3,223 times, checked

1,863 retail and sales outlets, service providers, and catering institutions and adopted a decision in misdemeanour proceedings on 989 occasions.

The Tallinn Entrepreneurship Day took place for the 6th time in October and involved more than 40 different events. The day focused on innovation; a number of trade fairs, meetings and seminars were organised.

The purpose of business incubators is to increase the competitiveness of start-up companies and encourage business in the city by providing a competitively priced and high-quality working environment (premises and infrastructure) and support services during the launching period of enterprises. In 2009, successful business incubators were operating both in Ülemiste and Kopli; the same goes for the creative incubator, which was launched in September. By the end of 2009, the Ülemiste Business Incubator had 11 inhabitants; 52% of the rented premises had rental contracts; Kopli Business Incubator had 5 inhabitants and 37% of the rented premises had rental contracts, and the creative incubator had 14 inhabitants and 57% of the rented premises had rental contracts.

The purpose of tourism marketing is to increase the awareness of the target markets of Tallinn as a tourism destination as well as to enhance local awareness by increasing the availability of high-quality tourism information. For that purpose, Tallinn was introduced at 24 recreational tourism and 7 international conferences and marketing events. Professional tours were organised in Tallinn for tourism professionals and 4 marketing campaigns introducing Tallinn as a tourism destination were organised. Social media channels, such as Facebook, Twitter, Flickr, Vimeo, YouTube and Squidoo, were used for marketing Tallinn as a tourism destination.

The Tallinn Card, which offers its holder approximately 100 different alternatives for getting to know the town, was created to enable visitors to Tallinn to learn more about the historical and cultural heritage of the city. In 2009, the Tallinn Card was used approximately 50,000 times to visit sights and tourist attractions.





UNCONSOLIDATED BALANCE SHEET

Presented in thousands of Estonian kroons, as at 31 December

2009

2008

Assets

| Current assets | | |
|--|-------------------|-------------------|
| Cash and bank accounts | 86 594 | 435 444 |
| Financial investments | 0 | 29 100 |
| Tax and fine receivables | 383 266 | 424 699 |
| Loan receivables | 48 | 1 694 |
| Other receivables and advance payments | 151 213 | 117 187 |
| Derivative instruments | 0 | 0 |
| Reserves | 381 | 417 |
| Fixed assets waiting to be sold | 13 385 | 70 392 |
| Total current assets | 634 887 | 1 078 933 |
| Fixed assets | | |
| Holdings in the foundation | 136 803 | 136 729 |
| Holdings in subsidiaries and affiliated undertakings | 1 467 019 | 1 659 172 |
| Long-term financial investments | 3 967 | 3 967 |
| Long-term tax and fine receivables | 2 320 | 0 |
| Long-term loan receivables | 0 | 0 |
| Other long-term receivables and advance payments | 70 196 | 122 |
| Investment properties | 1 257 609 | 1 392 422 |
| Tangible fixed assets | 15 779 802 | 15 615 827 |
| Intangible fixed assets | 11 673 | 7 740 |
| Total fixed assets | 18 729 389 | 18 815 979 |
| Total assets | 19 364 276 | 19 894 912 |

Commitments

| Short-term commitments | | |
|--|------------------|------------------|
| Debts to suppliers | 268 994 | 270 626 |
| Debts to contractors | 283 292 | 330 924 |
| Tax and fine liabilities and received advance payments | 84 633 | 104 995 |
| Other liabilities and received advance payments | 35 248 | 51 741 |
| Appropriations | 21 527 | 10 987 |
| Loan commitments | 231 210 | 215 613 |
| Derivative instruments | 29 479 | 12 064 |
| Total short-term commitments | 954 383 | 996 950 |
| Long-term commitments | | |
| Long-term commitments and received advance payments | 0 | 0 |
| Appropriations | 18 868 | 40 168 |
| Loan commitments | 3 477 592 | 3 217 390 |
| Total long-term commitments | 3 496 460 | 3 257 558 |
| Total commitments | 4 450 843 | 4 254 508 |

Net assets

| | | |
|---|-------------------|-------------------|
| Risk management reserve fund | -25 593 | -13 305 |
| Cumulative surplus | 14 939 026 | 15 653 709 |
| Total net assets | 14 913 433 | 15 640 404 |
| Total commitments and net assets | 19 364 276 | 19 894 912 |

UNCONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

Presented in thousands of Estonian kroons for each year separately

2009

2008

Operating revenue

| | | |
|--------------------------------|------------------|------------------|
| Taxes | 3 972 805 | 4 562 259 |
| Sold products and services | 974 353 | 983 264 |
| Financial aid received | 1 139 720 | 1 333 210 |
| Other revenue | 73 813 | 163 652 |
| Total operating revenue | 6 160 691 | 7 042 385 |

Operating expenses

| | | |
|--|-------------------|-------------------|
| Financial aid granted | -1 257 434 | -1 291 368 |
| Labour costs | -2 454 159 | -2 551 879 |
| Administration costs | -1 907 760 | -2 181 997 |
| Other expenses | -395 412 | -559 331 |
| Amortisation and revaluation of fixed assets | -1 288 466 | -1 092 164 |
| Total operating expenses | -7 303 231 | -7 676 739 |

| | | |
|---|-------------------|-----------------|
| Operating performance of the accounting period | -1 142 540 | -634 354 |
|---|-------------------|-----------------|

Financial revenue and expenditure

| | | |
|--|----------------|-----------------|
| Interest expenditure | -160 974 | -135 878 |
| Total net gain from holdings | 47 281 | -6 314 |
| Revenue from deposits and securities | 14 393 | 26 562 |
| Other financial revenue and expenditure | -88 | 1 312 |
| Total financial revenue and expenditure | -99 388 | -114 318 |

| | | |
|---|-------------------|-----------------|
| Financial performance of the accounting period | -1 241 928 | -748 672 |
|---|-------------------|-----------------|

UNCONSOLIDATED CASH-FLOW STATEMENT

(implied)

Presented in thousands of Estonian kroons for each year separately

2009

2008

Cash-flows from principal activities

| | | |
|--|----------------|----------------|
| Operating performance of the accounting period | -1 142 540 | -634 354 |
| Adjustments | | |
| Amortisation and writing off of fixed assets | 1 288 465 | 1 092 164 |
| Revenue/loss from the sale of fixed assets and the non-monetary targeted financing granted | 1 013 | -45 793 |
| Targeted financing received for the acquisition of fixed assets | -100 509 | -162 822 |
| Non-monetary targeted financing received for the acquisition of fixed assets | -146 | 0 |
| Changes in unlikely receivable loan payments | -1 093 | 1 167 |
| Net change in current assets | 62 942 | 29 505 |
| Net change in commitments | -71 308 | 96 966 |
| Total cash-flows from principal activities | 36 824 | 376 833 |

Cash-flows from investments

| | | |
|--|-----------------|-----------------|
| Payments made for fixed assets (excl financial investments and holdings) | -782 705 | -1 046 406 |
| Funds received from the sale of fixed assets (excl financial investments and holdings) | 92 313 | 110 666 |
| Payments made in the course of acquiring financial investments | -423 | -174 949 |
| Funds received from the sale of financial investments | 29 600 | 145 460 |
| Payments made in the course of acquiring holdings | -700 | -83 555 |
| Funds received from the sale of holdings and the reduction of share capital | 31 000 | 67 470 |
| Dividends received | 85 060 | 91 670 |
| Loans paid back | 2 740 | 2 960 |
| Interests and other financial revenue received | 15 822 | 30 009 |
| Total cash-flows from investments | -527 293 | -856 675 |

Cash-flows from financing activities

| | | |
|--|----------------|----------------|
| Funds received from the issuing of bonds | 491 303 | 0 |
| Payments made in the course of purchasing bonds | -123 598 | -113 333 |
| Loans received | 0 | 499 987 |
| Loan reimbursements made | -77 508 | -100 360 |
| Principal financial lease payments made | -1 819 | -2 654 |
| Reimbursements made on the basis of concession contracts | -12 735 | -9 624 |
| Target financing of received fixed assets | 34 516 | 131 813 |
| Interests paid and other financing expenses | -168 540 | -135 024 |
| Total cash-flows from financing activities | 141 619 | 270 805 |

| | | |
|-----------------------|-----------------|-----------------|
| Net cash-flows | -348 850 | -209 037 |
|-----------------------|-----------------|-----------------|

| | | |
|--|-----------------|-----------------|
| Cash and equivalent funds at the beginning of the accounting period | 435 444 | 644 481 |
| Changes in cash and equivalent funds during the accounting period | -348 850 | -209 037 |
| Cash and equivalent funds at the end of the accounting period | 86 594 | 435 444 |



The city budget for 2009 and implementation of the budget

The budget of the city of Tallinn for 2009 was approved in December 2008 (regulation of the City Council no. 51 of 18th December 2008). The budget for 2009 was modified twice with the respective regulations of the Council (City Council regulation no. 23 of 25th June 2009 and City Council regulation no. 37 of October 15th 2009). Apart from the modifications, the budget was specified during the financial year, with authorisation from the City Council, by the resolutions of the City Government, which were used to approve the allocation of state budget allocations, funds available to the city

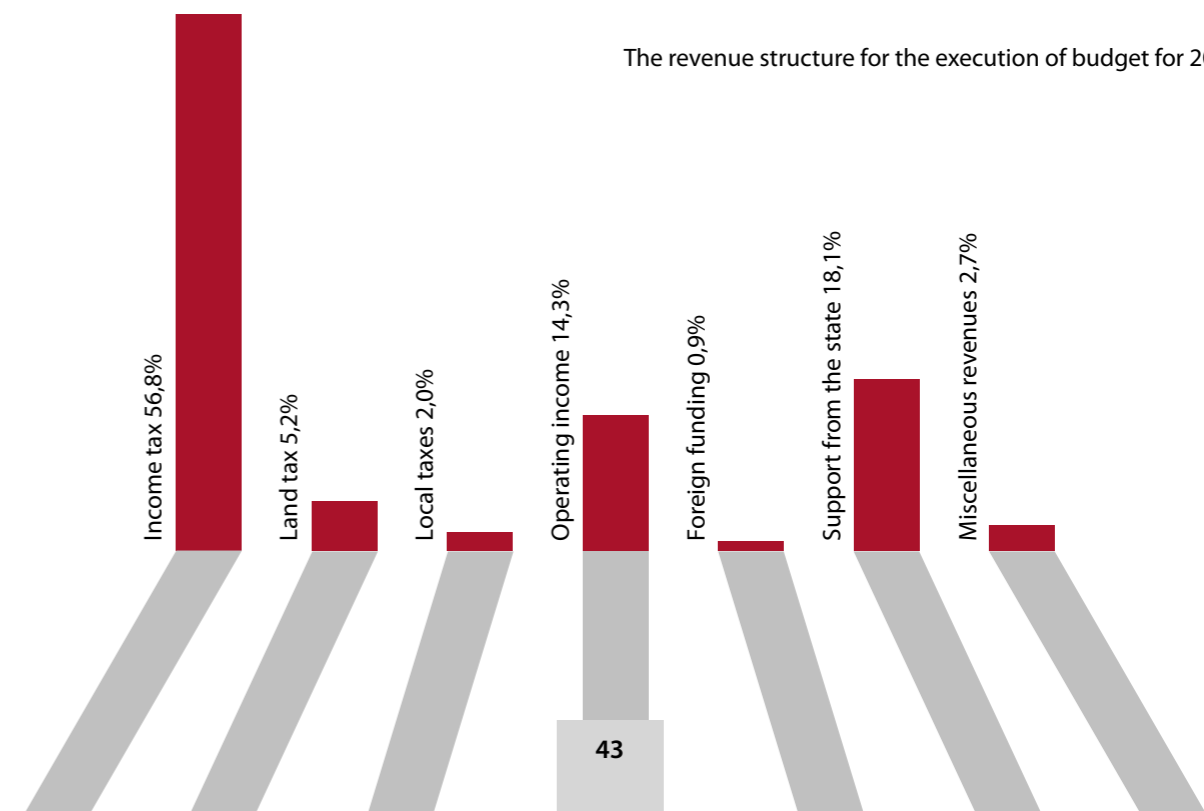
under various arrangements, and the distribution of contributions received by city agencies (resolution of the City Government no. 534-k of 1st April 2009; resolution no. 1098-k of 17th June 2009; resolution no. 1628-k of 7th October 2009, resolution no. 2168-k of 23rd December 2009 and resolution no. 110-k of 27th January 2010) and expenditures transferred from the 2008 financial year to the 2009 financial year (resolution of the City Government no. 471-k of 25th March 2009, resolution no. 1154-k of 25th June 2009 and resolution no. 1627 k of 7th October 2009)

Revenues

The revenues planned for 2009 amounted to 7,394,904 thousand Estonian kroons. At the same time as the approval of the supplementary state budget, the Riigikogu adopted various law amendments, including the amendment to the Income Tax Act, which reduced the amount of collected income tax that is allocated to local government units from 11.93% to 11.4%, effective from April 2009. As a consequence, the city of Tallinn lost approximately 126,000 thousand Estonian kroons in

2009 alone, which instead was paid to the state budget. The economic recession also affected the revenues of the city. These factors resulted in the need to adjust the revenue level that was budgeted for 2009, and, consequently, the final revenue budget amounted to 6,696,181 thousand Estonian kroons in 2009. 6,216,406 thousand Estonian kroons or 92.8% of the planned amount was collected for the 2009 budget.

The revenue structure for the execution of budget for 2009



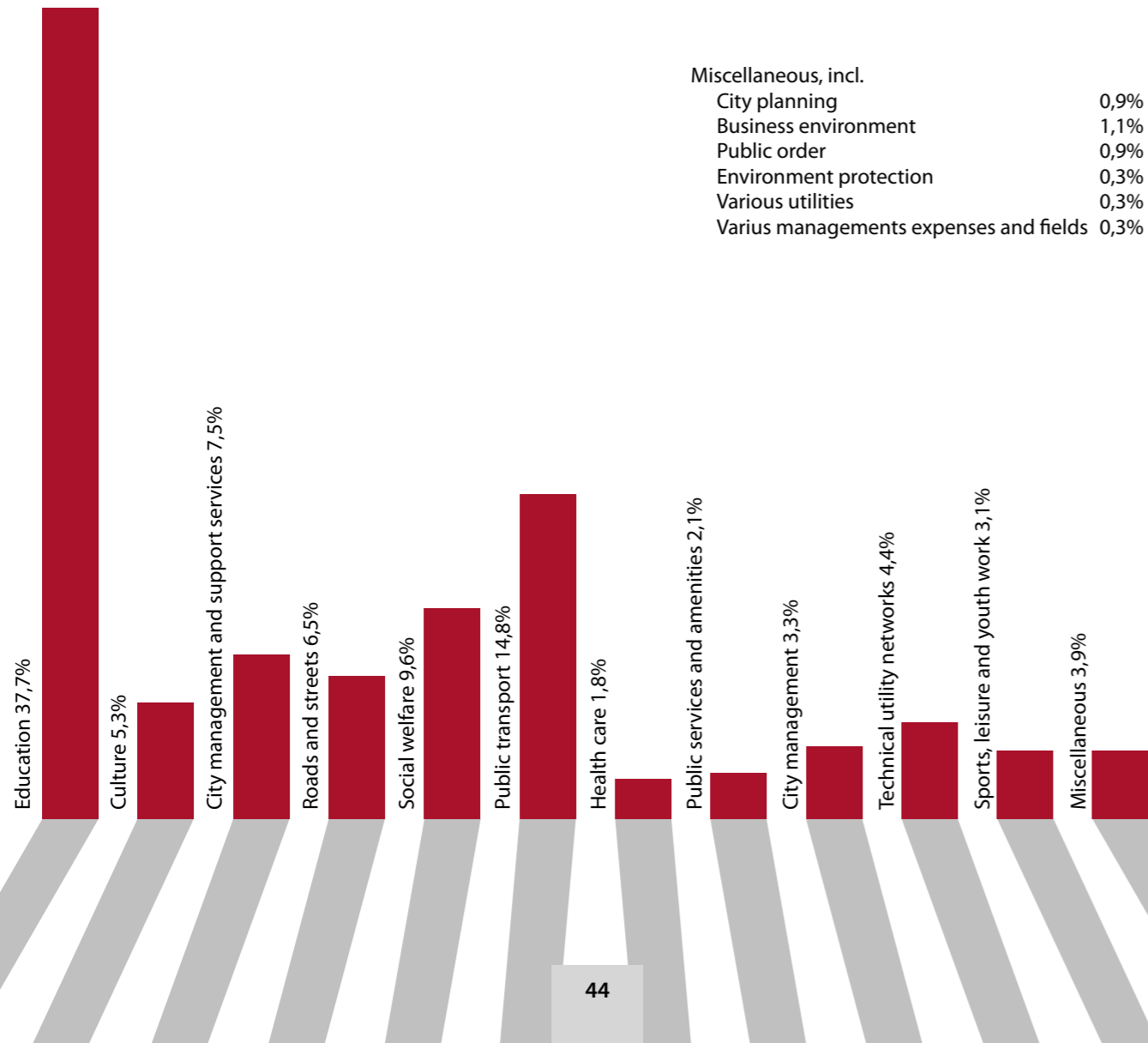
Operating expenses

The final value of operating expenditure in the budget for the 2009 financial year amounted to 6,267,446 thousand Estonian kroons together with expenditures that were transferred from 2008 to 2009, which amounted to 30,189 thousand Estonian kroons. Therefore, the total amount of operating expenditures to be met in 2009, complete with the expenditures brought forward from 2008, was 6,016,638 thousand Estonian kroons, which amounted to 95.5% of the total operating expenses volume of the budget. The value of operating expenditures not implemented in 2009 and

identified as transferrable in the budget was 45,858 thousand Estonian kroons; the respective amount was transferred to the budget for the 2010 financial year (resolution of the City Government no. 574-k of 14th April 2010).

A major share of the operating expenditures of the city is earmarked for education (37.7%), followed by public transport (14.8%), and social welfare (9.6%). A more detailed overview according to the different fields is available from the management report.

Structure of operating expenditures by fields for the purposes of the implementation of the 2009 budget



Investment activities

1,263,259 thousand Estonian kroons was earmarked for investment projects in the 2009 budget. Over the year, the initial budget was adjusted and the volume of the adjusted budget was 934,056 thousand Estonian kroons. Additionally, investment projects to the value of 125,834 thousand Estonian kroons were bought over from 2008. Therefore, the total investment projects budget for 2009 was 1,059,890 thousand Estonian kroons while the funds available for the implementation of the budget amounted to 967,385 thousand Estonian kroons. Therefore, 91.3% of the planned projects were implemented. 86.3% of the investments were funded from the City's treasury, while 9.9% and 3.8% were financed with foreign and state budget support funds, respectively.

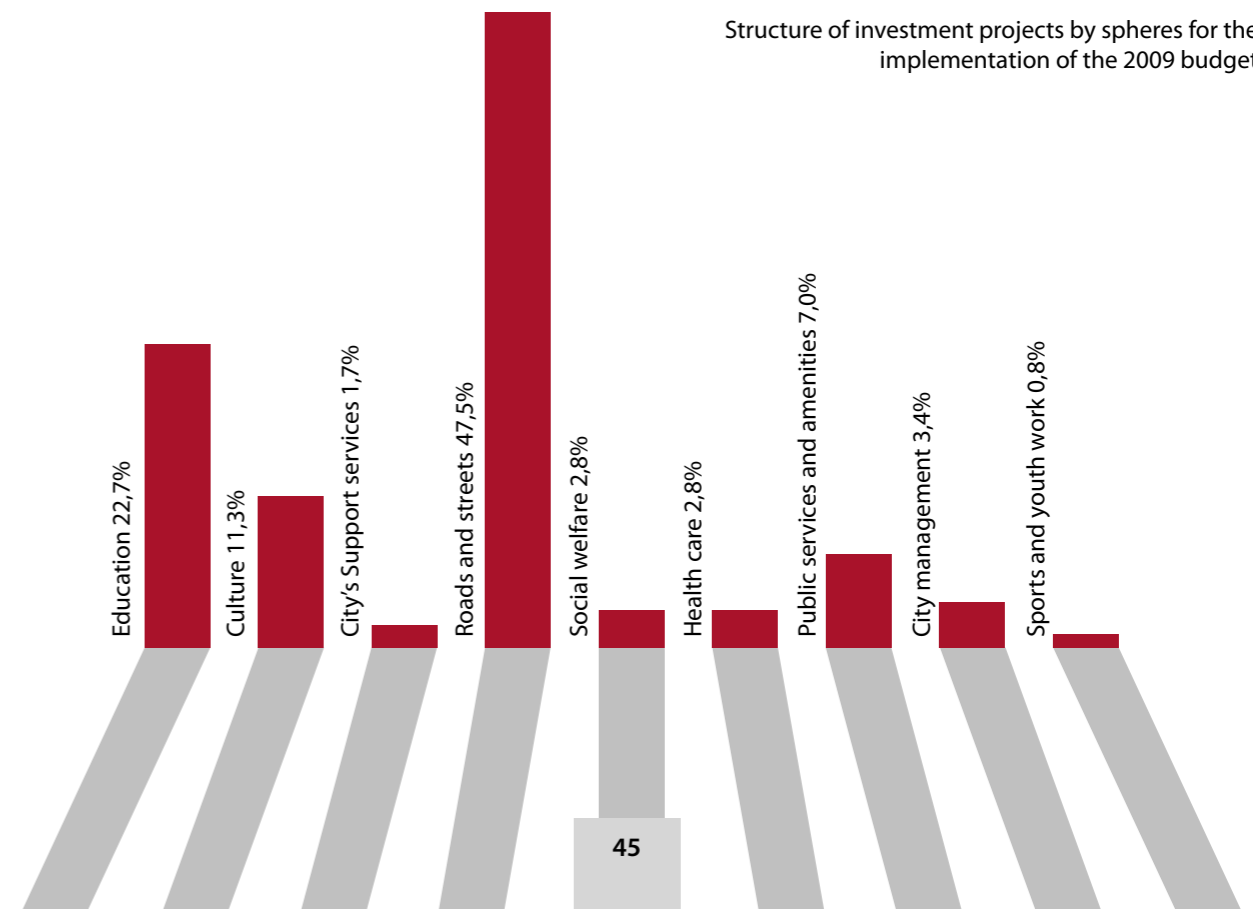
the balance sheet of the city. Maintenance, repair etc. expenses, paid to private sector partners under school building lease contracts, are recognised as expenditures of the given period. However, such expenditures are construed as investment activities for the purposes of the city budget. In 2009, expenditures related to the renovation projects of such schools and capital lease repayments amounted to 151,772 thousand Estonian kroons, while the expenditures of municipal dwellings, public water supply and network development, and the building of storm water sewage amounted to 45,139 thousand Estonian kroons, 167,285 thousand Estonian kroons, and 21,000 thousand Estonian kroons, respectively.

Apart from its own investment programme, the city has co-operation projects with the private sector that were launched to renovate school buildings, build municipal apartments, develop the public water supply and sewage networks, and build storm water collection and drainage structures. Contracts concluded for the renovation and leasing of schools are classified as concession agreements for accounting purposes and, as provided by RTJ 17, the renovation of schools are recognised as tangible capital assets and long-term commitments in

Operating expenditures in the budget were also used to acquire capital assets to the amount of 5,801 thousand Estonian kroons in 2009. The city allocated 700 thousand Estonian kroons in 2009 for increasing the share capital of the City Hall of Tallinn. In total, the value of investments increased to 1,359,083 thousand Estonian kroons in 2009.

The largest investments included expenditures in the reconstruction of roads and streets (47%) and education (23%).

Structure of investment projects by spheres for the implementation of the 2009 budget





Credit Rating and Loan Burden of the City

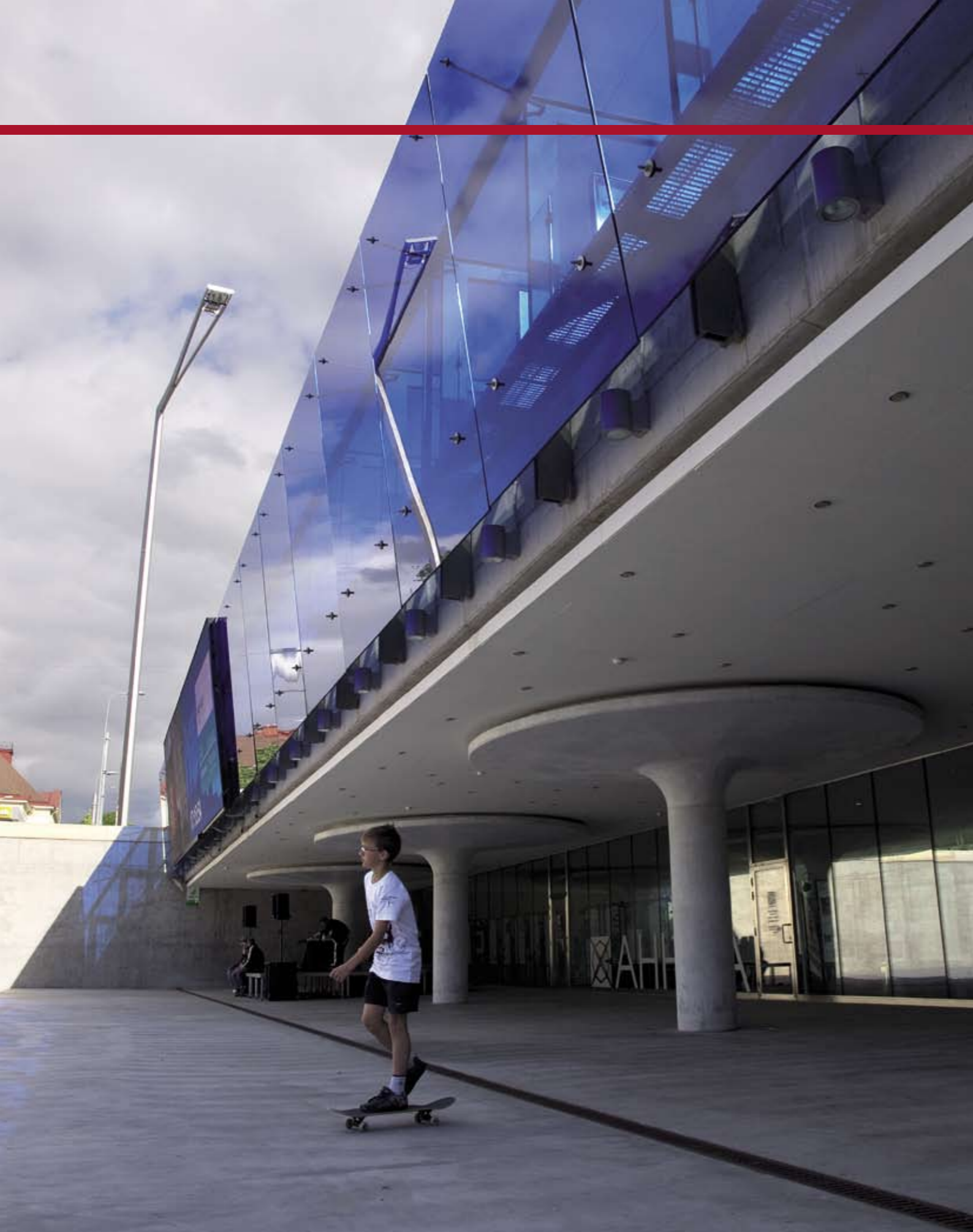
The city has a credit rating that was outsourced from Moody's Investors Service rating agency and has been updated on a regular basis since 2007, so that the credit rating of the city reflects the actual financial status of the city. The rating agency modified the credit rating outlooks in May 2009 as "stably negative" as a result of the worsening recession. The credit rating itself has not fallen to a lower level, and in April 2010 the credit rating of the city was verified to remain at A3 with negative prospects.

As provided by the Rural Municipality and City Budgets Act, the total amount of all unrepaid loans, unpaid financial lease payments, issued debt instruments, and other debt obligations together with the loan or financial lease to be taken, the debt instruments to be issued, and other financial obligations shall not exceed 60 per cent of proposed budget revenue for that budgetary year, from which allocations from the state budget for a specific purpose have been deducted.

Therefore, the total amount of repayable loans, loan interest, financial lease payments, financial lease interest payments, expenditure for the redemption of debt instruments, and other debt obligations specified shall not exceed, in any coming budgetary year, 20 per cent of the proposed budget revenue for the budgetary year during which the loans or financial leases are taken and debt instruments are issued, and allocations from the state budget for a specific purpose have been deducted from the proposed budget revenue.

Amendments to the Rural Municipality and City Budgets Act became effective on 1st March 2009, and they established limits on loan commitments and other long-term obligations of both the city and the units governed and controlled by the city. The law amendment means that both the city and the trading companies and foundations that are controlled and governed by the city can take out loans, issue debt instruments, enter into capital lease and factoring commitments, and other long-term loan obligations only for the purposes of foreign co-financing and bridge financing and to refinance existing debt obligations, having first received authorisation from the Ministry of Finance.

In 2009, the loan burden of the city sky-rocketed for two reasons: firstly, debt obligations arising from the private and public sector partnership projects or concession agreements, amounting to approximately 1 billion Estonian kroons, were added, in part, to the loan burden and, secondly, the general recession in the country got even worse, which had a negative impact on the city's revenue base. In 2009, the loan burden ratio amounted to 60.2%, concession agreements included, and to 45.5%, concession agreements excluded.



Debts and Debt Instrument, Repayable from the City's Budget

The purpose of taking loans and issuing loan instruments has been, over the years, to ensure the stable investment level of the city. An overview of the city loan strategy that is approved by the Council is available at the website of the city at www.tallinn.ee, under the section that includes the budgeting strategy.

The city issued debt instruments for 31.4 million Euros or 491.3 million Estonian kroons for a period of three years with an interest margin of 3.0%. The issue of debt instruments was organised by Nordea Bank Finland Plc. The redemption of debt instruments shall take place under a single payment scheme in 2012. As a consequence of the situation in the financial markets, the city had no opportunity to involve loan capital under the long-term arrangement in 2009; therefore, the city intends to re-finance the aforementioned debt instruments in the future.

At the end of 2009, there were, in total, nine debt instruments and debts to be repaid from the city's budget. The average weighted life cycle of the city's loan portfolio was 10.7 years in 31/12/2009, while the average weighted margin was 0.64% and the outstanding loan principal was 2,730,159 thousand Estonian kroons.



