



THE MALTA CHAMBER

FEEDBACK BY THE MALTA CHAMBER

NECP

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1 Introduction

Scientific evidence is unequivocal: we are in a critical decade where our ambitions, choices, and actions will shape the planet's future well into the 21st century and beyond. This transition requires going beyond the implementation of basic climate measures. It requires us to re-design our value proposition and re-educate our society into one that protects and strengthens the fabric of environmental, social, and economic sustainability. It requires us to adapt an immediate effective strategy and model a future that is resilient when the building blocks of our economy are nudged, or even toppled, due to processes beyond our control or jurisdiction.

Achieving this goal requires making difficult and potentially unpopular decisions, supported by targeted and effective incentives.

The Malta Chamber of Commerce is committed to contributing to Malta's National Energy and Climate Plan (NECP) by providing detailed feedback and re-iterates the importance of aligning the NECP with its overarching recommendations and proposals, which are also contained herein.

Addressing the disjointed transition, restructuring energy subsidies, reducing energy waste and increasing efficiency, improving Malta's transport system and heavily investing in adaptation measures are critical to achieving our energy and climate objectives, as well as creating a resilient future. The government must implement both incentivising and punitive measures to drive the necessary changes.

The feedback provided herein is structured as follows:

1. Introduction and Key Policy Proposals.
2. Feedback from consulted stakeholders on six questions by MEER.
3. The Malta Chamber's Proposals under topics of Energy, Energy Performance, Reporting, Transport and Mobility, Education, Waste, Water, Agriculture and Food Production, and Manufacturing.



KEY PROPOSALS

1. **Traffic:** Tangible measures to reduce traffic congestion, such as attaching car license fees to usage, introducing parking fees in central urban areas with fees paid being transferred into an e-mobility wallet for use of sustainable means of transport, and restricting certain congesting activities during peak hours.
2. **Utilities:** Necessary investment to ensure an adequate electricity supply and a stable distribution network, adequate water supply and sewage systems that meet the demand.
3. **Upkeep of Public Areas:** Systematic, well-organised and regular proper maintenance and cleansing of public areas.
4. **Proper enforcement of laws and regulations:** Proactive, co-ordinated and unselective enforcement at all levels.
5. **Low-income earners:** Targeted assistance to be addressed to those that need it, rather than distributing handouts to those that do not.
6. **Subsidies:** Subsidies to be directed to businesses that are economically viable and that are investing in energy efficient solutions.
7. **Employment** – Incentives to shift away from labour-intensive activities to more value-added streams to increase the quality of our offering and put less stress on our infrastructure caused by unsustainable population levels.



2 Stakeholder Feedback

2.1 Feedback on 6 questions by MEER

Following the MEER's request for stakeholder feedback on six questions relating to policy, below are our responses and recommendations.

2.1.1 Question 1: Which are the current policies and measures that you consider to be the most effective towards enabling this transition?

- Existing grant schemes such as Energy Audits, Green Mobility, Smart and Sustainable, as well as home battery storage and electric vehicles (EVs) can be/have been successful and should be expanded. However, simultaneously the financial gap should be closed by providing applicants with favourable credit terms and financial assistance in the interim. Reintroducing grants for plug-in hybrids and extending grants for systems smaller than 10 kWh are recommended.
- Continuation of refunds for purchases of BEVs, PHEVs, and charging stations, as well as incentives for installing PV and vacuum tube panels.
- Incentives for PV systems and wind energy projects are effective. However, policies should also support energy audits, grants for energy-saving measures, and improvements in public transportation.

2.1.2 Question 2: What additional policies and measures should be actively considered to significantly contribute to (have the greatest impact) Malta's efforts in enabling and accelerating the green transition?

- Transitioning away from energy subsidies to finance the green transition is essential. Increased incentives for the commercial sector to invest in renewable energy are crucial. The lack of direction and the disjointed vision within our industrial estates is creating impediments and hurdles in a sector that could contribute significantly towards Malta's decarbonisation. Gradually phase out energy subsidies while increasing financial incentives for renewable energy investments through:
 - a) Higher feed-in tariffs for existing solar arrays which fall below a threshold that makes the payoff period more than 8 years.
 - b) Support for appropriate disposal-and-replacement mechanisms for existing solar arrays that are older than 8 years and would therefore experience a doubling or more of capacity in the same footprint if renewed.
 - c) Increase in net-new installations, especially in novel formats such as by covering parking areas, or on the facades of buildings.



- d) Hyper-local energy storage solutions for homes and businesses, including home battery storage systems and BEVs with Vehicle2Home and Vehicle2Grid capabilities.
 - e) Financial incentives for energy storage solutions.
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- Introducing green bonds and other financial incentives to attract investments in sustainable projects.
 - Ensure enforcement of mandated minimum solar installations on new buildings and major renovations. Stronger incentives for zero-emission energy generation and efficient building standards.
 - Implementing reduced tax rates on profits reinvested in sustainable systems, capital gains reductions for developers using sustainable materials, deep renovation schemes, and building logbooks for maintenance and energy certification.
 - Promote waste-to-energy projects and resource efficiency in industries.
 - To reduce impact across all of ESG in an economy that is growing based population growth there need to be higher intensity objectives where the objectives cater for impact reduction through economic growth. This requires a departure away from impactful development towards economic activities that are less impactful or even beneficial.
 - Policies and measures need to create a win-win situation where business (or personal) interests align with sustainability goals. Therefore, policies that incentivise investment in more sustainable methods such Green Mobility and Smart and Sustainable help or at least reduce the cost of transition therefore can be the deciding factors.
 - Consider drastically reducing the bureaucratic burden on companies when applying for grants. The large level of bureaucracy of grants is not aligned with the urgency of the transition and needs to be reduced and the limited financial and human resources available to apply for grants and engage in the process needs to be acknowledged. An example of how this can be addressed in practice is EENergy, which was administered by Enterprise Europe Network and its network of sustainability advisors. The Malta Chamber was responsible for the second highest per capita applications in Europe. Through this grant, which provides 100% funding of up to Euro 10,000 per company for energy efficiency (and reduction) measures, companies could benefit from investments in equipment (including solar pv), consultancy services and skills and training. The simplified application procedure, together with step-by-step guidance, was of great help to the companies that applied. It is recommended to strengthen and expand existing grant schemes for renewable energy and energy efficiency in terms of a simplified and efficient process.
 - Offer increased funding for initiatives that substantially reduce the burden on the grid.
 - Improve charging infrastructure for EVs to boost uptake.
 - Improve green mobility alternatives through a transport strategy that significantly diminishes the country's dependence on private vehicles.



2.1.3 Question 3: How are/can these measures align economic development objectives with environmental sustainability and energy security?

- Renewable energy projects and energy efficiency measures can create jobs, attract investment, and enhance energy security. Clear and stable policies can attract both domestic and international investment in green technologies.
- Increased investments in zero-emission energy generation and electromobility can stabilise fuel and electricity prices and reduce emissions.
- Increasing the share of locally produced renewable energy can reduce the dependency on imported fossil fuels, enhancing energy security.
- Foster job creation in green industries through targeted training and investment.
- Encourage investments in renewable energy and energy efficiency to reduce dependency on imported fuels.
- Develop infrastructure for electric vehicles and smart grids to support the green transition.

2.1.4 Question 4: What do you consider as the main risks and barriers that can influence the ability to deliver this transition? (Both from a macro and sectorial perspective)

- The transition requires alignment and cooperation among all stakeholders. Current disjointed efforts and bureaucratic obstacles, such as those caused by INDIS, hinder progress. It is paramount that efforts across all ministries and agencies are co-ordinated to support the green transition.
- High initial costs for renewable energy projects and energy efficiency measures pose a challenge, especially in the context of budgetary constraints. Limited technological infrastructure and expertise can delay the adoption of advanced green technologies.
- Lengthy permitting processes and public resistance to large-scale projects are significant barriers.
- From an industrial perspective there is need to de-bureaucratise ESG. The focus of current and upcoming legislation is on reporting rather than action. The amount of reporting required will consume resources that could be utilised to improve business and industrial processes to reduce impact across ESG especially E and S.
- Address bureaucratic hurdles and streamline permitting processes.
- Enhance public awareness and engagement to gain support for renewable energy projects.

2.1.5 Question 5: What are the main opportunities that Malta could benefit from by further enabling and accelerating the green transition? (Economic, social, technological, etc)

- Cleaner air, better public transportation, and more green spaces contribute to improved quality of life.
- Positioning Malta as a hub for green technology and innovation can attract investment and skilled professionals enhancing sustainable economic growth.



- Implementing smart grids and promoting R&D in renewable energy can position Malta as a leader in the green transition.
- Foster innovation and attract investments in green technologies and industries.
- Implement smart grid technologies and support R&D in renewable energy and energy efficiency.

2.1.6 Question 6: What additional support do you believe is essential to ensure an equitable (just) transition to a more sustainable economy, minimizing negative impacts on vulnerable groups?

- The cost-benefit of transitioning could be negative in the short run, so it is key to make local populations understand that the cost of non-action can be even higher in the medium-long run: loss of agricultural productivity, heat-induced mortality and morbidity, loss of labour productivity, infrastructure losses from extreme events and sea-level rise, and biodiversity losses. Nevertheless, beyond proper comms, vulnerable groups should be ensured a smooth and costless transition, avoiding indiscriminate all-round incentives for those who can afford it.
- Develop targeted programs to support vulnerable communities and ensure they are not left behind in the transition. Support vulnerable groups by providing financial assistance and subsidies for low-income households to adopt energy efficiency measures and renewable energy systems.
- Measures such as energy and fuel subsidies should in fact distinguish between beneficiaries. From a business perspective organisation that are proven to be doing their share in the transition should benefit while the other end of the spectrum should be penalised. The same applies to individuals based on the same criteria but also economic standing.
- Offer retraining programs for workers transitioning from traditional industries to green jobs.
- Ensure all stakeholders, including vulnerable groups, are involved in planning and implementing green transition policies.
- Implement public awareness campaigns to educate the public on the benefits of the green transition and how they can contribute.



3 Proposals and Recommendations by The Malta Chamber

3.1 Energy

3.1.1 Overview on Energy

The Malta Chamber is concerned about the ageing infrastructure, particularly the overburdened distribution network. This offsets the benefits of energy efficiency measures and investments in renewable energy supply, delaying returns-on-investment and deterring companies from undertaking other costly projects. The Malta Chamber believes that facilitating and empowering energy initiatives, including offshore, is vital for Malta's renewable energy objectives and to accelerate the shift towards a more sustainable and resilient energy system.

There is a lack of awareness about the true cost of the energy crisis and climate change, which is impacting consumer behaviour. Real-time data on consumption patterns, tariff bands, and real-time cost, supplemented by data analytics, can help service users control their energy use and reduce consumption. Energy subsidies without mitigation measures are perverse as they stimulate excess consumption. Energy and water prices do not reflect the true cost of subsidised electricity, neither in economic nor in environmental terms. They also exclude social externalities.

The Malta Chamber acknowledges that Government has protected businesses and consumers from the repercussions of escalating energy costs through heavily subsidised electricity tariffs and water rates. However, providing subsidies without discernment between those genuinely in need and those financially stable is untenable. Such subsidies promote inefficient energy consumption at unrealistically low prices and hinder the allocation of financial assistance to those struggling to afford necessities.

The Malta Chamber recognises that the country needs to transition towards a more sustainable approach to infrastructural development that considers economic growth, competitiveness and environmental and social sustainability. Malta's infrastructure is crucial for its attractiveness, and investment in infrastructure should seek to exploit synergies rather than be thinly spread over piecemeal projects.

The Malta Chamber believes that the distribution network should be made accessible to other operators after 2027, as there is the possibility of alternative energy sources. Without such liberalization, private companies could have wind turbines or solar farms but are unable to use the energy they generate except for feeding the national grid at a predetermined price. Government's announcements on alternative energy projects and the "hydrogen ready" pipeline will make it harder to extend the derogation as the push towards multiple sources weakens natural monopoly arguments and challenges Government's resolve to retain absolute control on energy prices



3.1.2 Proposals on Energy

1. **Substantially larger investment in the distribution network is necessary for reliable energy supply and operational efficiency**, particularly as the country transitions towards greener energy and mobility targets. A modern grid enhances energy efficiency, reduces maintenance costs and prevents blackouts, thereby supporting commercial operations and improving competitiveness. A trade-off between energy subsidies and investment in the distribution network is inevitable – key upgrades need to be completed by summer 2024.
2. A **Long-Term Energy Resilience Plan** that boosts renewable energy generation, allowing for gradual subsidy reduction and a diverse energy mix, including offshore wind and solar energy is required. Infrastructural upgrades are crucial for RES projects and energy efficiency measures.
3. Malta has been granted derogations under the EU Electricity Market Directive regarding third-party access, unbundling of distribution system operators and ownership unbundling of transmission systems and operators, and an 8-year derogation until 2027 for the free choice of supplier. A transparent roadmap and stakeholder discussions are needed to **liberalise the distribution market by 2027**.
4. Malta should **gradually reduce energy subsidies giving a 6-month advance notice** for each reduction, and shift focus on education, energy frugality, and sufficiency. At current levels of energy subsidization it is likely that excessive consumption is also being subsidised. The Malta Chamber reaffirms that **units that are over and above the eco-reduction entitlement should not be subsidised** with immediate effect.
5. A **widespread national campaign on climate change and the water and energy nexus is required** to inform businesses and citizens about the real cost of energy. There is an opportunity cost to every subsidy, where funds could be allocated towards sustainable measures. In line with this campaign:
 - a) Energy bills should display **the real and subsidised price for energy**
 - b) **Carbon emissions** should be displayed in a large font on the energy bill
 - c) Energy Bills should provide **data comparisons (monthly and yearly) in units and percentage** increases or decreases that track energy use
 - d) Bills should contain **recommendations on how to reduce energy use**
 - e) All energy users should have access to **real-time energy consumption data** through a free Smart Grid metering app **on their phone or device**.
6. The private sector is interested in investing in renewable energy sources (RES) and energy efficient technologies. Improved financial and administrative frameworks can significantly boost photovoltaic (PV) capacity and infrastructural upgrades. SMEs often struggle with measuring energy efficiency. A **holistic client-journey approach, promoting EWA, Malta Enterprise, REWS and other applicable schemes together**, with targeted technical information is recommended. The processing and granting of **financial aid for RES and energy efficiency investments should be simplified** as much as possible.
7. **Energy saving technologies**, such as motion detectors, should be installed in **public infrastructures** such as streetlights and government buildings, and promoted and incentivised in **industrial and domestic settings**.



8. Government should **negotiate the revised Gross Block Exemption Regulation (GBER) capping system for renewable energy projects** to address the country's low renewable energy project percentage, as rigid parameters and interpretations are failing to meet the country's potential, as demonstrated with the recent ITB scheme. **Infrastructural investments for climate change and associated risk mitigation and adaptation** are required. These need to focus on protecting against extreme weather events and minimizing supply chain vulnerabilities for continuity and competitiveness.
9. The integration of **proper green infrastructure should be prioritised** upon widening of roads to improve water and energy conservation and provide cultural and social benefits.

3.2 Energy Performance

3.2.1 Overview on Energy Performance

The Energy Performance of Buildings Directive stipulates very ambitious targets. This transition gives us the opportunity to build a comprehensive energy performance database through the systematic collection of relevant data for both public and private buildings, which database should be kept updated in a timely manner as upgrades or changes occur.

To help with the transition, government should engage expertise to develop a set of mandatory design and building features that future-proof Malta's building stock against the impacts of climate change. This involves blue-green solutions with a focus on rainwater harvesting and cisterns, domestic water recycling systems, renewable energy sources, energy-efficient water piping, design for increased weather extremes, passive design features to protect against solar irradiation, passive cooling designs and the incorporation of reconstituted or recycled building materials.

3.2.2 Proposals on Energy Performance

New Builds

- a) **Advantageous loans.**
- b) **Fiscal incentives** specifically designed to support green products/services.
- c) Innovative financing options such as **Energy Performance Contracting.**

Scheduled Property

Tailormade fiscal incentives for private owners of scheduled properties which go beyond the current limits of "Irrestawra Darek" to help them in the upkeep and maintenance of these buildings based on a clear set of criteria which also take into account the transition to more energy efficiency to the extent possible.



Zones Identified for Urban Regeneration

Increase the **fund allocation gathered from planning applications to assist residents** in renovating facades based on a clear set of criteria which also include measures that take into account the transition to more energy efficiency.

Other Incentives

- a) **Reduced or zero tax rate on profits reinvested** into environmentally sustainable systems within businesses.
- b) **Lower tax rate** for lessors renting buildings having an energy performance higher than the minimum required.
- c) **Higher support and no stamp duty for first time buyers** buying property having an energy performance higher than the minimum required.
- d) Reduction in capital gains / final withholding for developers using **sustainable construction materials**.
- e) Deep renovation **schemes targeting less efficient buildings having the potential to achieve a good energy efficiency rating**, which differently from “*Irrestawra Darek*”, should support also measures for space heating and cooling, water heating and lighting.
- f) Introduction of a **building logbook reflecting the structural and fabric history of the building as well as its certification relative to its construction and post commissioning**, noting the obligation of the owner to maintain the building in a good state of repair, thereby anticipating and preparing for the introduction by the EU of renovation passports.
- g) Preference to Design-and-Build Contracts which include **Quality Provisions** (Assurance and Control).
- h) Implementation by the Planning Authority of a **system with a minimal passing score for planning applications** which include clear criteria on energy efficiency in the mandatory design framework, without which applications cannot be processed further.
- i) A 25% **reduction on Planning Authority fees upon proven commitment** to specific green building standards – if the commitment is not honoured, an amount equivalent to double the reduced amount will be imposed on the defaulter.
- j) Incentives for consumers to **replace appliances that are inefficient**
 - o Reduce VAT on purchases in a tiered approach where the highest energy rating receives the highest VAT reduction (e.g., A = full refund, B = 10% refund, C = 5% refund).
- k) Promoting more solar PV takeup by means of a **zero % VAT rate on PV systems**.

3.3 Carbon Emission Targets & Reporting



3.3.1 Overview on Carbon Emissions Targets & Reporting

Legislators, both locally and at EU level, must adopt a practical approach to reporting. Businesses are constantly being burdened with new reporting obligations which go little beyond a mere box-ticking exercise. Carbon emission reporting is no exception.

Carbon accounting can help identify inefficiencies. Voluntary carbon offsets can help offset emissions with high-quality, local projects. However, addressing potential abuse, misrepresentation, and fraud is crucial to establish trust in these programmes.

3.3.2 Proposals on Carbon Emissions Targets & Reporting

1. In relation to the EU's Carbon Border Adjustment Mechanism ensure that there are enough available **verifiers to certify carbon levels** and issue respective certificates for the processing of the importation of iron, steel, aluminium and fertilisers from third countries.
2. **Educate business with respect to their individual actions** which if supplemented with awareness raising and supported by financial and expertise resources can make sustainable quantum leaps. It is therefore recommended to:
 - Allocate funds to be specifically used towards wide-spread Carbon Literacy Training, GHG accounting and Sustainable Development courses in businesses.
 - Deliver programmes by educators (incentivise through untaxed additional income) or university students with a verification badge or certificate to prove participation.
3. Set up a **carbon fund based on rigorous and V.A.L.I.D. criteria**: Valid & Verifiable (through rigorous auditing), Additional (to a BAU scenario), Leakage (prevent driving an increase in emissions elsewhere), Impermanence (must guarantee GHG mitigation over the state time period) and Double counting (carbon reductions must only be claimed once).

3.4 Transport and Mobility

3.4.1 Overview on Transport and Mobility

Malta's traffic situation is a pressing issue, with a net daily growth of 58 vehicles in Quarter 2 2023. Passenger cars are the leading cause of traffic congestion, accounting for 75% of the total. The licensed motor vehicle inventory consists of 432,039 vehicles, with 58.4% being petrol-powered and 36.2% diesel-powered. The Malta Chamber urges a shift towards greener, sustainable transport options to reduce carbon emissions and congestion, while promoting co-working spaces and hybrid work. A balanced policy stance, collaboration among stakeholders, and punitive



measures, such as parking meters and increased license fees, are crucial. A strong infrastructural foundation is essential to address the root cause of the problem, rather than expanding road networks to accommodate more private car commuters.

3.4.2 Proposals on Transport and Mobility

1. Introduce an **e-mobility wallet** with government allocating an annual amount to every e-wallet to be used for various environmentally sustainable or shared transportation options (by land and sea).
2. Introduce **parking fees** in central urban areas with fees paid being transferred into an e-mobility wallet for use of sustainable means of transport.
3. Gradually **phase out petrol and diesel subsidised price** and direct the subsidy to investment in environmentally sustainable fleets and the e-wallet.
4. Explore the concept of **bi-directional e-vehicles and charging stations** having the capability to not only draw power from the grid to charge the vehicle but also to supply excess energy generated by the vehicle back to homes and businesses.
5. Pair the electrification of the vehicle fleet with **underground charging infrastructure**.
6. Consider **public-private partnerships to reallocate on-road parking spaces to new multi-story underground parking spaces** suited for vehicle charging, therefore freeing up the space on the road - this can be integrated with park and ride services, where necessary, or adequate walking and cycling infrastructure including sharing platforms, for people to move around.
7. Introduction of **Regional Underground Mass Parking** facilities with green public spaces at ground level in line with what proposed in the [National Strategy for the Environment 2050](#).
8. **Lower Customs & Anti-Dumping Fees for imported EVs** to make them more advantageous than ICE vehicles. Other similar barriers should be identified and alleviated.
9. Rethink the current **public transport system**, including introducing more direct and fast routes complemented with regional circular minibus service including to industrial estates for night and early morning shifts.
10. Introduce a **centrally managed permitting** system which effectively controls multiple permits for concurrent activities in same region, particularly during peak hours.
11. Incentivise and support businesses promoting shared transport or other green options through a mix of **tax deductions, vouchers and parking subsidies that increase incrementally according to the number of passengers in each pool**.
12. **Lower the passenger thresholds** stipulated in the Employee Transportation Deduction Act to encourage more car-pooling.
13. **Revise vehicle road license fees** to reflect actual usage, by factoring in mileage covered since the previous renewal in addition to engine type, size and age of vehicle.
14. Better use of **smart parking technology** to notify drivers of closest available parking spaces. Last-mile delivery solutions for deliveries in commercial centres should maximise potential of such technology based on overseas success stories.
15. **Revisit the current school transport system to maximise pooling efficiency** - pooling should be organised by zone and not by school.



16. Gradually shift **heavy vehicles off-peak hours coupled with incentives to make night and off-peak shift operations more convenient** for freight forwarders, manufacturers, importers, distributors and waste collection.
17. Encourage businesses to green their fleet through **schemes under the revised General Block Exemption Regulation (GBER)**.
18. Introduction of **obligatory off-street car park spaces** tied to permits issued for new buildings, which obligation should not be allowed to be offset against a payment of fees (previously known as the Commuted Parking Payment Scheme, later absorbed in the Development Planning Fund).

3.5 Education for Sustainable Development & Green Skills

3.5.1 Proposals on Education for Education for Sustainable Development and Green Skills

1. To achieve a long-term sustainable transition, **students need to be re-educated along sustainable development pathways**. It is therefore pertinent to:
 - Embed 'Education for Sustainable Development' not as a project but as a mandatory, cross-curricular theme for all school-aged children
 - Incentivise teachers and tutors to take on sustainability agendas within all Malta's schools including state, church and independent schools
 - Provide financial incentives for schools to measure their carbon footprint and to implement carbon reductions within their operations as well as their value chain through green procurement, digitalisation, energy efficiency measures, waste minimisation, rainwater harvesting, water conservation measures, increasing biodiversity, providing a reconnection to nature.
2. **A green and just transition requires a new set of green skills**. Anticipating and accelerating the development of these skills is crucial:
 - Technical and core skills should be incentivised through paid study leave and in-house upskilling programmes respectively.
 - Funding geared towards preferential grants and tax incentives for on-the-job courses locally and abroad that support the green transition should be increased.
 - Students taking part in Green Skills courses should be provided with paid internships in local companies with recognition towards their commitment.
 - Traineeships from other EU countries through attractive funding opportunities and ease of access to companies taking on internships in various fields should be encouraged.



3.6 Waste Management

3.6.1 Overview on Waste Management

The Malta Chamber acknowledges the positive intentions earmarked by the government for waste management purposes to mitigate the risk of Malta meeting its 2025 targets. Nevertheless, the current situation will not be sufficient to meet these targets unless all actors including individuals, businesses and government contribute towards this goal. The present set-up, in which WasteServ competes with private industry and monopolise the most profitable waste streams, does not allow for private enterprise to provide the essential services that could contribute towards optimal and efficient operations and valorisation of waste.

There is a large and yet untapped potential for industrial symbiosis to take place in Malta. Collaboration and exchange of resources, materials and energy between different industries and entities can result in mutual benefits. Improved environmental performance through resource efficiency, waste reduction and sustainable economic growth poses a great opportunity for the country if the current lethargic mindset across the community is overturned.

3.6.2 Proposals on Waste Management

1. **Introduce fees for waste collection aimed at highlighting the true cost of waste and encourage responsible behaviours.** This system can be structured into two parts: (a) a fixed rate per residence, incorporated into the energy bill, and (b) a variable fee, depending on the volume of the bag, through a 'pay-per-bag' approach for mixed waste. The recycling waste bag and the organic waste bag should be included too so as to incentivise less use of plastic and food wastage respectively. Income generated should be reinvested into circularity projects.
2. Enforce **mandatory garbage collection solutions for all new developments with multiple units including garbage rooms** proportional to projected occupancy and use.
3. Implement a **Garbage Bag Barcode system** to regularises households in sorting their garbage correctly.
4. **Incentivise homeowners who offer designated space within their front gardens or other designated areas within their premises** to third parties to deposit their waste collection bags there instead of on sidewalks.
5. Impose a **charge for plastic delicatessen containers and plastic bags, while government subsidises a portion of the cost of reusable fruit and vegetable bags through a voucher system.**
6. Provision of potable **water fountains in public spaces** to further discourage single use plastic purchases.



7. **Address the current distortionary market effect on battery waste fees in Malta** by differentiating between industrial and smaller consumer batteries through improved pricing tiers.
8. Pass on the operation and management of both the **Material Recycling Facility (MRF) and Ecohive complexes to private industry to increase efficiency and effective management of recycling processes.**
9. Implement a **New Regulatory Framework for construction and demolition waste** to facilitate transition to a more circular economy and the development of secondary markets for end-of-life resources, including (i) the establishment of a minimum percentage of construction material, verified through an audit function, that should be made up of reused material or materials recycled locally with a possibility of further reuse or recycling at the building's end of life and (ii) proper waste classification and source separation with the goal of identifying the construction and demolition waste being generated to ensure the proper deconstruction of buildings ultimately improving the quality of waste for reuse, recycling and recovery. This should be supported by **incentivising:**
 - a) **Dismantling** instead of demolition
 - b) **investment in recycling facilities and depots** for construction waste
 - c) The **use of recycled materials in the construction of new buildings** by facilitating their take-up over traditional building material
 - d) **Research and Development**, and respective **CE Marking** and **patenting.**
10. **Funding schemes** allocated for initiatives aimed at supporting specialised and comprehensive **upskilling and training programmes** which disseminate best practices and knowledge on the benefits and ROI of sustainable waste management.
11. **Establish a nationwide platform or database for industry** to share knowledge, information, and partnership outreach requests.

3.7 Water

3.7.1 Overview on Water

Malta faces increasing water demand due to climate change and limited freshwater supply. Groundwater extraction is causing aquifer depletion, affecting soil productivity, biodiversity, ecosystems, and food security. Improved management is needed to secure adequate water, energy and food supply. Water scarcity and degradation have been a reality for centuries, and international water management is crucial. Public awareness campaigns and a mix of supply and demand instruments are needed to combat wasteful water consumption and improve circular practices.



3.7.2 Proposals on Water

1. **Map out Malta's industrial production processes** to identify resource flows, including potentially hidden resources, that can be extracted before mixing with other flows.
2. Incentivise **rainwater harvesting in both businesses and households** through the mandatory implementation of cisterns in new buildings and subsidised rates for renovations. Adequate **incentive schemes** should target:
 - a) Storage and use of rainwater in industrial estates.
 - b) Treatment and reuse of grey water in the hotel industry.
 - c) Investments in technology to improve irrigation efficiency in agriculture, public and private landscaping.
 - d) Rainwater harvesting from domestic structures for use as secondary water.
 - e) Reduction of water use through consumer behavioural changes.
3. Turning **public spaces and roundabouts into 'biodiversity hotspots'** that require minimal care and watering - this would save human resources, reduce water use and increase pollination.
4. Place a **restriction on lawns**, where size is determined by the volume of the water reservoir or property footprint.
5. Place a restriction on the **volume of swimming pools based on property footprint and water reservoir** and **apply pool licensing fees according to the volume of the swimming pool**.

3.8 Agriculture & Food Production

3.8.1 Overview on Agriculture & Food Production

Malta's agricultural sector faces challenges due to climate change, limited land area, water resources, urbanization, and global imports. Food security concerns are intertwined with energy, water, and sustainable practices. Investments should focus on resilience, minimizing resource exploitation, and promoting biodiversity. The sector is one of the largest water consumers in Malta and requires dedicated disbursement of funds towards smart technologies, research and innovation projects and reskilling the workforce towards sustainable farming practices. This shift holds the potential to conserve water resources and therefore also energy, as well as protecting soil quality and quantity, together with its biodiversity, apart from food security.

3.8.2 Proposals on Agriculture and Food Production

1. **Incentivise and train farmers in sustainable and organic farming practices** to meet increasing consumer demand and improve crop output.



2. **Develop a local production action plan promoting premium or niche agricultural products** around which an agritourism sector can be developed.
3. **Collaborate with other Mediterranean countries** to create cooperatives in which farmers can voluntarily pool resources, share risks and engage in collective activities for their mutual benefit.
4. **Support the local wine industry** through investments in **automation, human capital development and niche marketing**.
5. **Invest in the proper treatment of manure from all livestock** due to its high potential for future uses in fertilization, waste to energy and greywater treatment.
6. Promote and incentivise **vertical farming and aquaponics initiatives** that maximise production within a closed loop or limited space, encouraging both residential and larger-scale, ideally with a **rebate or cash grant, in line with green technology initiatives at a level of 30%**.
7. **Educate and incentivise the use of indigenous or endemic plants and trees that are resistant to Mediterranean climate** by placing a higher tax on non-indigenous, decorative species that require heavy irrigation, whilst offering a lower tax on indigenous vegetation that also contributes towards carbon sequestration, improved air quality and other ecosystem services.

3.9 Manufacturing

3.9.1 Overview on Manufacturing

The manufacturing industry has good potential for value-added and growth. The industry is now at a stage which requires focused action on 2 salient points:

- a) how to retain and improve on its competitiveness
- b) how to improve our manufacturing base in the light of Pillar 2 corporate taxation overhaul at a global level
- c) identifying the specific areas of potential specialisation within the industry.

3.9.2 Proposals for the Manufacturing Sector.

1. Improve uptake of **energy audits** by **increasing the funding** and **raising more awareness** on the cost saving potential **Incentivising energy audit courses** to increase the supply of qualified professionals.
2. Issue of **energy bills at regular and consistent intervals** to facilitate accurate comparison, planning and forecasting.
3. Currently there is no option to purchase renewable energy from the national utility supplier, a practice which is commonplace in other European countries. **Implementing a premium tariff for renewable energy generation would incentivise investors, while those tracking**



their carbon footprint can purchase 'clean' energy from these third parties when they cannot generate their own, or not sufficient, renewable energy. This accounting mechanism would provide a more accurate measure and greater accountability for Malta's progress towards Net Zero.

4. Invest in the **upgrading of the grid to allow for bi-directional energy transfer** between companies, particularly in industrial estates, to capture and put to good use energy generated by business in excess of their business' requirement.
5. **Remove rental charges for the installation of PVs on INDIS roof space.** Companies which opt not to invest in PVs on their industrial roofs should be charged. The practice can be extended to parking areas which can use space more efficiently.
6. **Revisit the night energy tariffs for industrial use** (i) to include small companies (ii) by lowering the current energy consumption threshold, and (iii) by lowering the night tariff.

