

PRIVATISING WASTE



*An Initiative led by:
The Malta Chamber of Commerce,
Enterprise and Industry's Circular
Economy Thematic Committee*

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Introduction

On Tuesday 10th November 2020, The Malta Chamber submitted preliminary feedback on the initial draft of the Waste Management Plan as a result of work by the Circular Economy thematic committee.

The January 2021 public consultation process has seen a new draft of the document released, and The Malta Chamber observes that many of its key recommendations remain unaddressed.

One of the key points in the previous submission regarded the role of private enterprise in waste management, which was seen as being too limited. Since the submission of that feedback, and the release of the latest draft of the Waste Management Plan, The Malta Chamber is now taking a firmer position on the importance of opening the market to the private sector.

It has been observed that of all previous waste management strategic visions over the previous decades, this current iteration presented by government is the least open to the involvement of private enterprise.

With the overall goal of pushing Malta to meet its EU targets, and given the ability to achieve higher efficiency, cost-effectiveness and innovation through the private sector, The Malta Chamber wishes for the Waste Management Plan to create a space for discussion on the role of private enterprise and private-public partnerships.

Through the space created for this discussion, the details of the role of private enterprise may be established.

Inspiration is to be taken from the BCRS in this regard.

The Malta Chamber also wishes the emphasis on Extended Producer Responsibility to be matched by appropriate End User Responsibility, especially when it comes to retail and hospitality.



Role of Private Enterprise

The Malta Chamber believes that a leading role for private enterprise is essential if the new waste management facilities being planned are to be run efficiently. The Waste Management Plan speaks of allocating total cost to waste generators via the extended producer responsibility mechanism, but if facilities are not run efficiently, it should not be the private sector which shoulders unnecessary costs.

Private initiatives for the development of WEEE dismantling plants are to be encouraged, especially the concept of a dismantling plant for Waste Electrical and Electronic Waste (WEEE) which sells, ships and treats parts separately.

We understand that a WtE gate fees are substantial, possibly up to €150. This is a massive difference from the current €20. Such an increase would have a devastating effect on our economy. The Malta Chamber therefore appreciates a discussion with the Government on how it intends to pass on the full costs to the producers of waste.

Government should consider looking at different ways of reflecting the real cost of treatment in different market sectors by potentially revising gate fees depending on types of waste, operators through an ongoing dialogue with The Malta Chamber.

An innovation forum for green solutions and sustainable production would also add a lot of value.

As regards EPR & the role of PROs, of crucial importance is the statement that “Producers of products to bear the full costs of waste management”. Today the PROs are already paying these costs. The difference is that the current amounts may not be the 'true costs', for lack of transparency.

As the Waste Management Plan proposes, the amount to be paid by the PROs is solely at the discretion of Local Councils, Regional Regions and Wasteserv. This means that all inefficiencies, poor quality etc will be financed by the PRO. This is not an acceptable situation in a free market, especially when there is little room for private sector involvement.

On this note, The Malta Chamber observes that this effectively includes:

- Cost to collect and deliver waste to a facility;
- Cost of the treatment (for example sorting at an MRF) through a gate fee;
- Cost of exporting the recycled products (some of which are currently at a negative value);



- Cost of incinerating the resultant RDF at the local incinerator (post 2023) and therefore paying the gate fee;
- & cost of landfilling any remaining items that are not suitable for either recycling or incineration.

Currently, most facilities are state owned and run. It is a fact that the private sector can operate a facility at a lower cost than the state. So, The Malta Chamber questions whether the Government intends to privatize certain aspects of waste management. The Malta Chamber considers the Beverage Container Refund Scheme to be a good example.

The Malta Chamber wishes to avoid a situation where due to delays or lack of enforcement, that it is the producers who end up paying the price. A case in point would be if Malta were to be fined by the European Union and this cost is translated to producers. The Malta Chamber believes in an increased role for PROs in other waste streams such as tyres, mattresses, and other areas where synergies and opportunities may be identified proactively.

One risk of implementing EPR in a heavy-handed manner is that producers end up bearing the cost of illegal dumping and the littering of products they produce in a way which is outside of the producer's control. This should not be the way to tackle illegal activities, as it goes far outside the scope of producers' operations. While this is all linked to EPR costs under the Single Use Plastics Directive, and the EU Commission will be conducting a study to determine the cost calculation model, if the costs are at the sole discretion of parties other than the PRO, then there is a barrier to the free market.



Public-private partnerships and Different Waste Streams

The Malta Chamber acknowledges that due to Malta's size and therefore also due to waste volumes, there are limitations to the role of private enterprise in certain projects, especially those requiring scale, where there is thus less room for competition. In such cases, however, the minimum expectation is the pursuit of public-private partnerships aiming at maximum economic efficiency and efficiency in material recovery, including of organic waste, in order that the EU targets are achieved and fines are avoided.

The Malta Chamber recommends that through such initiatives, the private sector be given the opportunity to handle different waste streams and produce higher quality waste products as resources.

MRFs and WEEE treatment plants offer potential opportunities for such partnerships in the public interest. Synergies with the private sector are to be pursued in whichever innovative and promising means and structures are available.

A public-private partnership could be established to create a dedicated facility for the transformation of organic waste into compost and a separate dedicated facility or facilities (MRFs) for the sorting and sale for recycling of dry recyclables (plastic, paper, card, glass, metal). Both of these waste management processes also avoid carbon emissions, with the added economic and environmental benefit that compost applied to land sequesters carbon from the atmosphere, further reducing costs of emissions and removing pressure to meet EU waste targets.

Current plans for organic waste bear scrutiny, as they envision the production of digestate which will then be dried. A more advantageous economic solution would be to allow the private sector to invest or co-invest with a public entity, in a facility which will produce digestate and compost it with garden waste to produce a high grade compost with market value. Out of 100kT of waste entering, one is able to get 30kT of compost. At 30T applied per hectare per year, 1000 hectares can be treated per year. This will also increase the organic matter in the soil, which increases water absorption, decreasing flooding during heavy rain events and increases the capacity of the soil to grow vegetables, trees and other plants, therefore having an economic and environmental value. If Malta does not want it, it can be exported, even to North Africa, where the market would pay €100 to €200/T. Digestate costs money and energy (CO₂ emissions) to dry and dispose of and has no market value as it cannot be applied directly to land in Malta because of its soils and geology; if applied as digestate, it would pollute soils and water. A 100kT co-composting/AD plant can be constructed using relatively small land area.

The Malta Chamber understands that the Government plans to build an anaerobic digestion plant with a pasteurization process to produce digestate that is acceptable for use with soil. The Malta Chamber however notes that no plans were presented to tackle green waste. Green waste can



easily be treated in an in-vessel composter (though we understand that Malta has had a bad experience with the in-vessel composter in Ta' Qali or a windrow system. With such a system in place, digestate can then be mixed with composted green waste at the windrow system to create a better compost that could offer biodiversity gains when the resulting compost could instead be applied to land, with the added benefit of carbon capture and storage in soils and the production of a local product with economic value.

Compost could be gifted to farmers (10cm thick layer 2x/year) and they could be trained not to till the soil, as tilling emits CO₂ whereas applying 1 ton of compost sequesters (absorbs and stores) 30kg Carbon instead. Through this composting process, soil becomes healthier and fertilisers and pesticides become unnecessary. Rainwater is also absorbed by the soil and filters through to the water table instead of flooding the roads and running off into the sea.

Separately, The Malta Chamber also wishes to propose the introduction of clothing and textiles sorting facilities in Malta. This could be followed by shipping to a textile recycling facility in the EU, as these plants need scale to be economically viable and the technology is new and therefore expensive. As the Waste Shipment Regulation is being revised, there will be a new notification system in place allowing the tracing of waste shipments for recycling, which carries with it proof of recycling which may be used to meet EU targets.



Extended User Responsibility

It is understood that a chief responsibility of Local Councils and Regional Councils lies in identifying Bring-In Sites (BRIs). However, The Malta Chamber would like to emphasize the importance of ensuring that responsible authorities have the necessary manpower, knowledge, and authority to enforce and be truly responsible for Malta's waste targets. This once again underlines the importance of the dynamic role of the private sector and PROs.

Nonetheless, it is essential that producers do not end up with an added burden placed on them by municipalities as a result of their own inefficiencies. Government must empower as well as hold Local Councils and Regional Councils accountable, but there must be a clear definition of responsibilities set in law and in line with the EU waste Directive Articles 8 and 8a.

The Malta Chamber supports an increased role for the private sector and private-public partnerships in operations but in a way which makes economic sense, rather than one which simply adds further costs to the private sector which should be shouldered elsewhere.

The Malta Chamber is a believer in EPR – but it must be done right. In this light, the following actions are to be promoted, though their implementation **should be conducted through an ongoing dialogue with The Malta Chamber to ensure the best results in the long term for both the private and public sector;**

- Through a dialogue with The Malta Chamber, one may explore the WtE plant can be coupled with other actions to ensure that the solutions implemented become self-sufficient, in such a way as to ensure long term feasibility. There may then be the possibility for producer responsibility to be extended to all waste streams;
- There should be incremental gate fees at the Magħtab landfill and taxation should be introduced on landfilling (Malta remains one of the very few EU states that has no taxation on landfilling). This should result from a roundtable with The Malta Chamber's members;
- Study the possibility to introduce deterrents on plastic and plastic packaging waste and on garments, with a mind to creating clothing reuse and recycling programmes;
- Promote garment repair services and make an effort to reduce the impact of the fashion industry on the environment;



Waste Prevention

The Malta Chamber's feedback on Waste Prevention in the short and medium term:

- Licence operators for demolition of existing buildings with coupled legislation mandating the separation for resale of reusable building elements and elements for recycling.
- Provide land for the storage and management of reusable building elements
- Provide land for the setting up of plants for the recycling of building elements, C&D waste and excavation materials.

Furthermore, the following actions are to be considered;

- Incentives to introduce water reuse and heat reclamation systems in businesses;
- Encourage the use of reusable products across the catering/fast-food industry. Customers to get a discount if they present their reusable container upon placing of order;
- Education campaigns: Directed towards the general public. Educational programs with the aim to reduce the stigma towards second-hand buying;
- Promote swapping events: swapping of clothes, furniture, school uniforms, textbooks, etc;
- Food donation programmes: Restaurants, catering establishments, supermarkets, bakeries to donate excess safe, unserved food to charity, etc;
- Selling expired food that is still safe for consumption in specifically designated shops or sections at supermarkets;
- Launch a national clothing recycling programme;
- Support food reduction programs: Restaurants/catering businesses to analyse their operations, identify means to reduce food wastes, and come up with a holistic food management programme. For example: portion forecasting and control to reduce food waste; menu planning to include seasonal dishes that use local produce that's in season;
- Partner with suppliers to reduce packaging through the utilisation of innovative design;
- Supermarkets to reduced food waste, mainly fresh produce, by selling veggie boxes. Boxes to be sold for a cheap price composed of wonky vegetables and fruit that are considered below standards due to their shape and size yet are perfect for consumption;
- Establishing a green task force, which will offer assistance to the government, public institutions, municipalities, etc. in their work on green procurement, e.g. of textiles, by disseminating knowledge, experience and methodologies;
- We understand that a study was undertaken by Hon. Leo Brincat to address junk mail. It is therefore being recommended that a pilot junk mail reduction program is devised and entice businesses to switch to electronic newsletters;



- Reward reuse, repair and recycling projects to support responsible fashion business;
- Conduct a study of micro plastics, e.g. in textiles and cosmetics, which lead to the accumulation of plastic waste in the marine environment;
- Conduct surveys on the potential for reuse and repair of waste electrical and electronic equipment delivered to recycling centres;
- Increase efforts to increase the number of eco-labelled shops;
- Preparation of a guide on how public procurement can underpin the circular economy and prevent waste, e.g. through requirements for the life span of products and for products that have been designed for disassembly and repair;
- Formulation of a partnership for sustainable construction and waste prevention with businesses and organisations;
- Conduct research to assess the recovery and recycling of critical raw materials within the construction industry;
- Analyse the barriers to reusing and incentivizing use of construction products;
- Study the possibility of equipment sharing potential and the promotion of leasing, lending and renting of electrical (e.g. tools, power tools) and electronic equipment; Malta should push on EU level for better legislation from the EU to combat planned obsolescence;
- Developing legislation to allow the recovery of foodstuffs that are unfit for human consumption but pose no threat to the health of humans and animals for use as e.g. animal feed or its raw material;
- Conduct research studies to assess the recovery and recycling of critical raw materials and valuable material in WEEE more effectively.



Commercial Waste

It is understood that the Government intends to review commercial waste legislation with a view to addressing the situation. While this is commendable, industry needs more visibility and clarity on what is going to happen.

The Malta Chamber's position is that the ideal system to tackle commercial waste (albeit the most complex) is to charge per weight or volume rather than to charge based on established rates, which in turn, may be based on the type of business.

If businesses are charged by actual weight, this would incentivize them to separate at source for recycling or to seek ways to prevent or reduce their waste, while presenting proof to the authorities that show that the waste was prevented or treated in an environmentally friendly manner. Such systems will also incentivize business to provide alternative services to selected businesses to collect and use their waste.

The Malta Chamber notes that there is a lack of private sector incentives as it stands. With the setting up of a secondary materials market, the creation of new products made from recycled materials could be stimulated. A purpose vehicle fund, possibly spearheaded by Malta Enterprise in collaboration with MECP, could be set up to promote start-ups, encourage innovation and stimulate green jobs.

When it comes to obligations to separate waste at source, government should invest in giving training to organisations on how and provide assistance, as the feasibility of the concept depends on how it is implemented. This will discourage rising costs for segments of the economy. Technical people should be appointed to assist businesses find solutions to avoid cost increases. The government may also facilitate a link with consultants.



Construction and Demolition Waste

As regards the concept to “Amend the Building Regulations to mandate a minimum of 15% recycled material in buildings”, The Malta Chamber states the following:

- We need to define the percentage as percentage of volume.
- This should be a short-term measure implemented immediately.
- Government needs to incentivise by means of tax reduction or stamp duty reduction for buildings with a high percentage of recycled materials and even further reductions for buildings using 60% recycled materials.
- Government projects need to lead by example and stipulate a minimum percentage of recycled material used.

Nonetheless C&D waste cannot simply be regulated solely by adhering to a percentage of a whole building construction project including recycled materials. The major problem for the Maltese Islands is that today, most of C&D waste is wasted and disposed of in a quarry or in the sea. As a result, most of the materials used for the reconstruction of the new building come from abroad. These imported materials may easily made up of between 70% to 90% of secondary materials from waste from another country.

Therefore, The Malta Chamber suggests approaching the waste issue differently. As regards this waste stream, we have an obligation to recycle our waste by at least 70%, and not waste or dispose of it in a quarry. The government should establish, under the terms of the Waste Framework Directive, that all waste generated by construction activities, conducted directly or indirectly by the government, should be recycled by a rough figure of 70%.

The individual materials used to build and finish the building should be composed of at least 60% recycled material by 2030. This is a different approach than that of the building that should contain a percentage of recycled material, as that in of itself will not balance the flow present nationally on C&D waste. With carbon emissions in mind, The Malta Chamber is proposing a doughnut economics approach to address the usage of materials in different industries, in order to establish the level of recycling material used for each industrial stream. Over the next 3 years, Malta would develop a different carbon emissions doughnut for different industries, and then shift towards a monitoring approach.