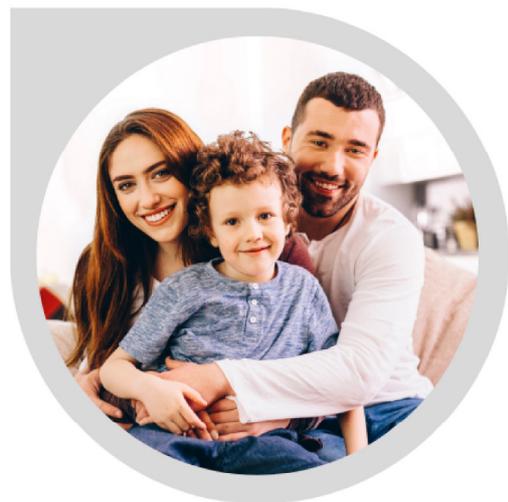
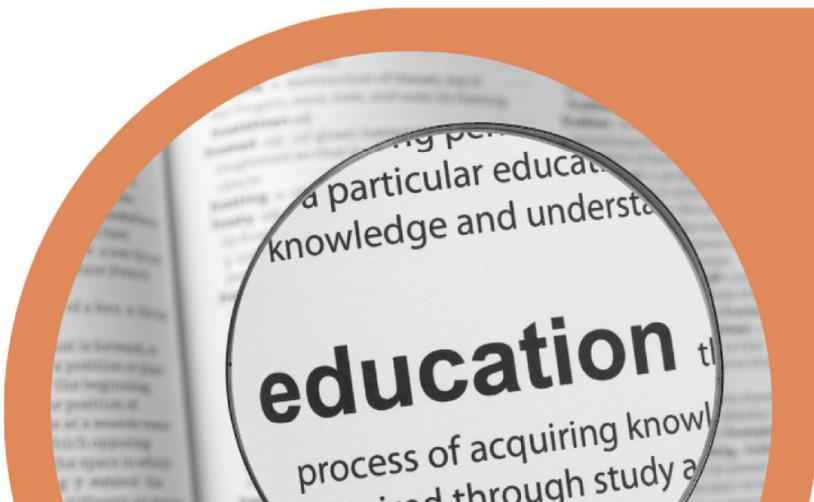


Malta's Sustainable Development Strategy for 2050

Feedback by The Malta Chamber of Commerce, Enterprise & Industry





Introduction

The Malta Chamber of Commerce, Enterprise and Industry (The Malta Chamber) welcomes the Malta's Sustainable Development Strategy (MSDS) for 2050, especially because this is the first Strategic document that makes reference to a Target Plan (Annex 1).

The Malta Chamber notes the heightened importance attributed in the Strategy as compared to the Malta's Sustainable Development Vision for 2050 (published in 2018), which is linked to the United Nations Sustainable Development Goals.

Our understanding is that milestone targets will keep cross-cutting performance of ministries, agencies and stakeholder Action Plan in check, with Environment and Resources Authority (ERA) overtaking the regulatory responsibility of implementing the action plan targets, whilst the Ministry for the Environment, Energy and Enterprise (MEEE) will be assuming implementation targets are reported, scientifically measured, and reached.

The Malta Chamber welcomes the intention of MEEE to pass MSDS through Parliament and secure a high-level legislative dimension, guaranteeing that the report would translate into strategic implementable action for future legislatures. It is vital for Malta to embrace a strategy which goes beyond a piecemeal legislature-long policy plan. The Malta Chamber believes that, following the necessary debates and possible amendments, Parliament should aim to reach unanimity as this is the only way that one can secure a commitment on future Governments. Political consensus on staggered target achievements is also required, in the absence of which such Strategy will be superseded by successive legislatures, let alone implemented.

The need to move from vision to action with clearly mapped timelines is pressing because implications for the national economy and long-term impact on quality and well-being are substantial. Policy coherence between the various initiatives and strategies, such as the National Environmental Strategy, Low Carbon Development Strategy and the Long-Term Renovation Strategy, needs to be ensured.

Strategic Goal 1: Transitioning Towards a Climate-Neutral Green and Blue Economy

1.1: A Resilient and Climate-Neutral Economy

Businesses and consumers have so far been insulated from the impact of rising energy costs by Government. The Malta Chamber acknowledges that stability is a crucial factor for business while cautioning that the cost subsidization may dilute the added motivation for consumers and businesses to rationalise their energy consumption by adopting more energy efficient practices and investing in renewables. It is therefore imperative that that this period would be coupled with an assiduous drive and support to more investment in renewables by households and businesses if Malta is to make significant strides towards decarbonisation. In this context The Malta Chamber proposes the following:



- Deterrents should be put in place on excessive consumption and energy wastage. Those units that are over and above a certain level of eco-entitlement should not be subsidised.
- Consumers should be incentivized to replace appliances that are inefficient with energy efficient alternatives through reduced VAT on the purchase of such products.
- There should be more business-oriented Energy Efficient Machinery schemes incentivising companies to replace machines that take into consideration the remaining useful life of the machine that is being replaced, based on (a) The power saving as a pre-requisite qualifier; and (b) calculated percentage of the remaining useful life of the old machine when compared to the years of the new machine.
- Energy Savings Systems should be maximized upon and utilized to save energy in domestic, industrial & public infrastructure contexts, such as motion detectors for streetlights. Such systems are to be implemented in infrastructure & government buildings and promoted & incentivised with the private sector and for domestic use where appropriate.
- In-House Monitoring and Efficient Energy Use by identifying areas for improvement in a proactive fashion with fiscal support to support such monitoring should be encouraged.
- The launch of a centralized database of energy efficient technologies enabling industry sectors and consumers to identify which product specifications best suited to their needs should be facilitated.

Since Malta does not have large energy-intensive industries and is hampered by limited land space, the green transition must be driven by investment in offshore renewables. Without this, and substantial upgrades in the distribution grid, the shift to clean mobility will hardly materialise. Moreover, investment in renewables and better energy efficiency will mitigate exposure to the risks of volatile international energy prices which have become a major economic challenge for Europe. While international energy prices may decrease slightly if Europe goes into a recession, they are unlikely to ever return to pre-crisis levels. In this context, the Malta Chamber proposes:

- A Long-Term Energy Resilience Plan focused on significantly boosting renewable energy generation would enable the country to gradually ease off energy subsidies on the back of a more diverse energy mix that requires substantial investment in offshore wind & solar energy.
- A more robust investment in the distribution network to reliably provide for the energy needs of the country particularly as it shifts to electrification of vehicles to meet the targets. A modern grid is one which will be more energy efficient and cheaper to maintain in the long run. It is also one which will prevent blackouts and other commercially damaging shortcomings which negatively impact operations and competitiveness.
- A road map for energy market distribution liberalisation to allow competitive market forces to bring down prices and increase efficiency. The EU Electricity Market Directive (2019/944/EU) grants Malta derogations related to third-party access, unbundling of distribution system operators, ownership unbundling of transmission systems and operators. As for the free choice of supplier, Malta was granted an 8-year derogation until 2027. A clear publicly announced roadmap leading to the upgrade of the grid is solicited. Government



should enter in discussions with key stakeholders in 2023 to draw up an exit plan by 2024, to fully liberalise the distribution market by the 2027 deadline.¹

Significant gains in energy efficiency can be made by adopting robust policies on new buildings and incentivising improvements in the existing building stock which is poorly insulated. The Malta Chamber agrees with the intention of greening of our buildings and development to promote clean and sustainable towns and villages. We need to evaluate our routine practices and adopt ways which invest in our future wellbeing by:

- Emphasising that the construction industry needs to align to the revised standards put forward by the EU Energy Performance in Buildings Directive for new buildings, incentivised through fast-track processing of zero-emission applications. Lower energy costs, loans and fiscal incentives for green products/services, as well as innovative financing options, such as Energy Performance Contracting will support further this qualitative transition.
- Planning Authority issuing a minimum pass mark for planning applications without which applications cannot be processed further. Planning Fees should be proportionate with featuring factors including provision of water cisterns and domestic water recycling systems, reconstituted or recycled building materials, passive cooling designs, renewables, energy efficiency, and proper water piping to benefit from recycled grey water for flushing and other uses.
- Reiterating that manufacturing companies should be incentivised to invest in PV systems on their industrial roofs by removing rental charges for installing PVs on roof space of INDIS tenants and through government guarantees where required. Companies which opt not to invest in PVs on their industrial roofs should be charged. The scheme can be extended to parking areas which can use space more efficiently.
- Recommending the introduction of renovation trigger points should be put in place to prioritise the speedy implementation of a Long-Term Renovation Strategy and its measures through (a) The introduction of minimum energy performance criteria for buildings to be rented or sold; (b) Deep renovation scheme targeting less efficient buildings with potential for achieving a good energy efficiency rating, which differently from “*Irrestawra Darek*”, will also support measures such as space heating and cooling, water heating and lighting.

The Government should consider fiscal Incentives targeted to:

- Property buyers or renovators through ‘Green Loans’ to align with energy performance obligations in buildings. Government may guarantee for the deposit requested by the bank, with a preferential rate for first time buyers on stamp duty. Possibility of reimbursing a percentage of VAT on expenses disbursed on energy performance complaint buildings may also be considered.
- Developers to invest in sustainable construction materials and operations by reducing final withholding tax from 8% to 4%. A 25% reduction on Planning Authority fees when upon commitment to specific green building standards may also be considered.
- Building contractors through a tax credit at development phase to alignment to high environmental standard obligations.

¹ Time to Step Up: Proposal 69 <https://www.maltachamber.org.mt/loadfile/5fe5f1ed-2d0c-4d6c-98c5-67602c11d19d>



The Malta Chamber has repeatedly contributed to the debate on incentivising the use of clean and alternative modes of transport, however, a bold culture change, both by business and domestic is still missing.

Lack of targeted investment on effective public transport systems, inadequate spatial planning, failure to integrate the location of land uses and accessibility, as well as a systematic removal of space for people on our roads to accommodate vehicles and parking; requires reflection. Clustering all delivery, transits, opening hours and routine daily exigencies at the same time is unsustainable. According to NSO statistics, over 415,000 cars are currently licensed, 5,000 of which obtained their license during the first 3 months of the year, with short of 60 licensed motor vehicles placed on our roads every day.

In this context The Malta Chamber recommends:

- Introduction of an e-wallet concept for shared mobility: The creation of an integrated travel card is mentioned as an opportunity in the Plan. The Malta Chamber conceptualizes it as an app, which may in turn facilitate impersonal data and allow for journey planning across modalities. This proposal is titled the “e-wallet” concept and would provide a certain amount of funds which users can redeem across different alternative modes of transport across the year. The Malta Chamber is concerned that further delays on implementing such scheme will lead us to a point whereby alternative modes of shared green transport would have left the country because the business proposition is currently too feeble.
- Introduction of parking fees: Parking fees in congested areas, through parking meters commonly used in other countries, could encourage a modal shift in commuter transport. If any parking fees paid go directly into the proposed personal e-mobility wallet, there would not be an additional expense for people because the fee paid would be available for use for shared rides. This would also incentivize people to use shared mobility, further encouraging the modal shift.
- Introduction of license payment linked to use: Drivers should pay as much as they use their vehicle, by factoring in mileage covered since the previous renewal in addition to the existing criteria of engine type, size and age of vehicle.
- Improvement on Green Travel Plans: Facilitating uptake of current schemes, such as those falling within the ambit of the Employee Transportation Deduction Act, designed to promote carpooling. The Malta Chamber believes that the schemes are too restrictive and do not allow the use of shared mobility services which require a minimum of 8 people in a vehicle and believes should scale down to 4. It should be reworked - or more general incentives implemented - to shift commuters to shared mobility solutions.
- Introduction of commercial transport sustainability incentives: The Malta Chamber notes that the report does not tackle enough other emissions beyond private cars, such as trucks, buses and construction vehicles. Vehicles carrying goods amount to around 5% of national traffic on a typical weekday. However, during the morning peak hour, the proportion of these vehicles increases significantly to represent almost 11% of the total traffic composition. 88.7% of freight movement relate to internal distribution of goods. The Malta Chamber believes that incentives directed to night and shift operations for freight forwarders, manufacturers, importers and distributors can alleviate the demographic burden on already congested road infrastructure. The Malta Chamber also believes that greening the logistics fleet, as well as those vehicles which are most frequently in use (salespeople, delivery vehicles, doctors on



call, police vehicles, etc) should be prioritised particularly because heavy vehicles may be costlier to upgrade. The setting up of a centralised logistics hub can also minimise warehousing and distribution costs for suppliers with the added benefit of reducing congestion and pollution.

- Lower Customs & Anti-Dumping Fees for imported EVs: Such measure will make electric vehicles more advantageous than ICE vehicles. Less than 10,000 electric or plug-in hybrid motor vehicles are currently in Malta while we set ourselves, as a country, a target of 65,000 EVs by 2030. The Malta Chamber notes that action needs to be undertaken to ensure that the uptake of EV would be more affordable to business and public.
- Improving the E-kickscooters legislation: Currently, E-Kick scooters are treated as motorcycles, rather than as bicycles. Rental bicycles do not have to pay insurance, which is evident of further unfair treatment. The insurance available to these scooters is insufficient to cover many circumstances and damages. In the past months The Malta Chamber facilitated contact between the operators and TM to address difficulties outlined.
- Underground charging infrastructure which compliments electrification of the vehicle fleet: Electrification of the vehicle fleet should be paired with an adequate underground charging infrastructure and projects for reallocation of on-road parking spaces to new multi-story underground parking spaces suited for vehicle charging to free up the space on the road. One must also ensure proper integration to park and ride services, adequate walking and cycling infrastructure as well as shared mobility solutions.
- Improving on the new national policy for electric vehicle charging infrastructure: Opening up the market as a new economic niche allowing the involvement of the private sector needs to be complimented with more industry-friendly incentives to allow private investors to become charging point operators.
- Ensuring a skilled workforce on EVs: The proper training infrastructure must be reinforced to upskill the workforce from dealing with combustion engine vehicles (ICE) to also work with EVs. Therefore, training programmes should be upscaled and made more widely available at competitive prices so that mechanics and workshops may also receive training.
- Better use of ferries and water taxis: The Malta Chamber recognises the importance of an improved uptake of short sea trips as means of transport to minimise congestion on our roads. This alternative should be part of a wider intermodal mobility scheme.

Recent official EU data shows that the target of 55% recycled packaging waste was met by all Member States, except Croatia (48.9 %), Hungary (47.3 %), Romania (44.6 %) and Malta (33.7 %).² The same data indicates that the target of 22.5 % recycled plastic packaging waste was met by all Member States, except Malta (15.4 %).³

While the Malta Chamber agrees with the intention of this Strategic Objective, it warns that the significant amounts of money earmarked by government for waste management risk is not having the intended effects. The current waste collection is more akin to one whereby WasteServ competes with private industry. The Malta Chamber believes there is a leading role for private enterprise which is essential if the new waste management facilities being planned are to operate optimally. Government

² https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Packaging_waste_statistics#Recycling_and_recovery_targets_and_rates

³ https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Packaging_waste_statistics#Recycling_and_recovery_targets_and_rates



should not monopolise the most profitable waste streams and be transparent in its pricing, while facilitating an implementation framework for business to venture within in line with the established regulatory provisions and obligations. Furthermore, given the daily occurrence of motor vehicle journey exigencies, The Malta Chamber recommends that waste carriers services should shift to the night when our roads are less congested.

The Malta Chamber reaffirms that the Material Recycling facility should either be entirely owned and managed by the private sector, or alternatively, if owned by government, should at least be operated by private industry. Any other complexes linked to the Ecohive project should also be privatised. The private sector should be invited by means of the Private Financing Instrument to identify, build, finance, operate and maintain waste management technology that enhances recycling reuse. In 2022, The Malta Chamber provided its contribution towards revised gate fees announced by WasteServ to render them more effective without preventing the private sector from offering competitive waste management prepositions. Legislation should be accompanied by adequate safeguards thereof.

The Malta Chamber is in favour of establishing qualitative regulatory waste management standards. Mandatory garbage collection solutions for all new developments of multiple units, such as dedicated garbage rooms for coordination of refuse collection. This should be a requirement across the board for all new applications with the dimensions of garbage rooms relative to the size of building. The Malta Chamber contributed to the recent public consultation on mandatory compliance to waste separation, calling upon domestic to be equally responsible to such collective obligation, especially when discarding waste in black bags. Piecemeal responsibility for waste policing complicates enforcement efforts. Litter includes any kind of solid or liquid waste, originating from domestic or commercial. Regardless of the specific source, discarding irregularly is offence with should be reprimanded irrespectively not selectively.

A Garbage Bag Barcode system should also be introduced to regularize householders who sort their garbage incorrectly. This measure will contribute towards a higher proportion of waste sorting at source and a higher degree of value recyclable products in Malta.

The Malta Chamber believes that cloud platforms, monitoring systems, and IoT devices can ensure better visibility of waste planning processes and operations. Today there are platforms that connect recyclers, collectors, and waste producers to facilitate traceable material flows and create digital marketplaces. There are others that add transparency, ensure correct handling, effective garbage disposal, and fair payments to contractors. Technology can accurately identify various agents and distinguish nuances of the same material using AI algorithms and cameras, reducing labour costs and improving sorting precision while speeding accurately separating tons of trash per day. Therefore, The Malta Chamber believes that digital opportunities in waste management are still untapped, especially advanced data analytics services which allow to examine large data trends to initiate strategic changes, improve operating models, and develop more sustainable practices. One way to do this is with AI-based smart waste bins, designed for public places, enabling them to simplify recycling, compresses the waste automatically, controls the fill level and processes data for convenient waste management; and



The Malta Chamber believes that local councils should be better resourced to cater for the seasonal increase in tourists and cater for the upkeep of locality cleansing. While expressing concern to the fact that currently bars and restaurants must contract their own garbage collection on an individual bases, hospitality establishment waste collection should be more coordinated, better streamlined and enforced.

The Malta Chamber is of the conviction that such Strategic Objective could be achieved if waste classification and source separation is improved coupled with changes in routine cultural practices. There are multiple factors which contribute to the effectiveness of such measure, amongst them what explained above re (a) financial penalties to those inadequately disposing of their waste and (b) enforcement by making best use of digital solutions and best deployment of our limited human resources.

Furthermore, the Malta Chamber urges Government to reinvest taxation deriving from certain specific locality-based initiatives back into the community. It is a way how the Government would acknowledge value provided by the businesses and residents of that geographical area towards the national interest.

1.2: Responsible and Efficient Use of Resources which Safeguards Environmental and Socio-Economic Well-Being

The Malta Chamber agrees with the aim of increasing quantity of secondary raw materials but also their quality, while guaranteeing safety and proper standards for the protection of human health and the environment.

Construction and Demolition (C&D) waste is considered the heaviest and most voluminous waste stream generated in the Maltese Islands, amounting to over 1.5 million tons of waste generated annually. This constitutes the largest share of waste generated in Malta, accounting to roughly 80% of the total waste arising each year. The Malta Chamber recommends the following:

- Implementation of a New Regulatory Framework for C&D Waste to properly manage construction and demolition waste while promote a transition to a more circular economy. It would also promote the development of secondary markets for end-of-life resources. A minimum percentage of construction material, verified through an audit function, 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.
- Licensing of Building and Road Contractors complemented by minimum skill requirements for the construction workers (mandatory skill card or equivalent), that must be continuously maintained through lifelong learning, as is the case in education. Uptake of certain skills may be incentivised by offering tax credits to workers, and to companies which provide corresponding apprenticeships.
- The setting up of the voluntary Consolidated Contractors scheme which would guide, classify, and screen contractors on their work site practices. This can be incentivized by recognizing enrolment, investment in green measures, establishing of proper SOPs and the like. Ultimately, the scheme will reward all contractors who elevate their standards.



- Preparation of a guide on how public procurement can underpin the circular economy and prevent waste, through requirements for the life span of products and for products that have been designed for disassembly and repair.

Having said that, C&D Waste is not the only waste generator and was just mentioned to cite an example which conceptualizes The Malta Chamber position aimed at highlighting the need to move beyond take-make-disposal (linear economy) to take-make-use (circular economy).

The Malta Chamber believes that the circular concept fosters wealth and employment generation especially when supply chains functioning adequately given our insularity and international trade dependence. Much needs to be addressed in terms of removing institutional silos, lack of decision-making streamlining and consumers behaviour to maximise returns of a truly smooth functioning circular economy.

1.3 & 1.4: Protecting, Conserving and Enhancing Natural Capital to Improve Ecological Resilience and Sustainability & Developing Sustainable Food Systems to Achieve Food Security and Ensure Environmental and Socio-Economic Welfare

The range of objectives outlined in the strategy are multifaceted and require consideration in their widest sense. The legislative framework is also very vast and besides others, it incorporates the following:

1. Flora, Fauna and Natural Habitats Protection Regulations (S.L. 549.44)
2. Special Areas of Conservation (SACs)
3. Special Protection Areas (SPAs)
4. EU Habitats and Bird Directives
5. Convention on Biological Diversity
6. Convention on the Conservation of Migratory Species of Wild Animals.
7. Trees and Woodland Protection Regulations (S.L. 549.123)
8. Conservation of Wild Birds Regulations (S.L. 549.42)
9. National Biodiversity Strategy and Action Plan (NBSAP)

The Malta Chamber is of the opinion that the simplest changes in our eco system are having direct and serious implications impinging on the basic features of our authenticity selling proposition. Our distinctiveness underpins the benefits that businesses derive from certain key industries, like tourism. Our ecosystem is intrinsically part of the experience we have to offer. Population growth, particularly during the summer months, poses an impact on our biodiversity and is a concern because pressure is intensified due to restricted demographic carrying capacity.

The Malta Chamber is committed to help government leverage its efforts with the commercial community in pursuing water security and explore alternatives which include wastewater reuse, increased awareness, use of alternative energy sources, rainwater harvesting, and implementation of nation-wide strategic water policies.

While acknowledging that Malta's water resources are insufficient to meet current demand, resulting in an increased dependence on unconventional water sources such as rainwater harvesting and RO technology, The Malta Chamber notes that the proposed strategy makes no attempt at stating that Malta's groundwater resources will by 2050 be recognised to be a nationalised resource. This is



necessary in view of a projected demographic increase and further uncontrolled water extraction and contamination. Reference is made to curb illegal water abstraction but more stringent metering of groundwater utilisation to better understand Malta's yearly water abstraction trends and allow for better groundwater recharge projections is solicited. The Malta Chamber believes that only through the availability of such data we would be able to identify the gap between natural water resource abstraction and recharge to aquifer systems will be narrowed.

The strategy acknowledges that Malta's rainwater harvesting capabilities are not being maximised. This is mainly due to urban sprawl and the lack of water harvesting considerations in urban infrastructure as well as the fact that current infrastructure cannot deal with periodic flash floods. It is encouraging that there is the mention of the experimental use of permeable materials instead of hard surfaces to encourage groundwater percolation. This practice might hopefully lead to the reversal of the paving of country lanes with concrete surfaces – a practice which encourages surface run off.

The increase in population and climate change should provide a sense of urgency within ERA to devise and enact enforceable measures that are tangible and measurable. Action on groundwater extraction and groundwater protection is needed urgently. The Malta Chamber calls for a decisive approach with effective deterrents for anybody requiring large volumes of fresh water to step away from drilling a borehole to access this cheap source of fresh water. Such water is then pumped at will and at no charge. The Malta Chamber is therefore of the opinion that there is more to be done, with clear timelines, on rainwater harvesting with adequate green stormwater infrastructure to help the country recover rainwater and bridge the gap between sustainable supply and demand, and aquifer recharge and demand.

The Malta Chamber is concerned that Malta's food security has been under pressure for some years. Farmers who hold small parcels of land strive to attain high productivity, despite the size of their lands which they have homestead in them too. However, with decreasing land sizes because of land subdivision, it is getting more difficult to survive on farming alone. The Malta Chamber notes that Public Lands Department lacks visibility of holistic publicly owned stock of for agriculture land. We are concerned on renewal of *qbiela* by non-genuine farmers who do not work the land, recommending that the definition of genuine farmers should be tied to 'use of land' for agricultural purposes. Deterrents for renewal of *qbiela* tied to failure of 'use of land' for agricultural purposes should be strengthened while breaking the practice of land speculation remains crucial.

Piloting Agricultural Technology can partially solve certain challenges that the country has in terms of availability of arable land, water scarcity and degradation and an ever-declining agricultural community. In this regard, The Malta Chamber proposes:

- Larger commercial scale hydroponics and aquaponics, since such can be tested and incentivised in Malta. The infrastructure need may not be in rural zones but may be placed in underground industrial areas and urban locations.
- More research to support the development of new technologies in the areas of alternative proteins such as algae farms.



A 'Minn Taghna Campaign' promoting consumption of locally grown and locally processed food and beverage products which meet certain criteria and prove that they are truly Maltese or Gozitan goods, should also be considered especially in the viticulture industry.

The Malta Chamber suggests that rather than convert organic waste into digestate, it should be turned into compost which can be used to regenerate Malta's soils. Businesses involved in food may be encouraged to take a proactive role to use compost to grow their own food and use that food in their kitchens, and then turn kitchen waste into compost. Furthermore, The Malta Chamber sees value in investing in the proper treatment of manure from all livestock due to its high potential for future uses in terms of fertilisation, waste to energy and further treatment in terms of greywater. Funds should be allocated for a centralised treatment facility which can also be beneficial for agricultural irrigation purposes.

Given the lapse of time which has passed since the publication of the most recent coastal strategy, a revised Coastal Strategy should be formulated to supersede the Coastal Topic Paper of 2002. Given the sheer extent of Malta's maritime jurisdiction, The Malta Chamber believes that a comprehensive and holistic Marine Spatial Plan for the Maltese Islands is needed.

The strategy makes a nod to the need for effective Marine Protected Areas (MPAs), but fails to give a timeline for the endorsement of management plans and for the initiation of actual implementation measures within the same MPAs in order to contribute towards the achievement of set conservation and management objectives for the same areas. A partnership with a number of users/stakeholders, notably the PDSA, should be entered into by ERA so as to ensure the effective management and surveillance of a number of coastal and heavily-frequented areas.

The Malta Chamber notes that the strategy is short on details on a few technical proposals floated around within the same strategy, including the involvement of fisheries within citizen science campaigns and the analysis of the exchanges of energy and nutrients through marine food webs. The Malta Chamber recommends that the University of Malta would be included as a contributing partner under this Strategic Objective due to the importance of research in congenial marine ecosystem restoration techniques.

From a governance perspective, The Malta Chamber notes that the strategy does not acknowledge Malta's stated intention to claim a greater swath of its continental shelf as an exclusive economic zone and what this will imply for the national marine management framework.

Due consideration should therefore be attributed to the fact that Malta administers Europe's largest Shipping Registry and the sixth largest in the world, but not just that. Our maritime is a sector brimming with untapped potential. Today, the maritime sector not only provides an enticing destination for yacht owners in terms of leisure, but a location that caters for repairs, refits, and maintenance.

The Malta Chamber calls for a holistic vision for the Maritime industry in Malta, including investment in infrastructure and a long-term plan on how to maximise blue economy opportunities primarily by investing in human resources and solidifying the vision into a mission implementable over a 5-to-10-year timeframe.

The outcome of a symposium organised by The Malta Chamber in July 2022 reaffirms that the super-yachts sector should be recognised as an integral, yet distinct, part of Malta's tourism offering. The Malta Chamber recommends the nurture of an appropriate yachting ecosystem within the renewed



Tourism Strategy to offer a high-end tourism product combined with the greening of the fleet and sustainable tourism.

1.5: Investing in Sustainable Finance for a Greener and Climate-Neutral Economy

The Malta Chamber notes that while in principle there are a number of funding schemes, both repayable and non-repayable, afforded to the private sector through public funds and EU Funds, these schemes are often encumbered by terms and conditions that overly restrictive.

Several sectors, such as the financial services, logistics and transport sectors are frequently excluded from the eligibility criteria because these schemes are primarily tied to a classification based on NACE code rather than on the impact *per se* that such an investment would bring. One should also consider how large companies could also benefit from support, particularly when their investment will help to bring about the much needed shift.

The Malta Chamber also notes that greener investments are often subject to restrictive state aid rules which greatly limit the amount of assistance that a company can receive. To give but one example, the current Article 38 of the General Block Exemption Regulation it is stated that only the counterfactual cost of an investment, that is the difference between investing in a more efficient piece of machinery as opposed to a less efficient one, is eligible, rather than the whole cost attributed to the greener investment. This is further limited by the application of other conditions, such as the fact that investments made to comply with EU standards are not eligible for funding.

In addition, the timeframes related to EU funding can also cause substantial issues. Companies require approval for funding before commencing any green investments. Furthermore, funding is reimbursement based, so companies are expected to carry out the investment first, according to the timeframes resulting from the evaluation procedure of the funding body, and then ask for reimbursement of the cost. This often takes the form of one interim payment claim and one final payment claim. The lack of advance payment limits the company's liquidity at the start of the project and can be a huge obstacle that can put off companies from resorting to funding. This is exacerbated when it comes to co-financing schemes, where the portion of co-financing from public funds is usually fairly low.

Of heightened importance for The Malta Chamber is public procurement as a strategic tool for Malta to meet its environmental obligations to promote economic operators who are not only complying with the law. Being the largest consumer, government can create a critical mass which makes it economically feasible for suppliers to invest accordingly. As explained in its [Public Procurement Report](#) published in 2021, The Malta Chamber believes that all public authorities should seek to procure, goods, services and works with a reduced environmental impact throughout their life cycle when compared to goods, services and works with the same primary function that would otherwise be procured.

Embedding ESG in procurement, financial assistance and business models will be a game changer for a several Maltese businesses to join others which already implemented ESG standards and are starting to experience such a beneficial outcome.



Strategic Goal 2: Towards the Preservation of Sustainable Urban Development and Cultural Heritage

2.1: Placing Culture and Heritage at the Heart of the Development of Our Local Communities

It amply clear that a failure to respond to these changes will be detrimental to our tourism industry, which is increasingly driven by customer experience deriving from our distinct culture and heritage as a unique selling point. Within a mere 316 square kilometres, Malta, Gozo and Comino offer much more than picture-perfect sun, sea, and sand. For the more erudite traveler, the islands represent an enchanting journey through the annals of history, culture, and the very heart of Mediterranean civilization.

Experience tourism is becoming the norm because consumers would rather spend their money on experiences and not on things. Travelers want to connect with a place on an emotional level, and as a result, it becomes much more than settling for a busy trip packed with a full itinerary in all the touristy hot spots. For many, travel is seen as a way of understanding and appreciating alternative ways of life, learning new things about cultural and natural landscapes, and even as a means of self-discovery.

Based on the above, The Malta Chamber welcomes The Government intention to establish a Board for the assessment of quality and aesthetics features of new developments, a proposal put forward in our [Pre-Budget document](#). The policy should include support for aesthetically qualitative and sustainable projects and a set of minimum standards for all new buildings.

Furthermore, The Malta Chamber would like to propose the following:

- Redesigning the tourism product and redefining branding and communications accordingly to shift the focus to quality, authenticity, history, safety, sustainability, and value for money. The Malta experience must be presented as one that is difficult to find elsewhere and therefore unique, true to its own identity, and not a copy of something else.
- Stopping any development from further undermining Malta's natural and cultural assets. Gozo deserves special protection status in this regard to conserve what ultimately makes it unique and different from Malta.
- Refraining from any further encroachment of ODZ land to preserve the islands' natural and cultural assets.
- Investing in rural areas and villages to promote holistic and sustainable tourist experiences, centring around agritourism, typical cuisine and cultural/heritage sites in the vicinity.
- Building better support for local talent within the arts and culture sector to develop Malta's identity through more homegrown projects, highlighting Malta's authentic identity, heritage and contemporary history.
- Retaining the current portfolio approach to events and festivals. As illustrated below, this essentially comprises a carefully curated mix of free and paid events of various types and categories offered across Malta and Gozo throughout the year. Crucially, MTA's role should remain as an enabler and facilitator of events and not as an actual or perceived organiser.
- Implementing a dedicated marketing strategy for Valletta as a destination in its own right, focusing on its unique culture and heritage.



- Revisiting MTA's role as an enabler in the industry through a proportionate allocation of funds for the support of events all year-round, in line with framework proposed under the 'Culture and Identity' enabler.
- Providing easier access to finance through grants or tax incentives for start-ups and projects promoting local culture and heritage.

Meanwhile, like many other sectors, tourism faces a range of significant sustainability-related challenges. In fact, as green and sustainable tourism grows in importance internationally, significant investment will be required to provide the accommodation, transport and other tourism related services and infrastructure necessary to meet expected demand, while enhancing economic, social and environmental outcomes. This will require an integrated approach across many departments (e.g., transport, environment, agriculture, innovation, education, tourism) and levels of government (national, regional, local), with input and support from industry. To this end, investment will play a critical role in managing this growing tourism in a sustainable manner, simultaneously offering environmental and social benefits, as well as opportunities to generate significant returns.

2.2: Sustainable Urban Planning and Development for Livable and Resilient Towns and Villages

Adding to the feedback already provided for under Strategic Goal 1, The Malta Chamber believes that the 2006 local plans and the Development Control Design Policy, Guidance and Standards need a thorough review.

The process needs to be combined with the publication of a new Strategic Plan for the Environment and Development (SPED), which clearly addresses how our natural, historical and cultural fabric is to be preserved and how the built environment is to be developed, in a clear and unambiguous way, leaving no room for a 'pick and choose' approach. To prevent abuses, misinterpretation and misapplication of policies, it is important to determine unequivocally which planning policies take precedence over others.

2.3: Sustainable Demographic Development for the Creation of Resilient Communities

The Malta Chambers notes that people's sensitivity to a deterioration in their environment and quality of life is bound to grow when prevailing conditions become more challenging. So does the frustration of businesses in the face of unfair practices in all areas, ranging from recruitment to public procurement to tax compliance. Competent businesses want a level playing field. They are eager to see less tick-box administrative bureaucracy, more transparency and accountability, better use of technology to improve efficiency and information-sharing, more enforcement involving smart combinations of system controls as well as more risk-based inspection controls, and much better planning in the context of a holistic long-term vision for the country that does not just set targets for desired outputs but factors in inputs and their sourcing, be they labour, energy, infrastructure or capital.

This is why the proper functioning of our planning authority, our education system, our justice system and our political system as a whole are critical to the future prosperity of the country.

In this sense, The Malta Chamber acknowledges that the Maltese economy is presently severely constrained by a very tight labour market, leading many employers to turn to foreign workers to fill vacancies. The retention of foreign workers keeps getting worse as foreign workers are constantly being lost to more attractive competing locations.



The restricted labour market conditions and the rising cost of living have been pushing employers to raise wages at short intervals. Without corresponding increases in productivity and a thorough rationalisation of use of resources in both the private as well as the public sector, we risk a permanent erosion of our competitiveness which will have severe implications for our exports, particularly in the manufacturing and tourism sectors which account for a large portion of private sector employment.

The labour market is extremely tight and wage inflation is already high, particularly in medium to high income jobs, due to persistent labour shortages and the resultant poaching of personnel. If COLA leads to a systematic increase in the cost of production of goods and provision of services, the economy will get into a vicious spiral of wage-cost inflation that will be difficult to pull out of. The Malta Chamber believes that the most sensible way forward is to strike a balance between maintaining the purchasing power of lower-income groups and limiting wage-cost inflation that would not only fuel further price increases for consumers but would reduce the competitiveness of our exports, further squeezing businesses already struggling with massive material and transportation cost increases.

Unless Malta manages to attract and retain more foreign workers, shift human resources from the public sector to the private sector, or achieve unprecedented productivity gains, the future growth of the private sector will be severely hampered, with significant implications for economic growth and the sustainability of public finances.

The Malta Chamber notes that it has become imperative to find ways of managing the recruitment and retention of such resources better to secure the sustainability of local businesses. Good management of these flows requires carefully designed systems that discourage abuse and promote proper enforcement of the laws and regulations related to the labour market. This is the only way we can have a level playing field for the scarcest of resources. This is also necessary to ensure better socio-economic cohesion going forward. The rise of the extreme right in several European countries should serve as an eye-opener for both local and EU integration politics.

The Malta Chamber recognises that TCNs cannot be the answer to all local labour shortages, and as illustrated in other parts of this document is committed to promoting an educational and digitalisation strategy that feeds into our broader workforce strategy. However, The Malta Chamber also firmly believes that having recognised how essential TCNs are to short- and medium-term functionality of the Maltese economy, the government should undertake particular efforts to ensure that the related visa and permitting process takes place in an expeditious manner.

A key component when it comes to attracting and retaining the right talent from third countries is an efficient system that processes request for family reunification in an expeditious and fair manner. Unfortunately, the length of time required for administrative approvals for these family members is exorbitant and can have a real impact on the attractiveness of the Maltese labour market.

There is also a realisation that our infrastructure cannot cope with an ever-increasing population and the pressures of this are seriously compromising our quality of life. It is becoming increasingly evident that to maintain growth, businesses need to produce more with fewer workers, and output must have a higher value. It is hard to retain employees, even by raising salaries. It is therefore crucial to invest in constant training for employees and to create a flexible, family-like work environment.

Furthermore, a Skills based immigration policy supplemented with a Cultural Integration Policy providing for appropriate language and cultural training, to productively engage in the economy and contribute towards lessening potential emerging tensions in Malta's fast-changing culture is needed.



The Malta Chamber, through its Thematic Committee on Health and Wellness, includes mental health into a holistic discussion of productivity, trusted relations, and inclusivity. More flexibility would require employees to work outside the standard hours of work to complete tasks which necessitates a balanced approach between employers and employees alike. In this context, The Malta Chamber has taken the proactive initiative to promote awareness in implementing common sense policies that, whilst safeguarding employees' rights, take into consideration the exigencies and pressures experienced by Maltese businesses while increasing productivity, improving creativity, and workforce retention.

Strategic Goal 3: Ensuring Healthy Lives and Well-Being for All

3.1: Fostering Good Health for All by Strengthening our Public Health System

Through its business section committees on Healthcare and Lead Pharmacists, The Malta Chamber is recurrently contributing to optimise The Pharmacy of Your Choice (POYC) Scheme with the aim of the introducing a reimbursement model which helps assuring sustainability of the healthcare system in Malta.

The Malta Chamber is very concerned about the major shortage of nurses and carers within private care homes and across the health sector with hundreds of nurses and care workers leaving the islands to migrate to the United Kingdom. In this regard, The Malta Chamber Care Homes Business Section committee proposes that:

- The state ensures that all entities involved in the vetting and processing of applications of foreign nurses are adequately resourced so that applications are handled within shorter timeframes.
- Better residency terms and family reunification measures for foreign nurses and healthcare workers are provided to compete with what is being offered by other European countries.
- Incentives to attract more students and other cohorts of the population to the nursing profession or encouragement of qualified nurses to return to the profession should be sought.
- Government refrains from competing aggressively with the private sector for the scarce resources available, given that it is the main customer of the private sector and is able to dictate prices. Private sector operators find themselves sandwiched between fixed rates paid by Government for the services they provide and spiraling operating costs.
- More Maltese speaking staff would be made available.
- Free physical exercises and therapy at community centers would be further encouraged.

3.2: Promoting Good Nutrition and Active Lifestyles for a Healthy Society

The Malta Chamber strongly agrees with this objective and believes that any intervention aimed to promote a Healthy Society cannot be implemented in isolation. Legislative actions, educational campaigns and enabling conditions cannot be set out without having the cooperation of all actors involved, and more importantly, the facilities that would allow the achievements of their objectives.

The stakeholders to be involved range from the medical practitioners, to educators, to manufacturing companies, to retailers and the fitness industry. Their feedback, together with the tools needed for the implementation of a medium to long term strategy requires a concerted, focused effort that can be measured through Key Implementation Steps that are sequential, quantifiable, and effective.



In this context The Malta Chamber proposes tackling child obesity as follows:

- Products with high sugar and salt content, and junk food should be banned from school canteens, sports nurseries, and kiosks in children’s playgrounds.
- Free fruit and salad bars should once again be provided in schools from where children can get served into their own reusable containers.
- Adverts for high sugary food, sweets and drinks should be banned from around children’s TV programmes and from child targeted content on digital streaming platforms that include advertising.
- Product package labelling needs to be accompanied by an education campaign on the adverse effects of both sugar and salt.

The Malta Chamber believes that taxing sugar is not really a viable standalone option since it is present in many food items, to varying degrees. Furthermore, The Malta Chamber cautions against taxing local products which have a high sugar content since parallel importation tends to slip in undeclared and would render the prices of local manufacturers of these products uncompetitive.

The Malta Chamber believes that the promotion of healthier lifestyles, such as more walking or the take-up of a sport by adults for fun (as opposed to competition) can be more effective than focused exercise programs of which the majority drop out after a short stint. However, any promotion of physical activity needs to be also accompanied by facilities that people can actually use to walk, run or play sports for leisure.

The inclusion of physical activity facilities at mass events needs to be addressed. Every mass event that is organised is full of food stalls (most of which are selling junk food) but does not feature any physical activity areas. Some physical activity facilities are very easy to set up, e.g. basketball hoops, skateboard ramps, trampolines, darts, air hockey, table tennis, amongst others.

More physical education opportunities should be included as part of the curriculum, with children leaving school having mastered basics such as swimming, riding a bike and running properly. While The Malta Chamber welcomes the FunFit 5 initiative as a good start, it believes that the childhood obesity scenario in Malta calls for more action. All public colleges at Year 3 onwards should offer mandatory, daily physical activity of at least an hour, involving different disciplines.

Lastly, some liberal arts programs at universities abroad (such as the US) require sports credits as essential parts of the curriculum. A similar system can be introduced at tertiary level in Malta, as a follow up on sports education during compulsory schooling.

Strategic Goal 4: Accelerating Digital Transformation, Smart Mobility and Connectivity

4.1: Towards a Digitally Empowered Economy and Society

Recently, The Malta Chamber published an [Education for the Future strategy report](#) underlining the importance of quality in education, upskilling & and reskilling, lifelong learning, periodic curriculum reviews, developing and empowering educators, and introducing Social Emotional Learning and



Service Learning for both students and teachers. The document was followed by another Malta Chamber report titled [The Malta Chamber's position on a National Workforce Strategy](#) outlining 56 tangible recommendations, paired with 48 quantifiable success measures³ calling for a much-needed national debate on the future of education based on the skills we need today and beyond, involving all those who have a genuine interest in the prosperity and well-being of future generations.

For the Malta Chamber, human capital remains the most pressing pre-requisite to continue transforming ourselves to an open economy reliant on knowledge services, value added manufacturing, and e-tourism.

Understandably, the economic and societal changes brought about via the Internet have also revolutionised 'traditional' sectors, like tourism, which now is primarily driven by e-tourists who are connected online at all-times; through integrated supply systems, industry enables just-in-time (JIT) production; and retail uses big data-driven personalised marketing campaigns.

The incremental advancement on previous mobile technology, or even a more radical shift to a 'general-purpose technology' (GPT) – one typically associated with industrial revolutions is highly dependable on a 5G-based, new digital economy (NDE) bringing with it 3 dimensions that are likely to impact business.

Firstly, there are new sources of data from smartphones to sensors resulting in vast quantities of data in the cloud, thereby creating information pools that can be used for new products and services. Secondly, business models based on technology and product platforms are found in a range of manufacturing and service sectors, radically altering business structure and the terms of competition. Thirdly, there are likely to be positive productivity effects across different economic sectors as scaling up is not deemed to be expensive.

The Malta Chamber is concerned that the Government's primary focus seems to be technology itself.

The Malta Chamber expects to be adequately consulted in the implementation of the digital strategies to ensure that the fundamental elements that allow Malta to be a 'winner' in the 5G Internet information economy are business friendly.

The Malta Chamber recommends that the Government undertakes an extensive review of the use of e-government services to identify bottlenecks that have prohibited their use or uptake and subsequently, undertake the requisite actions to actually deliver the expected economies that were to be delivered. The Malta Chamber recommends that the Government builds a Business e-Portal that is underpinned by virtual processes and functional alignment to create efficient, effective, and economic triggered processes, and directed to reduce the cost of administration to business.

For instance, in its [Economic Vision for Malta: 2020-2025](#) The Malta Chamber recommends that economic-based innovation should include value-added manufacturing; digitalisation; smart-city technologies; marine and aquaculture technologies; aviation and aerospace technologies; health and biotechnology.

Digitalisation is resulting in opportunities to develop new, smarter, and more sustainable economic sectors. In the manufacturing sector, for example, 3D printing is revolutionising production as it enables profitable production even at a small scale and makes it possible to create individualised products to order. The relationship between productivity and digitalisation, innovation, and



technology (DIT) is long-established. DIT penetrates deeply in all parts of a manufacturer's value chain: product development, production, business systems, supply systems, customers and so forth.

4.2: Building Sustainable Communities Through Smart Mobility and Connectivity

Malta was one of the first movers on eGovernment but has been overtaken by many countries in recent years.

The Malta Chamber of Commerce believes that a comprehensive digital transformation of public services could address many of our operational weaknesses as a country. If done well, it will save businesses, citizens and Government a lot of time and money that is wasted on duplication of data inputting with various Government entities. It will also render the processes more transparent and less prone to manipulation and clientelism. It will ultimately improve the ease of doing business, strengthen governance and enforcement capabilities, and improve our attractiveness as a location for foreign investments. Hopefully, it will also help identify waste, and free excess human resources for more productive employment in the private sector, where labour shortages are hampering the recovery of several industries.

There are tough decisions to be made in the coming months, but it is imperative to make them.

Given the current international scenario, delaying tough decisions further could backfire badly because energy prices are bound to remain high for a prolonged period and supply chain bottlenecks will not ease before the economic growth of large economies starts buckling under inflationary pressures. Malta has managed to contain a significant portion of the impact on the Maltese economy so far, but we should not be naïve to think that we can do so indefinitely.

A judicious approach to public spending is warranted, and a smarter allocation of resources in both the public as well as the private sector is necessary to safeguard our competitiveness and mitigate long-term adverse effects of the current global challenges since 80-90% of the world's goods are transported by sea. Each year, container ships spew about 1 billion metric tons of carbon dioxide into the air — about three percent of all greenhouse gas emissions — and tons of toxic waste left in the oceans. Recognizing this, in September 2021, the International Maritime Organization (IMO), representing 150 industry leaders, set a decarbonization goal to reduce emissions by 50% by 2050, compared to 2008 levels.

Sustainable logistics or green logistics secure a strong bottom line without sacrificing customer satisfaction, or the well-being of the planet. Intelligent businesses are rushing to understand and embrace sustainable logistics management, supported by powerful technologies such as artificial intelligence, machine learning, and advanced analytics. Businesses are rapidly shifting to EV fleets due to changing delivery demands. At less than half the cost per mile for electricity as for gas or diesel, and without any need for tune-ups or oil changes, EV fleets have lower operating costs and less downtime. For businesses, another advantage of EVs is the ease with which they can be integrated into a greater cloud-connected supply chain network. This means that businesses can use AI-powered technologies to analyze both past and real-time operational data – delivering powerful (and actionable) insights into ways to save money, lower fuel consumption, and streamline their operations overall.

Combining a cloud-based smart supply chain with mobile technologies gets a birds-eye view of their entire logistics process, from manufacturing to delivery to returns. But green logistics is not achieved in isolation.



4.3: Investing in Research and Innovation for Sustainable Growth

The Malta Chamber welcomes the importance attributed to Research and Innovation (R&I) in the consultation document, acknowledging however that the potential and importance of R&I has been overlooked for far too long. The assimilation of an innovation culture has been delayed during years during which Malta was staggeringly growing.

Given Malta's institutional constraints, it is essential that we increase our effort to assimilate in our economic narrative the openness for international cooperation with European partners on R&I within specific strategic industry segments; water, health, manufacturing, aviation, logistics and agriculture, amongst others. The Malta Chamber believes there should be active involvement of Permanent Secretaries to realistically address public sector fragmentation and lack of continuity.

The Malta Chamber believes that funding programs would be best directed to indigenous Maltese companies with 20-200 employees since most FDIs in Malta tend to do their research abroad due to a wider range of resource expertise while micro companies may lack the specialised capacity to tap into the funds.

While acknowledging the crucial role for academia in research, The Malta Chamber notes that research generally tends to place more resources towards 'blue sky' research, which is not driven by an agenda, but gathers knowledge that then may potentially be used by industry. The Malta Chamber is of firm belief that Malta must recognise look at research and innovation through a two-pronged approach: R&I for businesses innovation and R&I for blue sky research.

The Malta Chamber also notes that there are instances where academia competes directly with industry. Diminishing the practicalities and importance of R&D undertaken by industry-led projects should be addressed. In light of this, The Malta Chamber proposes ringfencing funding components for private industry to be able to successfully compete. Ultimately it should be the Government's aim to promote and encourage the gathering of the best minds from the University of Malta, industry and users to develop new technologies and participate in European Projects with a high commercialisation potential.

The Malta Chamber is aware of the challenges that lie ahead impacting certain sectors whose root human capital shortage was not sufficiently addressed in the past. To combat this shortage, The Malta Chamber reiterates the prioritisation of STEM subjects amongst secondary school students through short placements in manufacturing companies for Form 3 and 4 students. Additional guidance should be provided to teachers, particularly science teachers, combined with showcasing students the applicability of science within industry and illustrating the relevance of learning in classrooms in life.

Furthermore, the industry is having trouble sourcing specialized PHDs, particularly in the field of Engineering. In this regard, The Malta Chamber suggests that the R&I guidelines would provide engagement of a range of researchers which extend to Levels 5, 6 and 7 qualifications, capturing also PHD students.

The Malta Chamber cautions however that presently, private sector companies are struggling with short term financing, a tight labour market and inflationary pressures which are all consequences of a troubled economic environment where innovation might not be a top priority. Acknowledging, these issues distract firms from the medium to long term benefits of R&I because most core operations of



local Maltese companies are not research oriented. As a result, the Malta Chamber reaffirms its predisposition for more coordination to encourage industry innovation.

Strategic Goal 5: Achieving Social Fairness and Prosperity for All

5.1: Empowering Citizens and Communities Through Policy Instruments and Measures for the Benefit of All

The Malta Chamber cautions that the smoothness of a business' workflow is dependent on the resilience of the weakest link.

The importance of bridging the gap between educational institutions and industry has assimilated incremental importance recently. Identifying the shortages of skills vis-a-vis industry has never been as crucial as today, prioritising the educational experience through the involvement of business leaders to provide a more practical experience through entrepreneurial teaching.

The Malta Chamber believes that all Government entities should be sensitive of the need for vocational education to play a crucial role in bridging the gap between education and the workplace. A structured dialogue between University, MCAST and industry should be established and maintained to respond to changing needs very quickly, strengthened further by offering more work experience of quality linked to the area of study.

Political bodies, unions and stakeholders should commit to a concerted effort to overhaul the education sector in the national interest. Various political administrations have unfortunately failed to make radical changes to the educative system which would have led us to a better state of play today.

The Malta Chamber is seriously concerned about the declining level of written and spoken English, which is our language to relate with international peers. The number of Maltese who use English as a medium of communication has increased yet that does not mean that its quality improved. As a country we need to address the serious decline in English language proficiency and devise an action plan which addresses this lacuna if we want to strengthen our economic position in the world market. A feature which may be contributing to this deficiency is that Malta ranks amongst the bottom 4 performing countries with respect to underachievement in reading, with the lowest intended instruction time at age 14.^[1]

The Malta Chamber acknowledges the need for teachers to be equipped and be given the necessary support, be it financial, human, and technical to take our local human capital to the next level. It is positive to note that like Finland, Ireland and Italy, Malta is introducing a minimum qualification requirement for staff working with children in addition to establishing systems to support CPD.^[2]

The Malta Chamber notes that gender has been and still is a major dimension of inequalities in higher education. No demographic characteristic is so fraught with stereotypes than that of gender. In social

^[1] The European Commission, Education and Training Monitor 2022, page 55

^[2] The EU Commission, Education and Training Monitor 2022, page 22



life, school and later in higher education, some students are bound by the stereo types like women are more social or men are more technically apt.

Practices which create a culture of clientelism increase efficiency and create a lack of transparency should be avoided. People circumventing institutionalised inefficiency by speaking to someone they know, who works for a particular entity, to be seen to within a reasonable timeframe propagate this kind of culture we should avoid. We believe that the systemic use of efficient technologies in government services is an important part of the solution.

5.3: Building Safer Communities and Ensuring Timely and Effective Justice System

The Malta Chamber reiterates that an effective and efficient judicial system is essential for a free and democratic society to thrive, both economically and socially. Our Courts of Justice are undeniably an essential part of the enforcement of our own rule of law, but the judiciary does not seem to have the necessary human and financial resources to operate efficiently.

The European Commission urged Malta in its latest report to reduce the time it takes to conduct high-level corruption investigations and complete court proceedings, although challenges related to the length of investigations of high-level corruption cases were quite intense for quite a while.

Although we have witnessed an improvement in the administration and management of lawsuits, especially by certain judges we need to acknowledge that the load management is still unsatisfactory with thousands of pending criminal cases, magisterial inquiries, cases at compilation of evidence and family cases.

To this effect, The Malta Chamber agrees with the intent behind the strategic objective and reaffirms the need for:

- A decisive push towards accelerating the digitalisation of Law Courts which require major investment to improve efficiency through Recovery and Resiliency Plan funds⁴ and facilitating the interactions with different agencies.
- A Reform in the legal process to speed up the compilation of evidence phase and prevent witnesses from testifying multiple times in the same case while establishing a procedural timeframe for cases to be resolved.
- A judicial process that is swift, fair, accountable and transparent.⁵
- Courts which are much more efficient since the current situation is a detriment to businesses.

5.4: Achieving High Quality Education Responsive to Labour Market Needs

The Malta Chamber believes that it is high time to accept the low achievement levels in our education system. We believe that the underperformance of our educational system has become an endemic challenge that has hardly improved over the last decades, requiring the country to commit publicly to bold objectives and implement drastic measures.

The Malta Chamber believes in changing certain inherent attitudes and behaviour by instilling values and a sense of responsibility towards the community. A root-and-branch reform is required not just at higher education but also at primary and secondary levels. At primary educational level, students

⁴ Time to Step Up, Proposal 32 <https://www.maltachamber.org.mt/loadfile/5fe5f1ed-2d0c-4d6c-98c5-67602c11d19d>

⁵ Time to Step Up, Proposal 31 <https://www.maltachamber.org.mt/loadfile/5fe5f1ed-2d0c-4d6c-98c5-67602c11d19d>



should start understanding technology, be provided with a basic level of problem solving, reasoning and critical thinking. At secondary level, our students should be more exposed to citizenry (in Malta and beyond), environmental stewardship which incorporate concepts that nature should have rights, financial literacy, economics, media literacy, use of technology, social issues, cultural diversity and inclusion. The basis of such reform is three important 'c's, collaboration, creativity and communication. Falling short of this, The Malta Chamber believes that the pressing risk of overdependence on imported labour for continued sustainable economic growth would increase.

Despite recent progress, the early school leaving rate remains high, although it may have diminished slightly, a matter which nonetheless should not detract from its needed attention. Basic skills attainment is poor in comparison with other countries. Our labour market requires more relevant skills from the vocational education and training (VET) system.

In this context, The Malta Chamber believes that primary and secondary education are in most need of reform. We note that out of the 29 countries (27 EU countries + Iceland and Norway) Malta ranks 8th in expenditure on education as a percentage of GDP but only 24th in PISA scores, with a budgeted government expenditure in education for last year more than €704 million.

A 5-point reform is therefore recommended by The Malta Chamber:

1. A split within the Ministry of Education whereby the regulator would be separate from the operator / service provider.
2. Transform all public colleges into foundations and give them autonomy on operations, charge fees, reward the best educators with the best salaries, choose where to place investment and run as independent organisations.
3. Publish anonymised data for all students, teachers and grades. This will increase the level of transparency of who is really running the best schools and who are the best educators, also within the higher education space.
4. Provide all parents with student vouchers to have the option to choose which colleges their children opt to go to, with Government awarding additional funding to the most successful colleges. Government should also give vouchers to students based on success with the faculty to choose where and what to study at post-secondary level. Specialized accredited private education provides a quality service (example to follow ACCA program) which is not inferior to public education.
5. Increase contact hours, school hours and wages of all educators and reduce school holidays.

As things stand today, it is inevitable that businesses will face significant skills shortages and will be forced to invest in employee training. These challenges will necessitate substantial support in the form of funds for mentorship, reskilling and upskilling, as well as entrepreneurship promotion. The green transition will succeed only if job creation, support for job redefinition, and positive entrepreneurial attitudes towards the establishment of new sustainable businesses are prioritised.

The Malta Chamber agrees with this strategic objective intention because skills requirements are evolving faster than ever before and the timely understanding and forecasting of entrepreneurs' needs is crucial.

The curricula of schools, university, and vocational training programmes must be reviewed to reflect the most recent findings of skills intelligence tools, with the latter being used more effectively and consistently to update curricula and design policies.



Our educational system is a key component in nurturing a strong local ecosystem for video games and Esports, helping local talents to grow while attracting international competitions.

On aviation, Malta needs to invest to attract new aviation inspectors and explore options on how to retain existing ones. A successful aviation and aerospace sector also requires an efficient financial services sector. Given the nature of transactions that take place in this industry, operators are particularly exposed to local issues in the banking sector which have been compounded year on year and which are not conducive to attracting further activity in the sector.

The Malta Chamber cannot reiterate more the importance of having a skilled workforce that is digitally literate to be able to make these improvements possible.

The acquisition of key competences such as numeracy and digital skills are not an academic or industry specific monopoly but relevant across the board in our community. The European Commission is emphasising further on this point, promoting the development of more fit-for-purpose STEM and ICT higher education programmes based on STEAM – science, technology, engineering, the arts and mathematics – approaches to education.

The present student stipend system does not seem to promote adequately a ‘meaningful’ social mobility. It tends to make it easier for students to opt for tertiary education courses that do not necessarily help their career chances for most jobs in need. On several instances, beneficiaries of tertiary educational stipends end up finding a job posting abroad, without effective incentives to consider returning to work in Malta, which would mean a return on investment on invested stipends for the community. Consideration should therefore be given to having part of the student stipend tied to a commitment to work in Malta within the private sector for a qualified number of years. The proposal could work out as a part of existing or additional allocation to the current provision to which the students may opt-in or opt-out.

Turning Malta into an education hub should have been a process which started a while ago. The Malta Chamber cautions that the process should not be a marketing ploy without substance put into it or disproportionately inclined towards attracting FDI as against facilitation of home-grown companies to grow. The process should be directed towards substance value not numbers. Malta based private operators already provide international training to some degree but operators feel they lack any kind of Government support. Malta Enterprise should therefore provide quality initiatives that would boost local companies within an overarching strategy of nurturing the local eco-system to make the hub idea work.

In the post-Brexit EU scenario, there are only 3 officially English-speaking language countries, which are Ireland (too expensive for education), Cyprus (lacks quality) and Malta (quite well placed to play a more active role due to a manageable cost-structure). It is therefore of utmost importance for industry to attract both further and higher education teachers and students since we lack input and output talent.

As the National Chamber of Commerce in Malta we will continue to support in improving upskilling/reskilling of the workforce to keep competitiveness and to address the transformations related to the green and digital goals, while reinforcing entrepreneurial attitudes, equip individuals with skills and competences invaluable for their future or newly established businesses, to allow SMEs to reach new markets and develop their enterprises thanks to innovative ideas and techniques that can be materialized into new products or services.



5.5: Equal Opportunities and Fair Access to the Labour Market

As amply explained, addressing the challenges that arise in an increasingly digital world requires an overhaul of current employment and skills policies.

Proficiency in the use of digital tools and services is required irrespective of the sector or the nature of the job. The Chamber underlines that one essential requirement is for the curriculum to equip all students with basic ICT skills, as well as solid literacy, numeracy, and problem-solving skills to enable people to use ICT effectively. At a further and higher

As the labour market continually changes, modernization of professional and vocational education and training (VET) is a vital and on-going process, which is essential if VET is to continue transforming learners into workers. This is particularly crucial in terms of meeting the demand in the value-added manufacturing and services sectors for the skills VET traditionally produces. The quality of persons who move into the VET stream is very much dependent on VET's esteem – or image – in comparison to academic based education.

The Malta Chamber supports the changes being made in the curriculum to modernise and increase the attractiveness of VET through measures such as 'My Journey'. It also wishes to underline that this must be complemented by heavy investment in infrastructure, including workshops and equipment at MCAST that reflects the world of employment of both today and the future.

Over the next decade, developments in the labour market indicate that work-based learning will become more important, and future jobs will combine technical and behavioral skills. Technology (automation) is taking over routine tasks and employers increasingly require workers to think, organise, communicate, and decide when dealing with non-routine tasks. Already, employers are concerned that applicants, particularly young people, generally lack experience, the right attitude towards work, and, importantly, 'soft skills', such as communication and problem-solving abilities. A combination of technical and behavioural skills is more likely to be developed through work-based learning. The Ministry for Education and MCAST should undertake the appropriate action, including the provision of fiscal incentives to SMEs, to increase demand and supply for apprenticeship and work based learning opportunities.

The above also holds for re-skilling and up-skilling. The successful adoption of new and emerging technologies by businesses to benefit from the full productivity dividends of technology adoption faces challenges concerning the deepening of skills in certain jobs and sectors and the quick adaptation to fast-changing technologies. Employees will have to update their skillset to adapt to the needs created, and they will need to do so in an iterative way.

The constant change of methods and objectives of businesses requires an inclusive, flexible and adaptable workforce, irrespective of societal predispositions, in terms of skillsets attained through a culture of lifelong learning, re-skilling, and up-skilling of the workforce.



Conclusion

The Malta Chamber welcomes The Malta's Sustainable Development Strategy outlining 5 strategic goals linked to 14 normative governance principles, monitored through a defined set of targets in Annex 1 towards environmental protection, economic growth and social cohesion, is a laudable initiative and cannot function in isolation.

The Malta Chamber looks forward towards a coherent framework for cross ministerial and stakeholder implementation to enhance the country's attractiveness, committing to investment in energy renewables and ensuring that in the current challenging economic climate there would be no room for waste of resources at any level.

The Malta Chamber believes that promotion of fiscal morality gains credibility when Government manifestly commits to optimising its use of resources, both in terms of public sector employment as well as public procurement, while reiterating that it runs contrary to business competitiveness to have a situation where Government is indirectly soliciting human capital from the private sector.

The Malta Chamber acknowledges that work is an important part of life, and it makes more sense to talk about work-life harmony rather than a balancing act between the two; while appreciating the emphasis attributed to urban planning and its impact on Malta's attractiveness and citizen's wellbeing.

Evidently, in its contribution, The Malta Chamber has gone beyond its call of duty to just providing feedback. We have taken a proactive role by outlining several recommendations which contribute to a concrete action plan.

Industry insights shared by The Malta Chamber reflect a wide-ranging consultation with industries and businesses hailing from different sectors, which involved engagement with its 3 Economic Groups: (a) Importers, Distributors and Retailers, (b) Manufacturers and other Industries and (c) Service Providers; its 17 Business Sections, its 11 Thematic Committees, and 3 Economic Groups, as well as the Young Chamber Network (the younger generation entrepreneurs who are members of The Malta Chamber).

The Malta Chamber repeats its calls for a binding national consensus of the National Development Strategy to come to fruition, while congratulating the Ministry for its clearly outlined milestones and KPIs aimed to:

1. Binding policies with clear definitions and to ensure consistency in decision-making.
2. An unequivocal understanding by all parties that environmental policy must be science-based and well-grounded in research rather than pandering to popular demand.
3. A deeper understanding of respective roles as guardians of our common heritage and a solid commitment to safeguarding it for future generations.
4. Good governance application across the board with a land use planning system that is transparent with strong policies that clearly guide development.
5. An inclusive and holistic educational system that emphasises mutual respect towards the common good, clearly which explains the implication of pollution and environmental degradation linked to citizens' health.



6. Establish national progress and development measuring tools on both the economy and the environment, in such a way that the two complement each other with the environment, serving as the catalyst of economic growth; and
7. An effective public stakeholder participation at all levels and an increased awareness of responsible citizenship.