

**2024 Pre-Budget Document Proposals by
The Malta Chamber of Commerce, Enterprise and Industry on:**

BUILT ENVIRONMENT

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1. Revision of the Outdated Strategic Plan for Environment & Development (SPED)

The necessary budget must be allocated for SPED 2015 to be reviewed without any further delay¹. This must be done in tandem with a comprehensive review of all planning policies to ensure that (i) all policies are aligned with the revised SPED, (ii) all policies are clear and unambiguous, leaving no room for a ‘pick and choose’ approach, and (iii) it is unequivocally determined which planning policies take precedence over others so as to prevent abuse, misinterpretation and misapplication of policies.

This must be carried out on the basis of a carrying capacity study of Malta’s land environment taking into account the built and natural environment used for residential, heritage, culture and business requirements.

2. A National Architecture Policy, an Aesthetics Policy and a Landscape Policy

Malta is fast losing its uniqueness and attractiveness because of the lack of proper guidelines protecting our cultural and historical heritage, our patrimony and our natural landscape. The country urgently needs a national architecture policy, an aesthetics policy and a landscape policy which harmonize development with our culture, history and natural landscape. This will also ensure more cohesiveness in the evaluation of planning applications.

3. Plan for the Upkeep and Maintenance of Public Areas

Public areas are vital for economic growth, tourism, community well-being, accessibility, cultural preservation, crime deterrence and overall quality of life. Clean, well-maintained spaces promote boost local commerce, encourage more social interaction and ensure accessibility for all ages and abilities. Additionally, well-maintained public areas tend to have lower crime rates as they are more likely to be actively used and monitored.

¹ Clause 1.13 of SPED 2015 identified the year “2020 as the first milestone for review”. To date the review has not been done yet. To add on to the gravity of the situation the parameters spelt out in SPED 2015 at clause 1.10 requiring that development and land use policies should be (i) illustrated by diagrams as necessary and (ii) accompanied by explanatory memoranda which give a reasoned justification for each policy, has not materialised either.

A plan is required for the systematic and regular proper maintenance and cleansing of public areas.

4. Energy Performance

The Energy Performance of Buildings Directive stipulates very ambitious targets. As of 2028, all new buildings must be zero-emission – public buildings have to reach this target by 2026.² Preparing Malta for this transition is going to be a monumental undertaking.

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

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

New Builds

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

Scheduled Property

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

Zones Identified for Urban Regeneration

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

Other Incentives

- a) **Reduced or zero tax rate on profits reinvested** into environmentally sustainable systems within businesses.

² [https://www.europarl.europa.eu/RegData/etudes/ATAG/2023/739377/EPRS_ATA\(2023\)739377_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/ATAG/2023/739377/EPRS_ATA(2023)739377_EN.pdf)

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

CARBON EMISSION TARGETS & REPORTING

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

WASTE MANAGEMENT

1. **Introduce fees for waste collection aimed at highlighting the true cost of waste and encourage responsible behaviours**. This system can be structured into two parts: (a) a fixed rate per residence, incorporated into the energy bill, and (b) a variable fee, depending on the volume of the bag, through a 'pay-per-bag' approach for mixed waste. The recycling waste bag and the organic waste bag should be included too so as to incentivise less use of plastic and food wastage respectively. Income generated should be reinvested into circularity projects.

2. Enforce **mandatory garbage collection solutions for all new developments with multiple units including garbage rooms** proportional to projected occupancy and use.
3. Implement a **Garbage Bag Barcode system** to regularizes households in sorting their garbage correctly.
4. **Incentivize homeowners who offer designated space within their front gardens or other designated areas within their premises** to third parties to deposit their waste collection bags there instead of on sidewalks.
5. Impose a **charge for plastic delicatessen containers and plastic bags, while government subsidises a portion of the cost of reusable fruit and vegetable bags through a voucher system.**
6. Provision of potable **water fountains in public spaces** to further discourage single use plastic purchases.
7. **Address the current distortionary market effect on battery waste fees in Malta** by differentiating between industrial and smaller consumer batteries through improved pricing tiers.
8. Pass on the operation and management of both the **Material Recycling Facility (MRF)³ and Ecohive complexes to private industry to increase efficiency and effective management of recycling processes.**
9. Implement a **New Regulatory Framework for construction and demolition waste** to facilitate transition to a more circular economy and the development of secondary markets for end-of-life resources, including (i) the establishment of a minimum percentage of construction material, verified through an audit function, that should be made up of reused material or materials recycled locally with a possibility of further reuse or recycling at the building's end of life and (ii) proper waste classification and source separation with the goal of identifying the construction and demolition waste being generated to ensure the proper deconstruction of buildings ultimately improving the quality of waste for reuse, recycling and recovery. This should be supported by **incentivising:**
 - a) **Dismantling** instead of demolition
 - b) **investment in recycling facilities and depots** for construction waste
 - c) The **use of recycled materials in the construction of new buildings** by facilitating their take-up over traditional building material
 - d) **Research and Development, and respective CE Marking and patenting.**
10. **Funding schemes** allocated for initiatives aimed at supporting specialised and comprehensive **upskilling and training programmes** which disseminate best practices and knowledge on the benefits and ROI of sustainable waste management.
11. **Establish a nationwide platform or database for industry** to share knowledge, information, and partnership outreach requests.



³ This facility should have the capability to receive and process co-mingled material as well as material from segregated sources, allowing for recycling of waste that would have previously been sent to landfill.