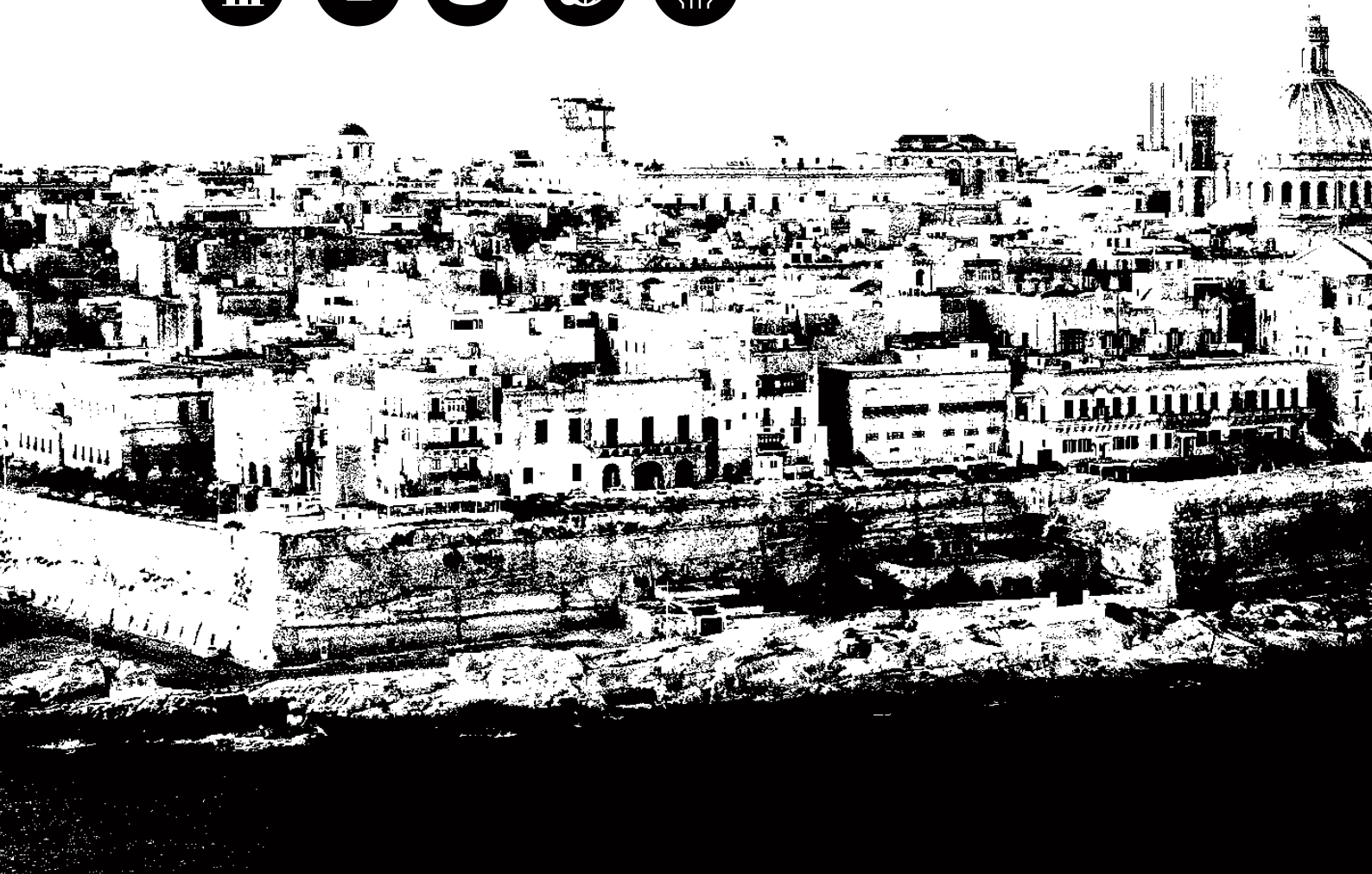


TIME TO 5 STEP UP



The Malta Chamber of Commerce, Enterprise & Industry
Recommendations for the Next Legislature
2022 - 2027



THE MALTA CHAMBER

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FOREWORD

The Malta Chamber of Commerce, Enterprise and Industry, prides itself in being the foremost representative body of the business community. The respect that The Malta Chamber enjoys from the authorities of the country, as well as from various segments of society, is rooted in its long-standing reputation for being a non-partisan organisation that has the national interest at heart.

It is all too clear to The Malta Chamber that for business to thrive, for wealth to be created and for the quality of life to improve, policymaking needs to balance short-term goals with long-term considerations. This is what motivates investment in people, infrastructure and the environment, and what underpins political commitment to sustainability and fiscal discipline.

It is in this spirit that The Malta Chamber undertook the initiative to provide political parties contesting the national elections of 26th March 2022 with a comprehensive list of proposals addressing economic recovery, resilience and growth, good governance, human capital and education, infrastructure and digitalisation, and sustainability.

We take this opportunity to thank members and partners who have generously contributed time and ideas over the past months in the build-up to this document, as well as our staff at The Malta Chamber who work tirelessly to formulate and communicate The Malta Chamber's message.

This is the electoral manifesto of The Malta Chamber of Commerce, Enterprise and Industry – The Voice of Business.



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PREAMBLE

The Malta Chamber is the foremost business representative in the country: the voice of business. Conscious of the important role it plays in shaping and communicating the vision, ambitions and concerns of the private sector – the economic motor of the country – The Malta Chamber strives to promote a socio-economic environment that boosts competitiveness, nurtures growth and promotes long-term prosperity, stability and accountability. Ahead of this year's general election, The Malta Chamber is putting forward **100 recommendations** to all political parties.

We need a Government that inspires trust in the general public, as well as in local and foreign investors and international regulatory bodies. We need a Government that enables business to thrive, without compromising on transparency and accountability. We need a Government that is truly able to lead the country through the challenges that lie ahead in terms of resilience, sustainability and digitalisation, while safeguarding the country's long-term fiscal stability.

We need to foster an ecosystem that promotes economic growth without compromising on quality of life, respect for the environment and social cohesion. We need to prioritise education as a key to success, and support and reward diligence, innovation and entrepreneurship. We need to develop, attract and retain talent, both local and foreign. We need to constantly invest in a high-quality infrastructure and supporting services, including healthcare, energy provision, waste and water management. We need to ensure that as our population ages, the country is able to support a growing pensions bill and pensioners are able to have a dignified retirement. And we need to generate, collect and administer judiciously the revenue required to be able to support such investment and spending.



The following are the most pressing challenges that the country is presently facing:-

An inadequate supply of human resources in terms of quantity, quality and reliability, across all levels, and in all sectors.

Lack of transparency and unfair competition in public procurement, and excessive public sector employment.

A legacy of defective privatisation deals that undermine confidence in critical infrastructure and services.

Limited options for passenger connectivity and transportation of goods in and out of the country, and a national airline that is making its last ditch attempt at survival.

Excessive bureaucracy and inefficiency in processes managed by public authorities and financial intermediaries, hampered by piecemeal implementation of digitalisation initiatives.

A compromised energy supply setup at a time when international energy prices are high and mid-term carbon reduction targets are ambitious, necessitating a gradual shift to electric vehicles.

No long-term holistic urban planning and lack of appreciation of the impact of piecemeal development on the environment and cultural heritage.

Greylisted status of the jurisdiction by the FATF threatening the viability of the financial

services sector at a time when international tax harmonisation efforts are challenging the future attractiveness of the country for foreign direct investment.

An under-resourced justice system that is burdened by a huge case load, including a number of high profile magisterial inquiries and judicial cases that carry significant political ramifications.

A fragmented policy development process characterized by lack of coordination in the adoption of various national strategies and significant overlap in Ministerial portfolios.

In the course of the next legislature, the following developments are expected:-

The challenges of sourcing and retaining human resources are expected to become greater due to the ageing population, low birth rates, and increased competition for human resources from other European countries. Addressing this will require an urgent, major and systematic rethink of our education system and of our strategy to attract and retain talent.

A systematic reform of public procurement is expected to be rigorously implemented to address the existing shortfalls. Superfluous public sector employment needs to be addressed through voluntary retirement schemes, upskilling, reassignment to alternative posts, and secondment to the private sector. This should be based on a thorough third-party review of human resource requirements and resources within the public sector. Public sector employment practices need to become more rigorous to ensure that no new superfluous jobs are created, whether within the civil service itself or with public authorities, parastatal companies and other state-funded entities.

Privatisation deals that undermine confidence in critical infrastructure and services need to be addressed during the next legislature to ensure that the required investment is undertaken.

The national airline needs to become a viable operation and tourism needs to become more qualitative and experiential. Innovative logistical hub concepts are expected to be developed to facilitate the transportation of goods in and out of the country and provide additional warehousing capacity.

Excessive bureaucracy and inefficiency in processes managed by public authorities and financial intermediaries are expected to be completely remedied with significant investment in digitalisation and a radical change of culture.

By the end of the next legislature, the 2030 cut-off for reaching the interim carbon reduction targets of the Fit-for-55 package will be around the corner. Most new vehicles being brought onto the market are expected to be electric and the infrastructure should be able to cope with the corresponding demand for additional energy. Investment in alternative renewable energy such as wind and wave power, in addition to photovoltaic, is anticipated to have come on stream. Hydrogen is expected to be part of the European energy mix and the hydrogen-enabled gas pipeline connecting Malta to the European mainland should be at an advanced development stage. The second interconnector is also expected to be operational.

Long-term holistic urban planning needs to become the norm. This is the only way to prevent piecemeal development and its irreversible disastrous consequences on the environment and cultural heritage.

Every effort needs to be made to get off the greylist in a matter of months, not years. The financial services sector as well as the corporate tax system are expected to be completely overhauled, in line with international tax harmonisation rules, and in anticipation of a significantly more complex global fintech landscape and more nuanced international competition for foreign direct investment.

The justice system needs to become more efficient, responsive and robust. It needs to be perceived to be an effective deterrent to crime. This requires significant investment in human resources and digitalisation across all relevant entities, including the police force, regulatory and investigative authorities, the courts, and the office of the state prosecutor. It also requires a review of procedures that are excessively cumbersome, superfluous, disproportionate or inadequate to inspire public confidence. High-profile magisterial inquiries and judicial cases that carry significant political ramifications need to be dealt with due attention and priority.

It is hoped that a more coordinated approach to policy development is adopted and that the various national strategies that will be pursued will be well-articulated, truly reflective of the real challenges ahead, and congruent in principle and in their implementation timeframe. The next Cabinet needs to be better streamlined to minimise overlap in Ministerial portfolios.

Over the coming five years, the post-Covid economic recovery must necessarily usher in a major rethink of our education system; greater investment in infrastructure and digitalisation; the integration of sustainability considerations into energy generation, mobility, water and waste management, and urban development and renovation of buildings; and sustained

efforts in improving governance at all levels to be able to restore the international reputation of the country. Addressing all this will require judicious management of public funds as the fiscal discipline of the European Monetary Union's Growth and Stability Pact is expected to be reinstated in 2023 while a Minimum Tax Directive is also expected to come into force. This, together with the EU's pressure to scrap the golden passport scheme, will chip away at lucrative sources of revenue. The importance of promoting robust economic activity driven by quality, knowledge-based and investment-driven segments of the private sector has never been more glaring.

In the light of the above, The Malta Chamber is putting forward 100 recommendations grouped under five pillars which underlie the economic vision of the country:-



**Economic Recovery,
Resilience and Growth**



Good Governance



**Human Capital and
Education**



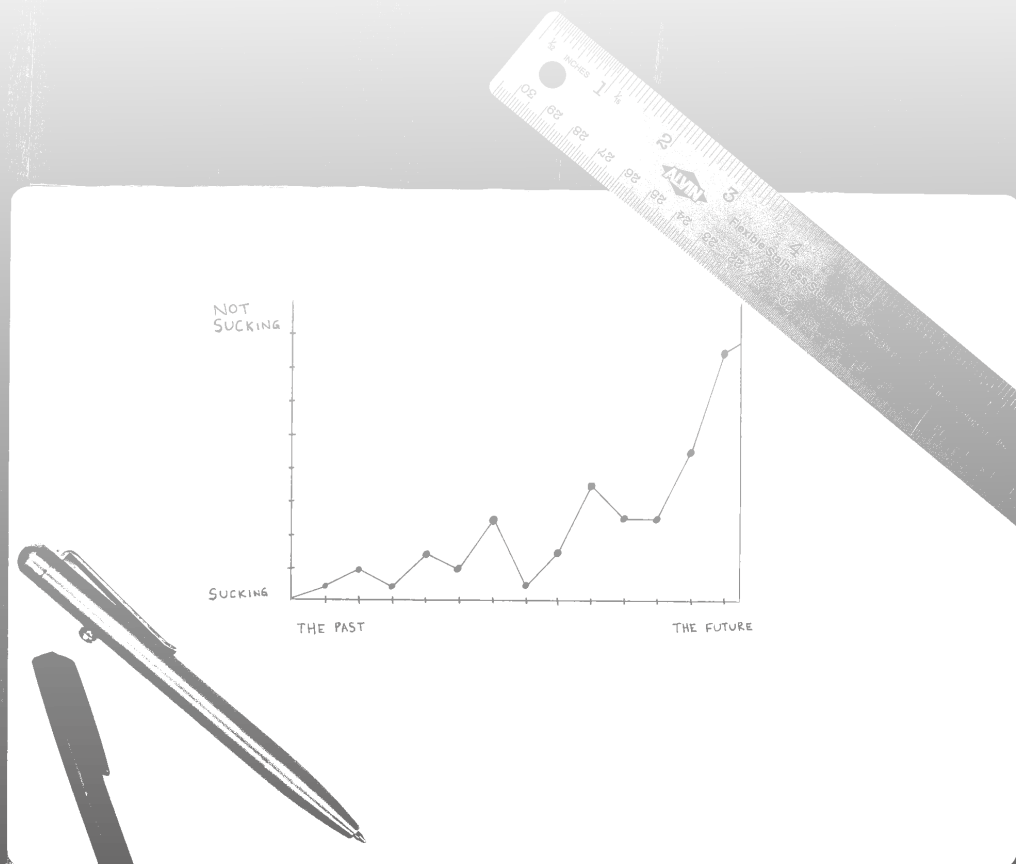
**Infrastructure and
Digitalisation**

Sustainability

The recommendations being made emerge from a continuous process of internal consultation with members and other relevant stakeholders, as well as a number of policy positions that The Malta Chamber has published in recent months.



ECONOMIC RECOVERY, RESILIENCE & GROWTH



PILLAR 1 ECONOMIC RECOVERY, RESILIENCE & GROWTH

Several economic sectors, including tourism, arts and entertainment, retail and importation, and elderly care, have been hard hit by Covid and need targeted support to recover. Other sectors such as manufacturing and financial services are facing several challenges fuelled by the impact of the pandemic on resource availability, global tax harmonisation efforts, and increased compliance costs.

Malta is a micro island state, recognised as a remote region [1] in the EU context. It suffers from a number of inherent disadvantages as a location for business, such as disproportionately high transportation costs and small market size. The latter coupled with the peripheral location within the EU imposes comparatively high freight costs and limited transportation options. There is no door-to-door road service to mainland Europe that does not involve an element of scheduled shipping or air transport, no possibility to use cheap cargo trains from Malta, and very limited and expensive options when it comes to air cargo. The supply chain bottlenecks triggered by the pandemic have aggravated the lack of reliability of transit times of container shipping, as stopping in Malta for loading and unloading is easily dispensed with by cargo ships, often at the eleventh hour, to make up for time lost in congested ports along the route. The small volume of visible exports compared to imports is another aggravating factor. This needs to be addressed at EU level.

The Malta Chamber recommends revisiting the current corporate tax framework to help local businesses become more competitive in a globalised environment.

Incentivising private investment in infrastructural and green economy projects would not only help improve the quality of life, but also boost the country's competitiveness.

Internationalisation needs to be given more attention. A concerted effort must be made to identify markets that offer real potential for local businesses to grow. Equally important is getting the nation's branding right, particularly as Malta seeks to rebuild its economy and international reputation.

1 Rebuild Tourism

a) *Redefine Malta's Tourism Product* - Redesign the tourism product, branding and communications with a greater emphasis on quality, authenticity, history, safety, sustainability and value for money. The Malta experience must be presented as one that is unique and true to its own identity, not just sun and sea;

b) *Market Unique Locations in Malta* - Implement a dedicated marketing strategy for Valletta as a destination in its own right, focusing on its unique culture and heritage, and one for Gozo, concentrating on its rural peculiarities, niche areas and activities;

c) *Improve and Encourage Tourism Education* - Improve the overall quality of the hospitality and tourism education segment and instil a sense of pride in locals wishing to pursue a

career in hospitality. The Maltese people must feel they are an integral part of Malta's authentic offering and the service delivered to tourists;

d) *Incentivise Niche Tourism* - Incentivise the development of wellness and medical tourism, agribusiness, arts tourism and gastronomy niches whilst retaining and investing further in established niches such as English Language Teaching, diving, yachting and Meetings, Incentives, Conferences and Exhibitions (MICE);

e) *Revisit the role of the Malta Tourism Authority (MTA) as an Enabler and Reposition it as an Active Regulator* - Sufficient funds must be allocated for the support of events year-round and the MTA's role as the industry regulator must be strengthened to enforce licensing standards and promote best practices, as opposed to its current perceived status as a competitor with the private sector;

f) *Temporary Suspension on New Tourist Accommodation* - The excess capacity of tourist accommodation needs to be curtailed through a temporary suspension on applications for new tourist accommodation. Those still at planning stage should be reviewed by MTA in light of the new strategy and vision. Investors need to be incentivised and supported to revise their plans with a greater focus on quality and sustainability.

2 Reignite Arts and Culture

The Malta Chamber calls for the sector to be assisted tangibly in the next legislature. This can be done by:

a) *Decreasing fragmentation* - Too many entities are dealing and supporting the sector directly and indirectly. The Malta Chamber calls for a one stop shop for the creative industries;

b) *Improve funding schemes* - Several different

Government funding schemes exist but the assistance provided is too small for the creative industries to make the required leap. There is a clear need to consolidate this aspect as well.

Funding schemes should be designed to meet the needs of the industry and promote growth in terms of both quality and scale;

c) *Modernise infrastructure* - Modernise and invest more in our physical infrastructure, including the digital infrastructure for the sector;

d) *Provide training* - Offer appropriate training and educational schemes to up/reskill human resources in order to keep abreast of the fast-moving pace in this sector;

e) *Incentives* - Current incentives for foreign filmmakers are very attractive. Incentives for Maltese operators need to be created to make local productions of international standard feasible. Support should be based on the quality of the end-product and the value added it generates in the economy.

3 Upgrade the Retail Sector

a) A master plan backed by a thorough economic study is required to strike the right balance and mix for retail expansion. Through this analysis one should understand whether to encourage and attract brands of an international standing.



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b) The road infrastructure especially in key tourist zones and retail areas needs to be easily accessible and not under construction for extensive periods. Road works need to be better planned at a local and national level with direct consultation with key business outlets present in the areas. Cleanliness and regular up-keep of major retail zones including surrounding areas is crucial. The embellishment of town centres will go a long way to create a pleasant environment for people shopping, this will further encourage people to go to such areas rather than resorting to e-commerce. The Malta Chamber suggests that a certain amount of VAT from businesses in a locality should be reinvested into these embellishment projects. Street performers and other entertainment should be encouraged as they will also attract people to key shopping areas.

c) The retail scene in Valletta today does not resemble any major historic shopping street in Europe. It fails to attract regular shoppers and strong brand names, relying mainly on passers by, predominantly tourists. It is vital for the Valletta retail scene to be rethought and possibly managed like a proper destination similar to that of large shopping malls. The plan should include: (i) Target positioning (ii) Category and brand mix (iii) Store front look and feel (iv) Possibility of having designated street/area for more premium segment (v) Entertainment activities and attractions need to be held more often to draw more people to the city.

4 Promote Healthcare

a) *Reduce the MAMVO fees* - Reduce the regulatory burden on healthcare importers by reducing Malta Medicines Verification Organisation fees for registration and renewal of imported medicines;

b) *Availability of medicines following Brexit* - Local Medicines and medical devices' importers are facing shortages of certain essential items given our historic over-reliance on imports from the United Kingdom. This should have been partly solved by the recent proposed changes by the European Commission [2] but constant assessment of the situation needs to be retained;

c) *Optimise the POYC scheme* - Encourage the Government to continue to build on The Pharmacy of Your Choice (POYC) Scheme with the aim of the introduction of a reimbursement model which will be a big step in the direction of assuring sustainability of the healthcare system in Malta;

d) *Healthcare professionals and care workers* - The sector is facing a 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. The sector therefore proposes that:

i. 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.

ii. Better residency terms and family reunification measures for foreign nurses and healthcare workers, to compete with what is being offered by other European countries.

iii. Incentives to attract more students to the nursing profession and to encourage qualified nurses to return to the profession.

iv. 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 spiralling operating costs.

5 Facilitate Importation

a) *Improve Market Surveillance* - The unlevel playing field that exists for *bona fide* local businesses with regard to seaborne importation of goods into the country from the single market has given rise to serious abuse which has been raised on numerous previous occasions over the last 15 years by The Malta Chamber. The Malta Chamber proposes that, in view of the constraints imposed by Internal Market rules on the free movement of goods that limit the extent of physical inspection of goods transiting between member states, wider use is made of non-intrusive selective customs surveillance (by means of increased use of the Z-Backscatter Van-ZBV [3]) at point of entry of all vessels carrying commercial vehicles (accompanied and non-accompanied) arriving from other EU ports. Furthermore, market surveillance and intelligence, are key in identifying, for example, products that are not compliant to local labeling rules and those which are completely by-passing paying the taxes due such as in the case of excisable goods.

b) *Extend Credit Terms on Excise Duties* - Extending the credit terms on excise duties would give breathing space to operators that import excisable products. For operators without a bonded store, this could be extended from five (5) to fifteen (15) days, and for those that have a bonded store from thirty (30) days to ninety (90) days.

6 Direct Support for Transportation of Goods

To compete on a level playing field with other continental EU Member States, Malta's geographical peculiarities as a remote region need to be adequately compensated. Now that Malta has reached a GDP level that greatly limits the extent to which it can financially support industry through investment aid in terms of the Regional Aid Guidelines, Malta should make a case for providing financial assistance to offset additional transport costs for goods manufactured or processed in Malta. EU state aid rules need to be rethought to promote the international competitiveness of the EU and to ensure that peripheral locations that are disadvantaged in accessing the single market are adequately supported to be able to do so at par with mainland locations. The EU's State Aid General Block Exemption Regulations (GBER) [4] recognise Malta as a remote region, and already allow remote regions to subsidise resident passenger transportation. The Malta Chamber believes that Government should pursue expanding the scope of this for remote regions to allow for the provision of assistance for cargo transportation under GBER, to promote the free movement of goods and provide a level playing field for local manufacturers and processing facilities.



7 Target Manufacturing Activities that are being Favoured by EU Policy

EU state aid rules are currently being re-thought in terms of facilitating intra-EU production of critical materials, products and components such as microchips, in response to the supply chain lessons learnt through the Covid pandemic. Malta is well-placed to benefit from such rethinking to harness the full potential of its established manufacturing industry and attached other niche manufacturing and processing that would consolidate the EU's supply chain in areas such as semiconductors, chemicals, battery and energy storage technology, and the production of alternative fuels such as hydrogen and its more promising compound ammonia.

8 Repositioning the Financial Services Industry

The financial services industry was the most adversely impacted by the FATF greylisting. The Malta Financial Services Advisory Council has put together many recommendations for the regeneration of the financial services sector following extensive consultation with stakeholders including The Malta Chamber and many of its members operating in the sector. These recommendations need to be studied and implemented as soon as possible.

9 Strengthen the Maritime Sector

Malta holds an advantage in the maritime sector due to its centralised location, strong shipping registration and infrastructure already present in terms of cargo and passenger terminals.

The yachting sector is yet to be recognised as an integral constituent of Malta's tourism offering. This niche sector can cater for high-end and luxury tourism through improved infrastructure, particularly for superyachts, and investment in human resources at key Government departments that service this sector.

The Malta Chamber is proposing to treat berthed and visiting yachts in Malta's marinas in the same manner as tourism accommodation in so far as the 7% Tourism VAT rate should apply also to berthing services, agency fees, provisioning and expenses relating to the preparation of yachts embarking on charters.



10 iGaming, Digital Games and eSports

The Gaming sector is a success story that we can continue building on by widening its scope to target digital games and eSports. This requires significant investment in the necessary skills and incentives to attract the right foreign talent. It is crucial that our banking regulatory environment supports serious operators and weeds out those that impose high reputational risk.

11 Ease of Doing Business

A number of issues make it difficult for businesses to establish themselves in Malta and to carry out day-to-day operations. Chief among these are: i) the duplication of due diligence efforts by various entities; ii) the excessively long time it takes to open a bank account; iii) the difficulty of getting credit particularly for working capital financing or non-property investments; iv) the process of registering a property; v) the process of getting water and electricity service; vi) the excessive waiting times for obtaining regulatory licences; vii) excessive bureaucracy in obtaining accessibility certification for commercial premises; viii) the messy user interface of Government services; ix) the very bureaucratic and unpredictable procedures involved in recruiting and retaining third country nationals; x) the ineffectiveness of judicial remedies for resolution of civil and commercial disputes; xi) the slow resolution of insolvency issues. Improvements on all these issues are required to improve the attractiveness of Malta as a location for business.

12 Port Reform & Custom's Operations

Successive Governments have considered and postponed indefinitely the required reform to the way Maltese ports operate, that is necessary to address the exorbitant local costs of importation that go on top of freight charges and are typically higher than the actual freight charges for containers arriving from European or Mediterranean ports. The transshipment segment of port operations must necessarily be reformed for Malta to have any reasonable hope of developing free zone activity as contemplated in the Free Zones Act of 2019. Customs operating hours should be extended, and the staff base should be significantly increased to deal with the workflow. The National Import Export System (NIES) is to be upgraded to include functions such as CSV file importing to replace manual data inputting.

Furthermore, disproportionately high fines for minor administrative shortcomings relating to NACE/HS codes should be drastically reduced.

13 Incentives for Night Operations

The Malta Chamber is recommending tax incentives on night and shift operations for freight forwarders, manufacturers and distributors to improve delivery times from port to manufacturing plants and warehouses, and to reduce some of the pressure on traffic flows during peak hours.

14 Stable Commercial Energy Tariffs

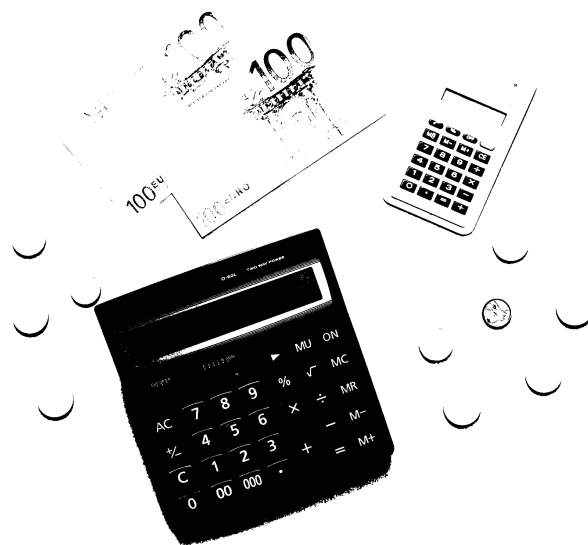
With international gas prices on the increase, it is imperative to maintain commercial energy tariffs stable once the current hedging agreement expires in March 2022. The current Government already committed €200 million to subsidise energy in 2022 to counter cost increases. Commercial operators are relying on this promise. Malta is the only EU country where commercial rates are higher than domestic ones and local industry has been burdened with higher rates than those of its competitors in Eastern Europe for several years.

15 Night Energy Tariffs

The existing set-up for commercial and industrial tariffs should be improved. Night tariffs should be available at a lower energy consumption threshold and the advantage of the night tariff over the daytime rate needs to be higher. The Malta Chamber further suggests extending the night tariff from the current bracket of 22.00-06.00 hrs to 22.00-08.00 hrs.

16 Commercial Banking

The risk appetite of local banks is very limited and the financial mechanisms and packages that they can offer export-oriented businesses, place local companies at a severe disadvantage when compared to companies in other EU Member States. The next Government should incentivise the local banking industry to prioritise export-oriented operations and provide support so that more corresponding banks are available to facilitate financial transactions derived from export activities.



17 The Malta Development Bank's (MDB) role

One of the MDB's objectives is that of addressing market failures that ensue from externalities and difficulty in risk assessment of certain projects/investments by commercial banks. It is felt that the limited application of this objective since MDB's inception is a limiting factor in providing good access to finance for riskier projects. The MDB needs to cultivate internal expertise to facilitate the evaluation of large-scale, non-traditional investments and more long-term business ventures. These should include investments in research and innovation, assistance for companies to export and internationalise, and infrastructural investments to facilitate the twin transition to digitalisation and carbon neutrality.

18 Assistance Schemes

It is crucial that assistance schemes aimed at private operators, funded through EU or local funds, are revisited to be less bureaucratic. A concerted effort should be made to reduce the administrative burden on the applicants.

Furthermore, it is imperative to widen the remit of applicability for these schemes. Below are some key points to take into consideration in achieving better take up of such schemes:

- a) *Beyond De Minimis* [5] - More funding opportunities which do not fall within the De Minimis are required. The "Business Enhance SME Growth Scheme" should serve as proof of concept for other schemes and their potential design, as it does not include restrictions for the application of the De Minimis;
- b) *Cash Grants* - De Minimis aid would have a much more positive impact on businesses and their cashflow if it is given in the form of cash grants rather than tax credits;
- c) *Machinery Scrappage Scheme* - A scheme replicating the Construction Industry scheme [6] managed by Malta Enterprise should be adopted for industries wishing to scrap and replace old machinery and equipment with new equipment which generates less emissions. The construction scheme assisted each beneficiary up to €200,000 in line with *de minimis* aid;

d) *Support for large companies* - More funding opportunities for sustainability investments should be created following the model of the "Support for the Construction Industry to Replace Existing Machinery". Such schemes can also be tapped by larger companies in manufacture and other sectors;

e) *Facilitate increased uptake* - Assign a relationship manager to every business that applies for assistance through Malta Enterprise. The relationship manager should be knowledgeable about the sector in which the applicants operate and the schemes for which the business qualifies such that they can be provided with adequate advisory services.

19 Supporting Research and Innovation

A concerted effort is required to push up the spend on R&I to 3% of GDP through a robust framework of accessible investment incentive programmes and support mechanisms. This can be achieved through the following measures:

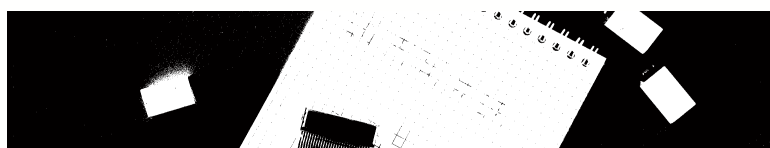
a) Appropriate funding programmes should be launched to sustain R&I under the new EU funding programming period and through local funds, such as the MCST national R&I programme. Industry led projects with high commercialisation potential cannot be competing for the same funds as academic research which is typically 'blue sky'. Funding schemes need to be directed at specific technical readiness levels and budgets need to be flexible. The percentage of funding needs to be substantial (e.g. 80%) irrespective of industry size otherwise businesses will not apply due to the added risks associated with these proposals;

b) Promote knowledge transfer between industry and academia through schemes such as the Post-Doc Fellowship Scheme launched with the University of Malta and the Applied Research Fund with MCAST;

c) Promote and incentivise the concept of 'living labs' and test beds in Malta;

d) Offer financial assistance towards the registration of Intellectual Property abroad (especially within the EU and United States) to mitigate the high legal and registration costs associated with Intellectual Property Rights;

e) Introduce a tax allowance of 200% of R&I expenditure to companies.



20 Revise the Corporate Tax Framework

Assess the potential impact of international corporate tax harmonisation on the Maltese economy, particularly in terms of Foreign Direct Investment and design mitigation measures to ensure that Malta remains attractive for existent investors and continues to attract investment in niches where it can still retain a competitive advantage.

21 Reduce the Effective Tax Rate for Local Businesses

Local businesses continue to pay tax at 35% even when they are competing with foreign owned businesses on both the local and international market, who in turn benefit from a much lower effective tax rate through distribution of profits to the foreign shareholder. At a time when Government is prioritising collection of tax dues, an allowable partial deduction for timely payment of tax dues could go a long way to incentivise businesses to settle their tax dues promptly and to reduce the implicit gain of understating income. The effective tax rate for local businesses who settle their tax dues on time should hence be reduced to 25%.

22 Empower TradeMalta and Tech.mt

TradeMalta and Tech.mt should be further resourced and strengthened to assist companies by building and executing internationalisation strategies including foreign market analysis, identifying foreign market entry strategies and leveraging embassies as business facilitators.

23 Address the Impact of Brexit

The negative impact of the Brexit agreement, which came into force in January 2021, is still being faced by many operators and service providers. This is partly due to the over-reliance of importation of certain items from the UK, but also due to the historic business, political and regulatory ties with the country. Companies are still facing challenges related but not limited to:

a) *Tariffs and rules of origin* - Goods transiting through the UK via a third country or third country products imported into the UK and then supplied to Maltese importers are facing a major increase in tariffs. Furthermore companies are also faced with increased administrative burdens in terms of added paper work and control procedures. Assistance to companies which mostly rely on the UK market for their imports should be assisted in the form of market intelligence to source similar items from other mainland European markets which would not entertain such tariffs.

b) *Mutual recognition of professional qualifications* - Automatic recognition under the EU Directive on the Recognition of Professional Qualifications no longer applies. According to the partnership agreement between the EU and UK, professional organisations, regulators or authorised bodies for both contracting parties can propose simplified recognition regulations

for specific occupations. This is resulting in a patchwork of systems in different member states for different professions with some EU member states recognising qualifications from the UK and allowing easier access to cross-border supply of services.

It is now crucial that the next party in Government puts into action an implementation plan on how the approximately €41 million allocated to Malta under the BREXIT adjustment reserve [7] are going to be disbursed locally over the next few years. It is crucial that these funds should be allocated mainly to the sectors which were impacted worst by the UK's exit from the EU.



GOOD GOVERNANCE

PILLAR 2 GOOD GOVERNANCE

The Malta Chamber has constantly emphasised the importance of good governance. Our manifesto "Ethical Business Calls for Change – a Manifesto for Good Governance" provides a long list of recommendations for the implementation of the necessary reforms to address the shortfalls identified by the first Moneyval Assessment, Group of States against Corruption in the Council of Europe and the Venice Commission recommendations, among others.

Following the grey listing by the Financial Action Task Force in June 2021, Malta must do all that is necessary to convince the international community that not only does it have the required legislative and regulatory framework as evidenced by the positive 2021 Moneyval Assessment, but that laws and regulations are effectively implemented by our institutions. The Malta Chamber urges all stakeholders and decision-makers to collaborate and coordinate efforts so that Malta is removed from the grey list in the shortest possible timeframe, to limit the long-term adverse economic impact, ensure a swift post-Covid recovery, and restore the country's reputation internationally. The Malta Chamber reiterates its calls to address the shortcomings in Malta's justice system, which has been labelled as archaic, bureaucratic and inefficient in numerous national and international reports and studies. The recommendations made in the 2013-14 Justice Reform should therefore be implemented without further delay.

Public procurement is particularly sensitive to good governance practices. The Malta Chamber's Public Procurement report [8], launched in early 2021, includes key recommendations on the blacklisting of operators, the implementation and management of direct orders and the performance of public contracts post-award.

24 Implement the Proposals in the Key Good Governance Documents

Ensure the prompt implementation or assessment of key proposals and recommendations made in the Venice Commission, Moneyval, FATF reports and the Daphne Caruana Galizia inquiry. A comprehensive memorandum with the participation of key stakeholders should outline a comprehensive action plan to repair Malta's image and reputation.

25 Successfully Exit FATF Increased Monitoring Status in 2022

All key stakeholders must ensure that the country is off the FATF grey list by the end of 2022.

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The Malta Chamber urges all stakeholders and decision-makers to collaborate and coordinate efforts so that Malta is removed from the grey list in the shortest possible timeframe

26 Persons of Trust and Conflict of Interest of Backbenchers

Reduce the number of persons of trust within private secretariats and establish the minimum qualifications required. Address potential conflicts of interest of backbenchers who hold positions within or provide contractual services to the public sector.

27 Press Freedom, National Broadcaster and Political Party Stations

Ensure sufficient legal safeguards to preserve and protect the role of a free press. Look into the independence and impartiality of the national news broadcaster. Start a discussion on the future of political-party channels, directly linked to party financing.

28 Party Financing Reform

Explore the state and business financing of political parties with a possible retrenchment of commercial activities for the parties (TV/media) and stricter party financing rules. Parties must qualify for financing, having the right structures, corporate governance systems and dedicated research- or evidence-based policy units.

29 Consolidation of Ministries and Departments

Government must do away with fragmentation within the departments, agencies, authorities and Ministries which have multiplied in the last years. Too many new agencies were established whose role is not well defined and are not given a proper budget and human resources to carry out their work. The consolidation of certain agencies would create the necessary economies of scale to enforce and assist clients better. It is also crucial that the next Government is driven

by a lean and strong cabinet that is efficiently streamlined, well aligned and focused on the national interest. In this regard, The Malta Chamber calls for entities that have a complementary function, such as Malta Enterprise and INDIS, to fall under one ministry. The same should apply to ministerial portfolios that are complementary, such as trade and foreign affairs.

30 Public Service Eligibility Criteria and Competency Certification

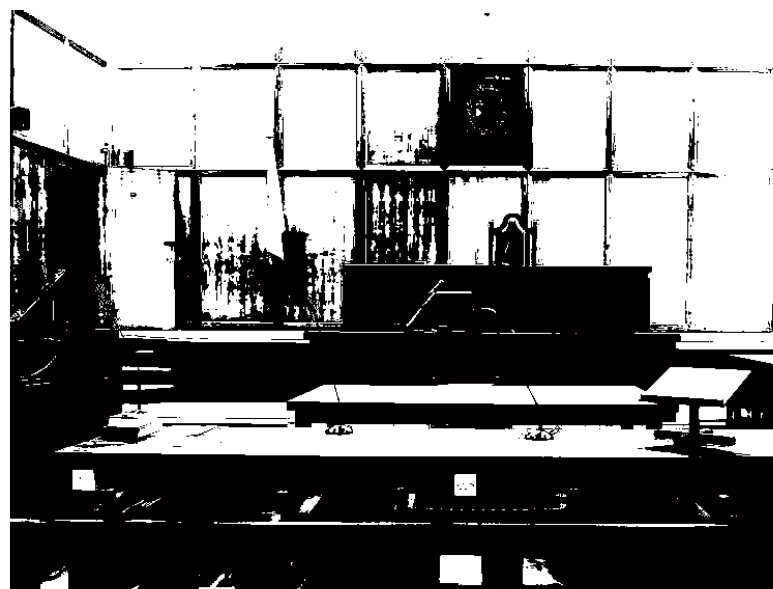
A complete reform and overhaul of the public service should include the introduction of eligibility criteria for certain public offices. Consider the introduction of competency certification for Authority/Agency chairpersons and board members.

31 Judicial Reform

The reform of the judicial system must ensure a judicial process that is swift, fair, accountable and transparent. The 2013-14 reform proposals had suggested a number of recommendations that never fully materialised.

32 Digitalisation of the Law Courts

Major investment in the digitalisation of the law courts is required to improve efficiency.



33 Centralised Due Diligence System

Establish a centralised document repository system that holds and maintains all due diligence documents related to investors/shareholders/UBOs and foreign workers. Regulatory authorities, professional bodies, corporate service providers and banking institutions which today undergo separate and lengthy due diligence processes would be able to subscribe to this platform and source documentation relating to their client from it. Every entity will still be ultimately responsible for its own due diligence assessment, but duplication of efforts in collating documents and verifying their authenticity would be eliminated. The platform would be responsible for maintaining updated records and notifying subscribed users when documents related to their clients are updated or a client's status changes.

34 Digitalisation of Enforcement Agencies

Enforcement agencies must be free from political interference and adequately resourced. Human interaction needs to be minimised by using digital tools, to provide a more objective and consistent service.

35 Swiftly Conform to AML/CFT Regulations

The Malta Chamber will work with Government and regulatory authorities to fully conform with the requirements of the Anti-Money Laundering and Combating the Financing of Terrorism regulations. Within this context, the issue of the time taken by a firm or foreign person to open a bank account in Malta must be tackled as this has become a serious obstacle to doing business locally and relocating to Malta.

36 Anti-Bribery Act and Anti-Corruption Strategy

Develop a consolidated Anti-Bribery Act similar to the UK model and set up a National Anti-Corruption Authority as an upgrade to the Permanent Commission Against Corruption, with increased resources and independence. Draw up an Anti-Corruption Strategy inspired by the UK Anti-Corruption Strategy 2017-2022 [9], which includes initiatives to prevent, manage, investigate or combat corruption in an evidence-based and policy-oriented manner.

37 Specialised Financial Organised Crimes Agency

Although the Ministry of Finance reported In 2021, that plans announced in 2019 to establish a specialised Financial Organised Crimes Agency to complement the Police Economic Crimes unit have been shelved, it is still felt that this would augment the current good work being done by the FIAU and the police. Therefore, The Malta Chamber suggests reconsidering the plans to scrap this concept.

38 Higher Standards for Warranted Professionals

More enforcement and increased education is required in relation to warranted professionals, in line with the MFSA consultation document on Company Service Providers.

39 Institutional effectiveness to safeguard legitimate business

Legitimate businesses are facing increased compliance costs when dealing with banks and regulatory authorities, while competing operators are by-passing the banking system by

using alternative payment channels, and circumventing measures introduced to curb high value cash payments by trading in the black economy. Institutions need to be more vigilant and swift in weeding out such practices by employing the investigative powers of the Tax Compliance Unit to safeguard legitimate business.

40 Publication of Government Contracts

All government contracts should be subject to public scrutiny by means of mandatory publication, except for those where some restrictions may be allowed for genuine confidentiality reasons, e.g. in case of matters of national security and defence.

41 Pre-Financing Guarantees

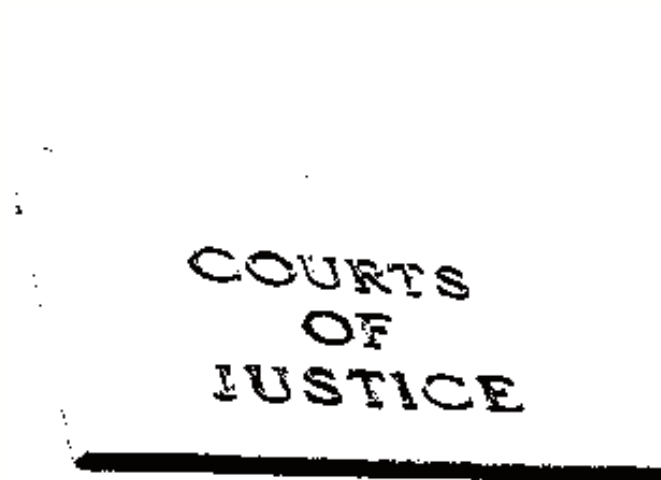
Alternatives to the pre-financing guarantees are to be identified through dialogue with institutions (such as PPCD), e.g. a mix of collateral over economic operators' illiquid and liquid assets, or allowing economic operators to use the single bond as collateral as permitted by Procurement Policy Note 22 [10].

42 Blacklisting and Scrutiny of Direct Orders

Create a seamlessly integrated system to automatically prevent an economic operator from submitting a bid if there are pending social security and tax dues and if there is no settlement agreement in place. The scope of the action for declaration of ineffectiveness of a contract should be widened in such a way that the Public Contracts Review Board's competence includes scrutiny of direct orders below the financial thresholds set by the EU Directives and that the 6-month time limit is linked with either discovery of the direct order by the interested party or the disclosure of the same in the Contract Register or Government Gazette.

43 Modifications and Variations to Public Contracts

The Contract Register is to be designed to show any historic modifications to public contracts, including a record of necessary approvals which have been obtained, and a summary of the justifications. The time limit for the publication of these modifications must be reduced from 6 months to 3 months.



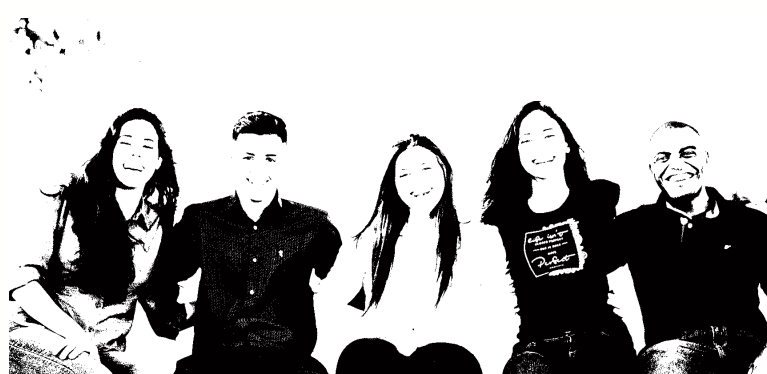
HUMAN CAPITAL & EDUCATION



PILLAR 3 HUMAN CAPITAL & EDUCATION

The strong economic growth of recent years was achieved on the back of substantial importation of foreign labour by the private sector. Multiple industries and sectors are faced with acute human capital challenges, particularly skills gaps, staff shortages and difficulties in bringing in and retaining foreign workers. The Covid-19 pandemic has also had major repercussions on the global employment market.

In its National Workforce Strategy, The Malta Chamber presented a number of strategic actions to strengthen Malta's workforce in the years ahead through education and training, incentives and labour market reforms. The key focus of the recommendations is on nurturing, upskilling, attracting and retaining talent. These include measures to increase active labour market participation and promote active ageing, review and upgrade the educational curriculum, and address skills gaps with the aim of securing long-term competitiveness and resilience.



44 Incentives To Boost Female Labour Participation

Overhaul the 'married' tax rate category as it currently disincentivises the second spouse (traditionally female) from gainful employment. Subsidise in-house childcare and family support arrangements. Introduce fiscal incentives to encourage females in part-time employment to switch to full-time. Encourage more balanced utilisation of leave entitlements between genders after childbirth.

45 Effectively Tackle Underemployment and NEETS

Measure, track and report underemployment. Undertake continual tracer studies to identify at-risk students so that efforts are appropriately targeted, including measures to address youngsters who are not in education, employment or training – so called NEETS. Extend employment services to the underemployed rather than to only the unemployed.

46 Encourage Employees who Qualify for a Pension before Retirement Age to Retain Part-Time Employment

Those workers who qualify for a pension before retirement age and choose to take it should be given the possibility to work on a part-time basis. At present they cannot have any form of employment before their official retirement age is reached [11]. This matter needs to be rectified at the earliest as it goes against promoting active ageing, it is contributing to skills erosion, and it is imposing premature complete withdrawal of capable resources from the labour market, much to the detriment of employers. It is also preventing younger pensioners from being able to supplement their pension with legitimate employment income.

47 Encourage Employees to Remain in the Workforce Beyond the Retirement Age

Budget 2022 introduced new fiscal incentives to encourage persons over the retirement age to stay in or return to the labour force, by providing that their pensionable income becomes tax exempt over the next 5 years, at an incremental rate of 20% per year. While this is commendable, a faster transition to tax exempt pensions would have a more immediate impact on incentivising employment beyond retirement age.

48 Second-Pillar Pensions and Auto-Enrolment Occupational Pensions

Government should implement an auto-enrolment with opt-out system for employees to incentivise the take-up of supplementary pensions particularly by younger employees. Employers' contributions in such schemes would be completely voluntary and those who contribute should be given adequate tax incentives to invest in their employees' private pension scheme. Furthermore, Government

should embark on further consultation with second-pillar pension products providers to improve the attractiveness of these schemes.

49 Skills Mapping and Forecasting Observatory and National Skills Strategy

A Skills Mapping and Forecasting Observatory should be set up to provide real time structured skills mapping and forecasting, that identifies the current and evolving national skills needs and provides talent forecasts. A National Skills Strategy should be drawn up with recommendations to address the skills gaps identified through the Skills Mapping and Forecasting Observatory.

50 Set up a National Skills Governing Body

This entity should have executive powers and act as the national coordinator between education and industry for skills, to set strategic direction based on continuous research focused on industry needs.

51 Reskilling/Retraining

Reskilling/retraining programmes, particularly on digital skills and new economy jobs, should be easily accessible, and employees should be provided with fiscal incentives to take up such training. The Get Qualified scheme needs to be improved such that applicants are reimbursed for training costs immediately after they pay fees as the delay, between when fees are paid and when they are refunded under the existing scheme could preclude some pursuing further education.

52 Incentives to Attract Foreign Talent

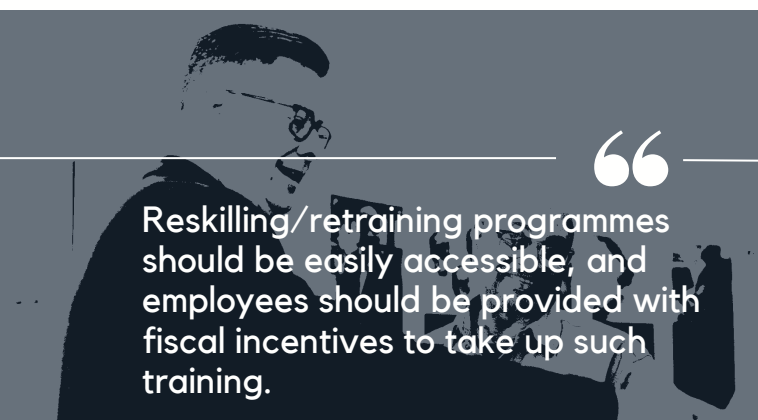
Introduce incentives to attract individuals in possession of certain critical skills, e.g. by expanding the parameters of the Key Employment Initiative scheme.

53 Tax Deductible Rent for In-demand Jobs

The cost of rent should be tax-deductible for in-demand cohorts for which there is a shortage.

54 Eradicate Abusive Employment Practices

Adopt a zero-tolerance policy towards abusive employment practices that put law-abiding and fair employers at a competitive disadvantage in terms of operating costs and damage Malta's reputation as a work-life destination for foreign workers. A better enforcement and sanctioning regime, particularly in relation to foreign workers, would curb blatant abuses.



55 Work Permits

Simplify and accelerate the current work permit application process and introduce a three-year validity following the first successful year working in Malta as a third-country national.

56 Family Relocation

Facilitate family relocation for approved work permit applicants by easing the current prescriptive rules.

57 Reduce the High Turnover of Foreign Workers

Reduce the high turnover of foreign workers by encouraging skilled workers in particular to see a long-term future in the country. This requires proper social integration of families rather than individual workers.

58 Incentives for Returning Maltese

Introduce measures to encourage highly qualified Maltese nationals working and living abroad to return to Malta, for example tax breaks for the first 5 years.

59 Public Sector Human Resource Survey

A human resource survey in the public sector carried out by an independent third party should be the basis for a redistribution of resources to match the workload. Any identified surpluses in terms of skills and numbers should be redirected either within the public sector or even to the private sector.

60 Review and Reform Primary and Secondary Schooling

Comprehensively reform and continuously review primary and secondary schooling. Strengthen the output, as supply and quality shortages from secondary education are crippling tertiary level potential.

Increase the focus on ICT, numeracy and problem-solving skills, and seek alignment with industry and economic requirements.

61 Continuous Development of our Youth

Gradually increase the youngest age of exiting the education system to 18, which would include at least 2 years of post-secondary education. A gradual implementation is paramount to mitigate any possible impacts on the labour force.

It is imperative that this gradual 2-year increase does not become an extension to secondary schooling but rather is linked to post-secondary education in either an academic pathway leading to university education or a vocational one in order for these youngsters who would have a tendency to leave school by the age of 16 to learn some key technical skills.



INFRASTRUCTURE & DIGITALISATION



PILLAR 4 INFRASTRUCTURE & DIGITALISATION

Malta is currently faced with quite a few challenges in terms of infrastructure, both physical and technological – from saturation on the roads, to outdated construction practices and an inadequate energy distribution network.

In the years ahead, Malta will need to address infrastructure bottlenecks to reduce costs for businesses, meet its commitments at European level and increase its competitiveness. Sustainability targets must be achieved in multiple sectors, not in the least construction, energy and transportation. Digitalisation and the uptake of technological innovations are also high on the agenda.

Major capital investment stimulates economic activity and provides employment. The Malta Chamber therefore posits a number of major infrastructural shifts and developments that should be pursued.

62 Carrying Capacity Study

Malta must carry out a study on the country's 'carrying capacity' taking into consideration the built and natural environment, heritage, culture and business requirements. The Planning Authority must address the vacuum in sustainable long-term planning. In addition, there must be greater emphasis on information dissemination and the enforcement of planning regulations.



63 Green Buildings

All new builds should meet the standards established by the revised Energy Performance of Buildings Directive [12]. This can be achieved through lower energy costs and fiscal incentives for green products/services, as well as innovative financing options, such as Energy Performance Contracting. A Green Building Council should take charge of all the processes related to this transition. In addition, Energy Performance Certificates should be more detailed, be audited and become a key factor in real-estate valuations.

64 Improved Waste Collection

A national plan for improved coordination of refuse collection and separation is required as established in the last waste management strategy [13] published in late 2021 and reiterated in Malta's Recovery and Resilience Plan [14]. An effective waste governance framework must be introduced, including a reform of the waste collection system and actions envisaged in the Construction and Demolition Waste Strategy [15] published in November 2021.

65 Private Financing Instrument

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 and, in doing so, spurs forward the circular economy.

66 Investment of €470 million in Industrial Parks

The Malta Chamber believes that the promise made by the current administration in 2020 to invest €470 million over an 8-year period in existing and new industrial, start-up and SME parks requires more impetus and the necessary focus to boost the manufacturing sector and as a result, the economy as a whole. The efficiency and productivity of industrial areas should also be assessed, and industrial and manufacturing

should be shifted to smaller footprints by increasing building heights.

67 Set Up a Centralised Logistics Hub

A Public-Private Partnership should be established to set up a logistics hub in order to minimise warehousing and distribution costs for suppliers. This would have the added benefit of reducing the negative impact of logistics on traffic congestion and the environment.

68 Free Trade Zones

Set up a Free Trade Zone, complete with warehousing space and a logistics centre connecting all the available sea and air transport modalities. This would be supported by an IT system integrating the interconnected services, as well as investment in the deepening of skills and competencies. Funds must therefore be allocated for the multi-staged development of a warehousing hub/logistics centre to be completed within a reasonable timeframe.



69 Liberalisation of the Energy Market

The energy market distribution must be liberalised to allow competitive market forces to bring down prices and increase efficiency. The EU Electricity Market Directive [16] (2019/944/EU) for the period post-2020 grants Malta derogations related to third-party access, unbundling of distribution system operators and ownership unbundling of transmission systems and transmission system operators. As for the free choice of supplier, Malta was granted an 8-year derogation until 2027. The Malta Chamber believes that the next Government should enter into discussions with key stakeholders at the earliest and as indicated by 2024 and draw up an exit plan to fully liberalise the distribution market by the 2027 deadline.

70 Investment in the Energy Distribution Network

Significant investment in the distribution network is required to reliably provide for the energy needs of the country particularly as it shifts to electrification of vehicles to meet the 2030 decarbonisation targets.

71 Cost of Electrical Infrastructure

The government should share the burden and the cost of electrical infrastructure currently absorbed by private industry such as in the case of sub-stations and related trenching costs.

72 Better Use of Industrial Roofs

Incentivise businesses to invest in PV systems and development of green spaces on their industrial roofs. This should be encouraged by

the removal of rental charges for installing PVs on roof space of INDIS tenants, and through government guarantees.

73 Land Use for Energy Generation from Renewable Energy Sources

The current system of tying up parcels of agricultural land with PVs for decades is counterproductive, as once most of the areas are utilised, Malta will reach saturation with outdated technology. Solar plants can produce more energy if upgraded every few years to technologies such as PVT (incorporating thermal). The Malta Chamber therefore suggests incentivising higher-quality systems with grants depending on the level of efficiency.

74 Offshore Energy Generation from Renewable Energy Sources

Given that the wind and wave power technologies are becoming more advanced and feasible for installation even in deep sea locations, Malta should identify offshore areas that can host such installations and invest in wind and wave power to be able to harness alternative renewable energy sources that are not constrained by space limitations.

75 Gas Pipeline

It is imperative for Malta to have an EU-funded gas pipeline in place by 2028 when the current 10-year agreement for the supply of gas expires. This is independent of any further discussions related to the existing gas power station agreements and these should be dealt with separately. Malta's connectivity to the European energy grid is key to the future capability to cater for the electrification of vehicles, access to green fuels, and the security of energy supply. The importance of such a key infrastructural project should not be trivialised.

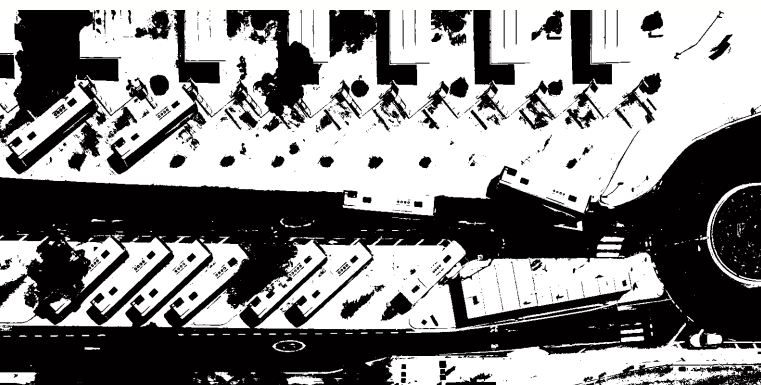
76 Hydrogen Strategy

Hydrogen is expected to be fully commercialised by the year 2030. The next Government should:

- a) Offer incentives to foreign investors in the land, sea and aviation mobility sectors to develop their hydrogen-powered prototypes on the island;
- b) Start pilot projects on the viability of generating hydrogen fuel using renewable sources;
- c) Invest in the necessary hydrogen infrastructure over the next few years, which should include refuelling stations and supporting projects in renewable energy sources as the production of hydrogen is very energy-intensive.

77 Efficient Public Transport

A more equitable balance should be achieved between different modes of transport. Public transport should be prioritised with more efficient journey times so as to encourage its use. The introduction of Bus Rapid Transits on viable routes should be studied. The Malta Chamber suggests starting with a pilot project from Paola to Valletta. One lane should be earmarked solely for scheduled buses and shared transportation on this route to evaluate viability.



78 Rapid Transit and Multi-Modal Solutions

Technical and financial feasibility studies should be carried out on rapid transit solutions that can be implemented within reasonable timeframes. The Government should completely scrap investing in a tunnel between Malta and Gozo and redirect the investment towards building a multi-modal transportation backbone in Malta with potential extension of connectivity to Gozo, as well as a more extensive ferry network to Valletta, Buġibba, Sliema, St Julians, Msida, Marsa and Cottonera. Annual progress should be monitored and evaluated by an independent task force.

79 Master Plan for Electric and Hydrogen Vehicles

Malta needs a master plan for the electrification of the vehicle fleet, coupled with a centralised authority to monitor its implementation. Infrastructure bottlenecks that may hamper the introduction of a nation-wide charging network should be addressed and the plan should establish Malta as a test bed for hydrogen-powered vehicles.

80 Air Malta's survival

The Malta Chamber has always insisted that the national airline is not only vital for the tourism sector but also for the remainder of the economy as thousands of business operations



depend on direct and frequent flights to and from key destinations in Europe. All parties involved in Air Malta's transition need to be reasonable and responsible in their demands to ensure that the country succeeds in saving the national airline. The Malta Chamber hopes that this restructuring plan will ultimately guarantee a sustainable future for Air Malta. Furthermore, it recommends that workers shed from the airline will first be considered for secondment to the private sector when they most likely have skills that many private companies need and secondly to avoid shifting the problem of excess employment to other state entities.

81 Integrated eGovernment Services

Improve service to businesses by setting up an integrated portal for reporting and payments of VAT, Tax, Financial Incentives and Schemes. Furthermore, it is suggested that an extensive review of eGovernment services is carried out to identify any bottlenecks hindering the uptake and use of these services by the general public and the wider business community. A fully integrated eGovernment would reduce bureaucracy in the form of repetitive requests for statistics and information from businesses and ensure that businesses are not required to submit the same information more than once.

82 Additional Digitalisation Schemes

More digital-centric schemes are required for businesses to shift, upgrade and improve their digital infrastructure, systems and solutions. Cybersecurity should also be prioritised. These incentives could take the form of either a tax rebate or grant, ideally the latter, for operators to invest in software and/or technical support. The Malta Chamber also proposes the launch of a national campaign highlighting the essentials to protect one's business in the digital realm.

83 5G Task Force

A Prime Ministerial-led task force including The Malta Chamber and other key stakeholders should ensure that 5G implementation takes place through accelerated investment in very dense cellular coverage, superfast fibre backhauling, vertical industry-driven connectivity services and a new digital innovation ecosystem.

84 PPPs in Disruptive and New Technologies

Government and business should join forces to develop and implement digitalisation, innovation and technology-driven transformation pathways tailored to different sectors, supported by fiscal incentives. A series of public-private partnerships should be set up in areas such as cybersecurity, high-performance computing, 5G infrastructure, big data, electronic components and systems, robotics, Internet of Things, digital content, Artificial Intelligence among others.



SUSTAINABILITY



PILLAR 5 SUSTAINABILITY

The Malta Chamber of Commerce, Enterprise and Industry stands behind the European Union's ambition for climate neutrality as part of the Fit For 55 Package whose overarching aim is that of reducing the European Union's (EU) greenhouse gas emissions by 55% by 2030. This ambition needs to be closely connected to Europe's agenda on competitiveness and security of supply. Sustainability and the transition towards a greener economy should take centre stage in all sectors in the years ahead.

The right choices will enable Malta to evolve in a fast-changing world increasingly driven by disruptive innovation, technology, and growing concerns about sustainability and the impacts of climate change. The so-called circular economic model allows for a balanced approach towards economic growth without depleting our environmental resources and impacting societal norms. However, new skills and knowledge will be required from our human resources.

From the introduction of new processes and technologies in agriculture to energy-efficient renovations and the greening of private and public buildings, green mobility and more efficient water usage, sustainability cuts across all sectors and needs to be built into all our future endeavours. It is important to start thinking more long term than we are today.

85 Disused Landfill Mining

Consider landfill mining as a means of rehabilitating disused/closed landfill sites around Malta, freeing up land for sustainable development. The Malta Chamber believes that this 'waste-to-land' strategy has enormous potential. It facilitates investment and job growth, expands existing infrastructure, takes development pressure off undeveloped open land and improves and protects the immediate and surrounding environment. The Luqa landfill site project which was meant to be turned into an industrial estate and sports facility has been stalled for too many years. If properly implemented, it could serve as inspiration for other similar sites, such as Maghtab. It is therefore important that the new Government reinvigorates this project without further delay.

86 Construction Waste

Construction waste is a valuable resource which the country is not currently utilising. This needs to be addressed through the implementation of a number of immediate measures supported with a longer-term vision. It is being suggested that the next Government:



The right choices will enable Malta to evolve in a fast-changing world increasingly driven by disruptive innovation, technology, and growing concerns about sustainability and the impacts of climate change.

a) Facilitates the dismantling, rather than demolition, of buildings both through incentives and through having the proper infrastructure, expertise and standards in place;

b) Drives investment in recycling facilities and depots for construction waste;

c) Incentivises the use of recycled building materials in the construction of new buildings by means of schemes which facilitate their take-up over traditional building material. A tax credit equivalent to a percentage of the gross fees paid for that material should be granted;

d) Incentivises Research and Development in the sector and patenting.

87 Single Use Plastics

The implementation of the Single Use Plastics (SUPs) directive into local legislation is resulting and can result in some key challenges for operators. A number of key points require immediate attention from the Policy makers namely that:

a) Proper enforcement of the general public is required. A level playing field needs to be established for all operators especially when it comes to illegal importation of SUPs;

b) The next Government should not abdicate its role as the main enforcer and pass on this responsibility to the private sector and the Extended Producer Responsibility (EPR) systems;

c) Carry out an assessment of the impact these new regulations will have on the Maltese market especially smaller operators;

d) ERA should offer assistance to local importers and producers to source alternative materials instead of SUPs.

88 Revise EPCs and use as a basis for Performance Based Incentives

Energy Performance Certificates (EPC) should be revisited and replaced with a comprehensive approach which takes the overall system of the building into account and evaluates it, rather than taking a product-based approach. Fiscal incentives can be offered for properties which exceed the minimum EPC requirements.

89 New and Upcoming Technologies

When it comes to schemes, Government tends to look at products rather than overall energy performance and the net improvement in terms of efficiency. A centralised database of energy efficient technologies and the features that contribute to energy efficiency in each case would enable consumers to identify which product specifications to look for before making a purchase or investment.

90 Carbon Credits

a) A carbon trading mechanism can facilitate the achievement of carbon neutrality across different sectors. A carbon credits mechanism can be a useful tool for businesses to move towards energy-efficient equipment. It is crucial that the promise made in the last Budget speech on the introduction of carbon trading is implemented without further delay. Carbon trading could become a new currency for private businesses to help each other achieve targets sooner than expected.



b) During recent consultations in relation to the EU's Carbon Border Adjustment Mechanism [17], it was pointed out by the relevant authorities that there is of lack of local verifiers who can certify the level of carbon against which certificates will need to be procured. Reporting by affected operators needs to start in 2023 with full implementation by 2026. As things stand, there are no energy auditors who can perform this function for local operators.

This means the system will not work unless these verifiers are in place to purchase certificates for imports of iron, steel, aluminum and fertilizers from third countries. This needs to be rectified.

91 Overhaul of Local Plans

There is clear need for a commitment by all Political Parties to carry out a complete review of the 2006 local plans and of the Development Control Design Policy, Guidance and Standards 2015 during the next legislature. This needs to be combined with an urgent review and publication of a new Strategic Plan for the Environment and Development (SPED), which should clearly address how our natural, historical and cultural fabric is to be preserved and how the built environment is to be developed. A comprehensive review of all planning policies is required – these policies need to be aligned with the revised SPED and they must be clear and unambiguous, 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.



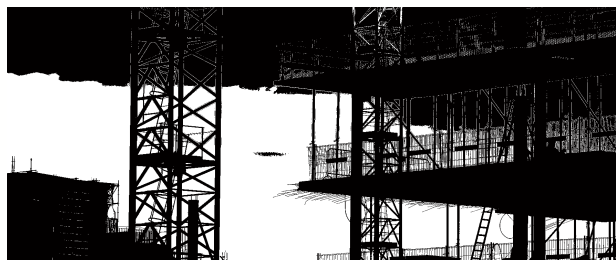
92 Planning Authority and Environment Resources Authority

Trust and confidence must be re-established within the Planning Authority (PA) and the Environment and Resources Authority (ERA). As a first step, both entities should have their enforcement functions strengthened and a robust spatial planning capacity should be established within the PA. As it stands, the PA is more of permitting authority, as against a planning authority. Crucially, both PA and ERA should operate free from political influence.

Malta also urgently needs a National Architecture Policy, an Aesthetics Policy and a Landscape Policy with a returned prominence of a Design Advisory Committee. Businesses will have their work streamlined through clear expectations standards and guidance, creating value by protecting Malta's tourism product and quality of life amongst others.

93 Building and Construction Authority

The Building and Construction Authority (BCA) must be given all the necessary resources and tools that it needs to operate efficiently and to address all the responsibilities it is entrusted with, including its enforcement function. BCA should be equipped with a new generation ERP solution designed for construction management which seamlessly (i) manages BCA's day-to-day operations and its enforcement, (ii) serves as the compliance platform for the operators in the industry and (iii) serves as a tool for the public to lodge its queries, complaints and look up information.



94 Licensing of Building and Road Contractors

The country must move forward with the licensing and classification of contractors. Licencing and classification must be built on a three-tier framework – administrative compliance, financial soundness and technical competency.

95 Change behaviour through an e-mobility wallet concept

Funds should be made available for a mobility e-wallet allowing people to use the funds on various sustainable transport modes other than private cars to benefit from discounted travel. The 2022 budget, which promised to make public transport free for all, should instead have the earmarked funds allocated directly into an e-mobility wallet. An amount would be allocated annually to be used for all forms of shared or sustainable mobility whether by land or sea. Used in this fashion, these funds are more likely to trigger a behavioural change and should translate into higher benefits where lower emissions are concerned. Teleworking, off peak travel and the use of lower emitting mobility options should be taken into account when allocating funds to individuals in order for people to change their behaviour and lifestyle.

96 Financial Grants for Business to Invest in E-Mobility

The Malta Chamber suggests increasing the existing financial grants for businesses and individuals to invest in cleaner vehicle fleets. It is suggested that the existing scheme aimed at commercial entities switching from an internal combustion engine fleet to electric vehicles, and currently falls within the parameters of the *de minimis* state aid rules (a maximum aid of €200,000 per operator over 3 years) should be

reviewed and should be extended further and ideally should fall under GBER regulations in order to extend this assistance. Furthermore, the grants currently allocated to people purchasing e-vehicles under the Transport Malta schemes should aim to disburse funds immediately to the applicants as currently many e-vehicle importers absorb this cost initially and wait for such grants to be given to the individual applicants.

97 Charging and Parking Infrastructure

The Malta Chamber believes that the proposed electrification of the vehicle fleet should be paired with underground charging infrastructure. Public-private partnerships should be considered through which on-road parking spaces could be reallocated to new multi-story underground parking spaces suited for vehicle charging, therefore freeing up the space on the road. This would help deal with congestion, allow for more equity between people and cars, and make it easier for public transport to operate while respecting the rights of car users. This can be integrated with park and ride services where necessary or adequate walking and cycling infrastructure including sharing platforms, for people to move around.

98 Water harvesting

Water scarcity and degradation has been a reality for centuries. Given the ever-increasing importance of water management on an international level, its potential must be harvested. Therefore, The Malta Chamber suggests the following recommendations coupled with adequate incentive schemes:

a) Storage and use of rainwater in the industrial sector;

- b) Treatment and reuse of grey water in the hotel industry;
- c) Investments in technology to improve irrigation efficiency in agriculture, public and private landscaping;
- d) Rainwater harvesting from domestic structures for use as secondary water;
- e) Reduction of water use through consumer behavioural changes.

For years now, agriculture in Malta has been suffering from a major decline, not least due to water scarcity, pollution and salination of underground water resources, production limitations due to Malta's economies of scale, cheaper imports and the reluctance of new generations to pursue a career in this sector. New technologies and processes are needed to make the sector more sustainable. Fiscal incentives, training and mentoring are key. The Malta Chamber proposes the following measures:

99 Commercial-scale aqua/hydroponics-based food production

Malta is missing preparation and manufacturing of food into processed/packaged products, with mostly tomatoes, milk and grapes being the main three raw products which have successfully been used in further production uses. Economies of scale work against Malta in this respect. Nevertheless, it is believed that new technologies could partially solve the challenges the country has in terms of availability of arable land, water scarcity and degradation and an ever-declining agricultural community. Larger commercial scale hydroponics and aquaponics are known solutions that should be tested and incentivised in Malta. The infrastructure need not be in rural zones but may be placed in underground

industrial areas and more urban locations. Due to our land limitations, we must also look at our surrounding sea as a source of food production. The next Government should seriously consider research and innovation incentives to support the development of new technologies in the areas of alternative proteins such as algae farms.

Furthermore, Government is to fund and support a marketing campaign to promote the purchase of locally grown and locally processed and manufactured Maltese food and beverage products. This campaign is to take place on all media through the establishment of a "Minn Tagħna" label which companies may place on products which meet certain criteria and prove that they are truly Maltese or Gozitan goods.

100 Invest in the proper treatment of manure from all livestock

Manure from livestock has a lot of potential for future uses in terms of fertilisation, waste to energy and further treatment in terms of grey water. Malta is facing infringement procedures due to the lack of treatment of animal husbandry manure on the islands. The next Government should, without further delay allocate funds for a centralised treatment facility which ideally has the dual role of treating the manure having an ultimate benefit in the form of waste to energy or use for agricultural irrigation purposes.



CONCLUDING REMARKS

Ahead of the upcoming electoral process, The Malta Chamber is calling for a campaign that brings out the best qualities of candidates as opposed to one which is detrimental to our country and its reputation. The Malta Chamber looks forward to a responsible and mature debate that promotes in the election of candidates that will best represent the aspirations of the electorate and the business community alike and help build a better country.





THE MALTA CHAMBER

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