

SHARED PROSPERITY STRONGER COMMUNITIES



**Proposals for
Budget 2027**



**MALTA
CO-OPERATIVE
FEDERATION**



INTRODUCTION

SHARED PROSPERITY, STRONGER COMMUNITIES

Malta's economic progress provides an opportunity to invest in the foundations of lasting prosperity: affordable homes, quality care, thriving local communities, meaningful employment and a healthier environment.

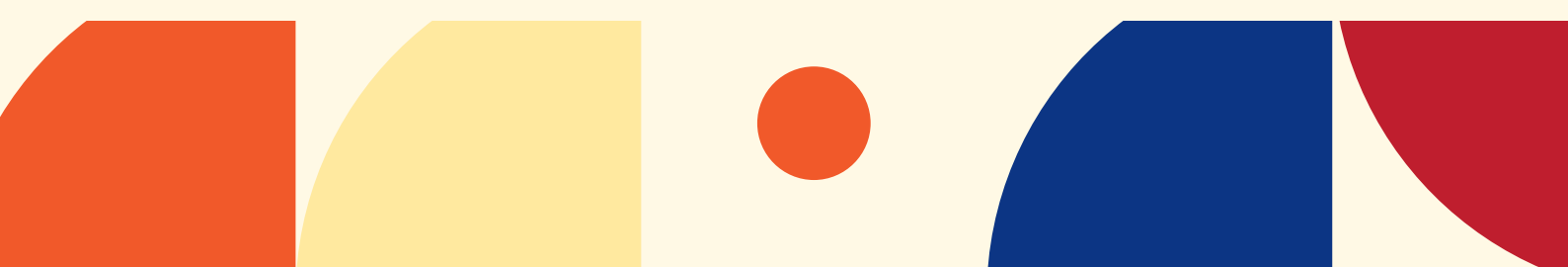
The challenge for Budget 2027 is to ensure that economic success translates into a better everyday experience for people across Malta and Gozo. Communities should have practical opportunities to participate in development, influence decisions that affect them and share in the value they help create.

Following consultations with the Local Councils Association, the Malta Co-operative Federation proposes a joint program to expand community and worker ownership. Co-operatives offer a practical means of bringing people, resources and enterprise together to address shared needs.

Through democratic ownership and accountable management, co-operatives can strengthen local enterprise, support public services and retain more economic value within the communities where it is generated.

Completing the reform of the Co-operative Societies Act should provide the foundation for this programme. A modern legislative framework should strengthen sound governance, transparency and members' rights while giving co-operatives the confidence and space to establish themselves, innovate, grow and flourish.

Government has a central role in enabling this contribution: removing unnecessary barriers, establishing transparent access to opportunities and supporting viable projects with appropriate safeguards. Local councils can connect national policy with residents' priorities, while co-operatives can organise participation and deliver sustainable community enterprises.



INTRODUCTION

SHARED PROSPERITY, STRONGER COMMUNITIES

Given the right resources and training, Local Councils can also play a vital part in this scenario, acting as the connective tissue between national policy and community action. Their proximity to residents positions them uniquely to translate broad policy intent into practical, localised outcomes.

These proposals are offered as a basis for constructive engagement with Government, the Opposition and all Members of Parliament. Affordable housing, dignified care, fair access to enterprise and stronger communities are national priorities around which lasting agreement can be built. They provide a viable path for a more prosperous Malta and Gozo: not just economically, but also socially and environmentally. The time to act is now.



MALTA
CO-OPERATIVE
FEDERATION



**Assoċjazzjoni
Kunsilli Lokali**

Local Councils' Association Malta

PROPOSALS

- 1 Establish Manoel Island as a Flagship Community Co-operative
- 2 Enable right of first refusal for co-operative community initiatives for public land and buildings put up for sale
- 3 Convert Confiscated Criminal Assets to Productive Community Use
- 4 Entrust Elderly Care in Co-operative Community and Worker Hands, Not Private Equity
- 5 Modernise Malta's Banking Sector via Cooperative Licensing
- 6 Enable Renewable Energy Cooperatives and Citizen Energy Communities
- 7 Improve Malta Enterprise support accessible to Cooperatives
- 8 Expediting Audit-Exemption Rules for Qualifying Cooperatives
- 9 Implementing Socially Responsible Public Procurement (SRPP) to Empower Malta's Social Economy
- 10 Community-Owned Carparks as Multi-Purpose Local Mobility Hubs
- 11 Move co-operative housing from commitment to delivery
- 12 Establish a Social Inclusion Employment Fund to channel penalty receipts into targeted support for social cooperatives and sheltered employment organisations
- 13 Enabling Worker-Cooperative Membership for Non-EU Country Nationals (TCNs)

PROPOSAL 1

ESTABLISH

MANOEL ISLAND AS A FLAGSHIP

COMMUNITY CO-OPERATIVE

The return of Manoel Island to government hands represents more than the recovery of a piece of land; it represents an opportunity to demonstrate, in practice, what the Malta Co-operative Federation is arguing as a matter of principle throughout this document. Manoel Island presents a unique opportunity to break the cycle of state custodianship on one hand, and private concessions on the other, by establishing a third way: a flagship, community-owned cooperative asset, managed co-operatively by and for the people who use it.

The Benefits of Co-operative Community Ownership

- a.Retains local value: Reinvests all site revenues - from leisure, culture, and hospitality - directly into the surrounding community.
- b.Ensures democratic accountability: Places decision-making directly with local stakeholders rather than distant corporate boardrooms or ministries.
- c.Balances risk & reward: Spreads financial outcomes across community members, prioritizing long-term value over short-term extraction.
- d.Strengthens social cohesion: Builds civic engagement, local trust, and the capacity for collective action.
- e.Enhances environmental protection: Entrusts long-term conservation to the residents who actively use and depend on the site.

Budget 2027 action: Commission a feasibility and governance study, developed through stakeholder consultation, to assess the legal, financial and operational requirements of this model.

Beyond Manoel Island: A Model for Malta and Gozo

Manoel Island need not, and should not, be treated as an isolated case. A successful model could inform future arrangements for other suitable parks, gardens, heritage sites and public buildings across Malta and Gozo.



PROPOSAL 1 (CONTD)

ESTABLISH MANOEL ISLAND AS A FLAGSHIP COMMUNITY CO-OPERATIVE

Learning from International Practice

Malta would not be pioneering this approach; it would be joining a well-established international tradition. In Mexico, over half of the country's forests are managed by local and Indigenous communities; Community Land Trusts across the United Kingdom hold housing, farmland, and amenity space in perpetuity for community benefit, insulating them from speculative price pressures; Scotland's community right-to-buy legislation has enabled dozens of rural communities to take ownership of land and estates previously held by absentee landlords, with the resulting revenue reinvested in local infrastructure and services.

Transitioning from principle to practice requires the Government to act as an enabler rather than a direct funder, establishing the legal, financial, and administrative framework needed for community-owned projects to thrive.

Key Policy Enablers

- a. Legal & tenure frameworks: Enact legislation for cooperative land tenure and community trusts, permitting long-term public land leases that retain state ownership while granting operational control to local communities.
- b. Accessible financing mechanisms: Introduce low-risk financial tools—such as state loan guarantees, low-interest credit lines, and matched funding- to unlock private commercial capital without requiring direct public expenditure.



PROPOSAL 2

ENABLE RIGHT OF FIRST REFUSAL FOR CO-OPERATIVE COMMUNITY INITIATIVES FOR PUBLIC LAND AND BUILDINGS PUT UP FOR SALE

Public land and buildings are finite assets that belong fundamentally to the communities they serve. Currently, when public property is designated for lease or sale, it is routinely transferred to private developers, permanently removing these assets from public control.

The Malta Co-operative Federation proposes legislation granting registered community cooperatives a Statutory Right of First Refusal whenever the state intends to lease or sell public property. Before an asset enters the open market, local cooperatives would be granted a defined timeframe to match the proposed commercial terms and take on the property for community-focused development.

Budget 2027 action: Initiate the development of a community right-of-first-refusal framework for suitable public assets, with clear eligibility rules, valuation arrangements and decision-making timelines.

Key Policy Deliverables

- a. Legally mandate a designated window of time for registered community cooperatives to review, match, and secure public land or buildings slated for private disposal.
- b. Level playing field: establish formal standing, transparency, and clear procedural timelines, giving local communities a fair opportunity to compete against speculative investors.
- c. Asset preservation: Ensure public assets remain under local stewardship to address long-term community priorities, such as affordable housing, green areas, cultural spaces, and shared workplaces.



PROPOSAL 2 (CONTD.)

ENABLE RIGHT OF FIRST REFUSAL FOR CO-OPERATIVE COMMUNITY INITIATIVES FOR PUBLIC LAND AND BUILDINGS PUT UP FOR SALE

Strategic Benefits for Communities

- a. Keeps local wealth local: retains economic value and reinvestment yields within the immediate locality rather than exporting profits to private or even offshore investors.
- b. Promotes needs-based development directs land use toward social, economic, and environmental priorities rather than short-term speculative returns.
- c. Builds local capacity strengthens civic engagement, organizational expertise, and governance capacity within the cooperative sector.
- d. Deters speculative overdevelopment: encourages commercial developers to account for community interest early in project planning.

Fiscal & Administrative Value for Government

- a. Zero fiscal cost: this imposes no state funding requirement or obligation to accept below-market offers. If a cooperative cannot match the proposed terms within the set window, the government remains free to proceed with the commercial transaction.
- b. Restores public trust: this policy demonstrates transparent land stewardship, mitigating public frustration regarding overcrowding and loss of open space.
- c. Replaces short-term developer speculative cycles with stable, long-term community partnerships that reduce ongoing enforcement disputes.
- d. Builds a network of self-sustaining community cooperatives capable of co-delivering vital social, housing, and environmental services at lower public expense.

As Europe's most mature framework for community asset acquisition, Scotland's Land Reform (Scotland) Act provides a tried and tested blueprint for Malta and Gozo. The legislation grants registered community groups a pre-emptive right of first refusal to purchase local land and property at market value whenever an owner decides to sell, alongside powers to acquire neglected or derelict assets even without a willing seller to drive sustainable development. Having successfully facilitated the transfer of over 300 public assets-ranging from community halls and parks to woodlands-into local hands, Scotland's two decades of legislative experience enable Malta to adopt a high-impact, proven community ownership model.



PROPOSAL 3

CONVERT CONFISCATED CRIMINAL ASSETS TO PRODUCTIVE COMMUNITY USE

Organised crime does not simply break the law; it extracts value from the very communities it preys upon, using extortion, intimidation, and illicit enterprise to accumulate land, property, and capital. The Malta Co-operative Federation proposes that, where courts order the confiscation of assets linked to organised crime, these resources be channelled toward cooperative community organisations and NGOs, rather than absorbed into general state revenue or left idle. In doing so, the government does not merely punish criminal enterprise; it actively converts ill-gotten gains into seeds of community renewal.

Budget 2027 action: Establish a structured Social Reuse Programme for Confiscated Assets, supported by transparent allocation procedures, project viability assessments, and dedicated streams for high-impact social initiatives.

What Organised Crime Takes, and What This Measure Gives Back

The damage from organised crime extends well beyond its immediate victims. It hollows out local economies, drives out legitimate business, and leaves behind neglected properties and diminished trust. Redirecting confiscated assets to community use directly reverses each of these harms:

- a. Direct restitution: ensures the communities most harmed by criminal activity benefit most visibly from its undoing, moving beyond purely fiscal or punitive measures.
- b. Growth where none existed: returns long-abandoned land, buildings, and capital to circulation as functioning community enterprises, generating employment and services where before there was only neglect.
- c. Active ownership replaces passive victimhood: transforms communities from subjects of criminal influence into active managers of former illicit assets, converting exploitation into local ownership.
- d. Empowered, resilient communities: Developing and running a former crime-linked asset builds the organizational capacity, confidence, and cohesion needed to resist future exploitation.
- e. A powerful blow to illicit networks: visibly and durably repurposing confiscated wealth damages organised crime's standing and local influence in ways that fines or prison sentences alone cannot achieve.



PROPOSAL 3 (CONTD.)

CONVERT PROCEEDS OF CRIME INTO COMMUNITY-OWNED ASSETS

Criminal enterprise, particularly drug distribution rings and human trafficking networks, disproportionately targets young people, exploiting socio-economic vulnerabilities to recruit them or lure them into illicit activity. Also transforming confiscated assets into community-run youth diversion hubs and offender reintegration facilities disrupts this pipeline. This can provide safe havens, provide opportunities for skill acquisition and education, and can be viable tools for early intervention.

This measure can also provide viable alternatives to those nearing the end of their prison terms. Confiscated properties can be repurposed into transition centers and social enterprise workshops for individuals serving sentences who are preparing for release. They can offer supervised transitional housing, as well as workplace rehabilitation.

International Benchmarks: Social Reuse of Seized Assets

- a. Italy's pioneer framework: Under Law 109/1996, Italy mandates that confiscated criminal assets be assigned to social cooperatives. Today, over 2,000 community projects, including the renowned Libera Terra organic farming cooperatives, operate on former mafia properties.
- b. Global & EU expansion: Following Italy's lead, Colombia repurposes illicit properties for cultural and human rights initiatives. Furthermore, EU Directive 2024/1260 formally embeds the social reuse of confiscated assets across member states.

Legislative reform must be paired with streamlined administration and technical capacity building to prevent asset stagnation and ensure rapid, sustainable community transfer.



PROPOSAL 4

ENTRUST ELDERLY CARE IN CO-OPERATIVE COMMUNITY AND WORKER HANDS, NOT PRIVATE EQUITY

Malta's social care system is increasingly shaped by profit-driven private equity, where capital extraction undermines wages, staffing ratios, employee retention, and quality of care. The Malta Co-operative Federation proposes expanding community and worker-owned care cooperatives as a proven, non-extractive alternative.

Why Ownership Matters

Investor-owned care homes prioritize financial returns for external shareholders. In contrast, care cooperatives answer directly to residents, families, and staff-reinvesting all operational surpluses into better care, higher wages, and improved facilities.

Benefits for Communities

- a.local control: decision-making remains with local stakeholders rather than distant corporate boardrooms.
- b.Economic retention: surpluses are reinvested in the co-operative to expand services, upgrade facilities, or lower fees.
- c.Transparency and accountability: democratic and direct member voting replaces opaque corporate management.
- d.Systemic resilience: cooperative governance prioritizes service continuity over short-term financial returns, protecting families from sudden closures or takeovers.

Benefits for Care Workers

- a.Fair pay & better conditions: Eliminating investor dividends frees capital for higher wages, robust staffing, and reduced burnout.
- b.Worker empowerment: staff actively participate in workplace decisions, scheduling, and care protocols.
- c.Dignified employment: transforms precarious, low-wage jobs-frequently held by women and migrants-into stable, equity-building careers. This also benefits much better employee retention.



PROPOSAL 5

MODERNISE MALTA'S BANKING SECTOR VIA COOPERATIVE LICENSING

Malta's financial market remains heavily dependent on a few commercial banks, primarily because the current Banking Act mandates that only limited liability corporations can hold a banking licence. This regulatory restriction blocks member-owned, democratically run cooperative banks, which can provide access to suitable finance that is essential for co-operative enterprise, housing and community infrastructure.

Budget 2027 action: Establish a working group involving the relevant financial authorities, Government and the co-operative movement to assess legal barriers, market demand and feasible regulatory options.

The review should consider both domestic development and the potential involvement of established European co-operative banking institutions.

Any proposed pathway must maintain applicable standards for capital, governance, depositor protection, supervision and financial crime prevention.

Its purpose should be to determine whether co-operative banking can responsibly widen access to finance and strengthen the range of services available to households, enterprises and community projects.



PROPOSAL 6

ENABLE RENEWABLE ENERGY COOPERATIVES AND CITIZEN ENERGY COMMUNITIES

European Union energy frameworks, notably the revised Renewable Energy Directive (EU 2023/2413), formally mandate citizen and community participation in the clean energy transition. While Malta has transposed fundamental EU energy directives, targeted enabling mechanisms are required to unlock their practical potential.

Establishing dedicated access to public assets, supportive concession terms, and streamlined administrative procedures will accelerate renewable energy deployment, build public consensus, retain economic value locally, and directly address energy poverty.

Budget 2027 action: Launch an initial programme for community renewable energy projects, beginning with suitable public rooftops, and expanding into offshore energy initiatives.

Implementation & Strategic Impact

- a.Socio-Economic Value: Keeps clean energy revenues within Maltese localities, creates local green jobs, and mitigates household energy poverty.
- b.Public Support: Shared community ownership mitigates local opposition to infrastructure developments, boosting social acceptance for onshore and offshore sites.
- c.Fiscal Footprint: Revenue-neutral execution powered by public asset leases, EU energy transition funds, and private mutual capital.
- d.Risk Mitigation: Providing state-level technical support lowers early-stage transaction costs, strengthening project bankability and administrative viability.



PROPOSAL 6 (CONTD.)

ENABLE RENEWABLE ENERGY COOPERATIVES AND CITIZEN ENERGY COMMUNITIES

Statutory and Policy Alignment

- a.EU Directives: Full operationalisation of RED II and RED III (EU 2023/2413) community energy provisions into national regulatory frameworks.
- b.Local Resilience: Direct alignment with the Local Councils Association's (LCA) Residents First strategy on smart cities, embedding green energy benefits directly within local council localities.



PROPOSAL 7

IMPROVE MALTA ENTERPRISE SUPPORT ACCESSIBLE TO COOPERATIVES

Business support schemes should use application processes and documentary requirements that accommodate eligible co-operative enterprises.

Administrative language designed around companies can create avoidable uncertainty for applicants using a different legal structure. Addressing these obstacles would make existing support more accessible without changing the objectives of individual schemes.

Budget 2027 action: Undertake a targeted review of Malta Enterprise scheme guidelines, application forms and compliance requirements to identify and remove unnecessary barriers for co-operatives.

The review should clarify eligibility, recognise equivalent registration and governance documents where appropriate, and provide practical guidance to applicants and officials. Changes should preserve each scheme's assessment standards while enabling eligible co-operatives to participate effectively.



PROPOSAL 8

EXPEDITING AUDIT-EXEMPTION RULES FOR QUALIFYING COOPERATIVES

Following the Government's welcome pledge in the last Budget after a proposal by the Malta Co-operative Federation to extend audit-exemption privileges to qualifying cooperative societies, formal legislative action is now required to operationalise this commitment.

The enactment of Legal Notice 139 of 2025 (Audit Exemption Rules, 2025) significantly reduced administrative burdens for qualifying micro-entities, small businesses, and startups registered under the Companies Act (Cap. 386). However, cooperatives governed by the Cooperative Societies Act (Cap. 442) remain excluded from these exemptions, leaving micro-cooperatives bound by mandatory statutory audits regardless of size or turnover.

To eliminate this regulatory distortion, the Government is urged to expedite the necessary legislative amendments in parliament, working alongside the Malta Business Registry (MBR) and the Co-operatives Board to establish full regulatory parity between limited liability companies and cooperative entities.



PROPOSAL 9

IMPLEMENTING SOCIALLY RESPONSIBLE PUBLIC PROCUREMENT (SRPP) TO EMPOWER MALTA'S SOCIAL ECONOMY

Public purchasing can contribute to inclusive employment, decent work and environmental improvement alongside the delivery of goods and services.

These outcomes should be pursued through transparent criteria linked to the contract, proportionate requirements and effective monitoring.

Budget 2027 action: Publish practical guidance on socially responsible public procurement and launch pilot contracts with selected public entities and local councils. The pilots should test appropriate social award criteria, contract conditions and, where legally permitted, reserved contract arrangements.

Smaller enterprises should receive support to understand requirements, form consortia where useful and prepare credible bids.

Evaluation should consider service quality, competition, contract costs and verified social outcomes. The findings should inform wider adoption.



PROPOSAL 10

COMMUNITY-OWNED CARPARKS AS MULTI-PURPOSE LOCAL MOBILITY HUBS

Malta's road network experiences severe congestion well above the EU average, imposing substantial economic costs, heightening commuter stress, and impacting public health. European Commission assessments highlight significant gaps in safe, organized parking infrastructure, while under-utilized state-owned land and constrained surface carparks remain inefficiently managed.

To address these challenges, the Government can deploy long-term concessions allowing local cooperatives to develop and manage multi-purpose, community-owned carparks. These hubs integrate smart parking management, renewable energy generation, and green micro-mobility infrastructure—converting under-utilized public plots into self-sustaining community assets that reduce traffic friction and generate local revenue.

Budget 2027 action: Invite proposals for a number of community mobility hub pilots, selected through transport, environmental and financial assessments.

Core Policy Recommendations

- a.Targeted Pilot Concession Framework: Launch pilot projects offering long-term concession rights on under-utilized public land or surface parking to registered local cooperatives,that prioritise community membership and democratic governance.
- b.Multi-Functional Infrastructure Mandate: Require pilot carparks to operate as multi-purpose hubs by integrating:
 - i.Clean energy generation: overhead photovoltaic solar canopies and energy storage.
 - ii.Green mobility infrastructure: commercial and residential EV charging stations,and last-mile transport linkages.
 - iii.Smart parking management: Digital real-time occupancy tracking to reduce cruising time and neighborhood congestion.
- c.Local reinvestment and surplus model: establish concession terms that require a defined portion of net operational surpluses to be reinvested directly into local municipal projects, community initiatives, and sustainable mobility funds.



PROPOSAL 10 (CONTD.)

COMMUNITY-OWNED CARPARKS AS MULTI-PURPOSE LOCAL MOBILITY HUBS

Key Benefits & Strategic Impact

- a. Municipal Alignment: Directly supports the Local Councils' Association's Residents First vision by reducing residential parking pressure, improving air quality, and enhancing neighborhood liveability.
- b. Decarbonisation and climate: Accelerates local renewable energy generation (PV canopies) and expands public EV charging network capacity without requiring state land acquisition.
- c. Fiscal sustainability: Utilizes private mutual capital and cooperative concession models, significantly reducing direct recurrent public expenditure and municipal maintenance costs.
- d. Community Value Retention: Keeps parking revenues within the local economy, creating sustainable green jobs and providing local councils and communities with an ongoing funding stream.



PROPOSAL 11

MOVE CO-OPERATIVE HOUSING FROM COMMITMENT TO DELIVERY

Following the Government's welcome recognition of housing cooperatives in its electoral manifesto, the Malta Co-operative Federation (MCF) now urges the Government to fulfill this pledge by expediting the allocation of public land for affordable cooperative housing.

The Cooperative Advantage: Permanent Affordability

Housing cooperatives remove speculative profit from the housing equation. Operating under the principle of democratic member control ("one member, one vote"), co-ops restore resident governance, guarantee permanent affordability, and build long-term community cohesion.

International models demonstrate that cooperative housing is a proven mainstream solution, accounting for 27% of all housing stock in Poland, 17% in Sweden and the Czech Republic, and 15% in Norway.



PROPOSAL 12

ESTABLISH A SOCIAL INCLUSION EMPLOYMENT FUND TO CHANNEL PENALTY RECEIPTS INTO TARGETED SUPPORT FOR SOCIAL COOPERATIVES AND SHELTERED EMPLOYMENT ORGANISATIONS.

Malta's quota for employing persons with disabilities (2% of workforce for employers of 20+ employees) has enforcement mechanisms that include penalty payments for non-compliance. Historically, such receipts have not been systematically channelled into targeted employment supports for persons with disabilities. Redirecting these funds into a dedicated, transparent mechanism can align enforcement with tangible inclusion outcomes and ensure penalties finance solutions that address the underlying employment gap.

Budget 2027 action: Commission a joint review of employment, residence and self-employment requirements affecting non-EU nationals who wish to join or establish registered worker co-operatives.

Why this matters

Reallocating penalty receipts into targeted employment interventions provides accountability for enforcement income and turns non-compliance into a tangible social dividend. The approach enhances labour market inclusion, supports higher-quality job placements and reduces long-term fiscal exposure by increasing sustainable employment and reducing reliance on social assistance.

Core measures:

- a. Ring-fence a defined portion of penalty receipts to SIEF and define eligible interventions (operating grants to social co-ops, wage support, workplace adaptations, vocational training, transition support).
- b. Establish eligibility criteria prioritising social cooperatives that employ a majority of persons with disabilities and demonstrate credible pathways to mainstreaming.



PROPOSAL 13

ENABLING WORKER-COOPERATIVE MEMBERSHIP FOR NON-EU COUNTRY NATIONALS

Current self-employment regulations in Malta impose high capital investment thresholds that prevent legally resident Non-EU Country Nationals (TCNs) from participating in or forming worker cooperatives. While designed for single-owner enterprises, applying these strict financial capital requirements to worker cooperatives creates an unintended barrier for lawful workers seeking formal, democratic self-employment. This proposal seeks to update administrative rules within Jobsplus and immigration guidelines. By establishing a dedicated pathway for TCNs who already hold valid work permits and meet a minimum residency period, Malta can reduce informal work, expand tax revenues, protect labor standards, and promote structured social inclusion—without creating new visa routes or altering primary immigration policy.

Budget 2027 action: Commission a joint review of employment, residence and self-employment requirements affecting non-EU nationals who wish to join or establish registered worker co-operatives.

Key Policy Measures

- a. Targeted exemption from capital thresholds: Amend Jobsplus and immigration self-employment guidelines to exempt qualifying TCNs (holding valid work permits and fulfilling a minimum residency period) from standard self-employment capital investment criteria when joining or founding registered worker cooperatives.
- b. Implement strict vetting protocols, including lawful-funds verification and background checks, to prevent shell entities or fraudulent setups.





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