

GREEN SERIES

Taking 'green' by the horns

> GreenTech's role in promoting sustainable developments and succeeding the big green plan



HAVING examined the sustainable industrialised building system and green integrated building solutions last week, today we feature GreenTech Malaysia (GreenTech) CEO Dr Mohd Azman Zainul Abidin's replies to queries on the Green Technology Master Plan (GTMP), the Low Carbon Cities Framework (LCCF) and the role and responsibility of GreenTech where these are concerned.

Q: What is GreenTech's role in the establishment of the GTMP; who initiated it; when was it first broached; and why was it introduced when Malaysia already had "green" goals which have yet to be achieved?

A: GreenTech Malaysia was appointed by the Energy, Green Technology and Water Ministry (KeTTHA) to develop the Green Technology Master Plan (GTMP) which defines Malaysia's strategic plans to develop green technology and create a low-carbon, resource-efficient and sustainable economy. Malaysia recognised the significance and importance of striving for low-carbon economy, which can enhance its global competitiveness, at the same time, attain environmentally sustainable socio-economic growth. The GTMP is an evolving, long-term action plan to actualise the vision, objectives, goals and strategic thrusts of the National Green Technology Policy. It provides the framework and key elements for implementation by defining a realistic action plan from 2017 to 2030 in propelling green technology as a driver to accelerate the national economy and promote sustainable development.

We believe the formulation of the GTMP can support and strengthen Malaysia's efforts in becoming a high-income and developed nation by 2020.

Q: How does the LCCF fit into the master plan and what is GreenTech's responsibility in succeeding the goals under the LCCF vision?

A: The LCCF was established to promote sustainable developments that will subsequently reduce carbon emissions in line with the government's commitment to reduce its greenhouse gases emissions per GDP per capita by 45% by the year 2030. The commitment was made during the 21st Conference of Parties to the United Nation's Framework Convention on Climate Change in Paris called COP21. The LCCF is part of the ministry's initiative aimed to set in motion further initiatives and action plans at various levels, towards overall reduction across the whole nine yards of the carbon footprint

platform, nationwide. GreenTech Malaysia was appointed by the ministry as an "implementer agency" to put into action, actualise and materialise the LCCF.

LCCF helps stakeholders in cities and townships to define their priorities and develop further action plans to reduce their carbon emissions as it focuses specifically on carbon reduction strategies and measures. As an implementer agency for LCCF, GreenTech Malaysia is responsible in conducting training and awareness programmes for all the cities' stakeholders, especially local authorities and developers, provide consultancy and one-on-one coaching sessions in setting up the baseline for respective cities; and provide technical advisory for the LCCF application and recognition.

Q: In the implementation of the LCCF, there are 154 municipalities selected, what was the criteria for the selection?

A: There are 154 municipalities in Malaysia. Due to limited resources, 52 local authorities with City and Municipal Council (Bandaraya and Perbandaran) status were identified for LCCF implementation. These are the areas where there is a higher concentration of population, where sources of carbon emission and pollution problems exist and mitigation is needed, hence they were 'selected'. Other factors include the municipality's readiness and commitment to move towards low-carbon development. However, general awareness and training is given to all local authorities in the country.

Q: Can you elaborate a little more on GreenTech's role as an "implementer agency" in regards to the LCCF?

A: Our LCCF work concerns more with the local authorities. However, upon request we extend our consulting and advisory services to private developers to assist them in implementing the green agenda through green technology and

low-carbon solutions in their development projects according to the LCCF, besides conducting performance-based assessment on carbon reduction blueprint at the end of the assessment period (minimum assessment period is two years).

Q: Are there any incentives to encourage business and industry owners, including those in the building and property development industry to go green?

A: There are a few incentives for the development of GT projects, services and purchase of assets such as:

1. Tax Incentive for Green Technology Project

Investment Tax Allowance (ITA) of 100% of qualifying capital expenditure incurred on a green technology project from the year of assessment 2013 (date on which the first qualifying capital expenditure incurred is not earlier than Oct 25, 2013) until the year of assessment 2020. The allowance can be offset against 70% of statutory income in the year of assessment. Unutilised allowances can be carried forward until they are fully absorbed.

Green technology projects related to renewable energy, energy efficiency, green buildings, green data centres and waste management schemes can qualify for this tax incentive. Refer to the Guideline for Application for Incentives and/or Expatriate Posts for Green Technology (GT) at www.mida.gov.my for more details. Applications received by Malaysian Investment Development Authority (Mida) by Dec 31, 2020 are eligible for this incentive.

2. Tax Incentive for Green Technology Services

Income tax exemption of 100% of statutory income from the year of assessment 2013 until the year of assessment 2020.

Green technology services related to renewable energy, energy efficiency, electric vehicles (EV), green buildings, green data centres,

green certification and verification, and green townships can qualify for this tax incentive.

Applications received by Mida by Dec 31, 2020 are eligible for this incentive.

3. Tax Incentive for Purchase of Green Technology Assets

Investment Tax Allowance (ITA) of 100% of qualifying capital expenditure incurred on green technology assets from the year of assessment 2013 (date on which the first qualifying capital expenditure incurred is not earlier than Oct 25, 2013) until the year of assessment 2020. The allowance can be offset against 70% of statutory income in the year of assessment. Unutilised allowances can be carried forward until they are fully absorbed.

The purchase of green technology assets (as listed in MyHijau Directory) will be eligible for this tax incentive. Refer to www.greendirectory.my for the list of assets certified by the Malaysia Green Technology Corporation (MGTC) as MyHijau and approved by the Finance Ministry.

Applications received by MGTC by Dec 31, 2020 are eligible for this incentive.

Q: There is common belief that "buying green" (as in property) costs more than "buying regular" - can you share your thoughts on this ideology?

A: It is another irony of our modern times that green is seen by some as a luxury only the wealthy can afford. Many, many years ago, green living was a norm "enjoyed" by practically everyone; except there was no "label" for such a lifestyle as that was how people were naturally brought up. These days, green is seen as a luxury, due to the additional cost charged to customers for:

- ▶ R&D activities for new or innovation technology
- ▶ Green certification including testing facilities and audit verification
- ▶ Expertise in green technology including training and skill development
- ▶ Intellectual property including design and pattern development

Cost is not such a simple issue, because we cannot compare item A and B next to each other. It wouldn't be an apple-to-apple comparison. When you consider the environmental costs of building or operating a house, things become complicated quickly. Before we can argue intelligently about whether the benefits of green products are a fair exchange for the price, we have to understand the true cost of it any other way. When buying green, we take into account that the product

will reduce the operational, maintenance and disposal cost. When people dismiss green buildings as too expensive, they usually mean that adding green features ie. renewable energy, extra insulation, recycled materials to the house they were already planning to build or remodel requires too much money. But such an evaluation hardly means that green buildings are too expensive. It simply means that some people value other things more highly.

Q: At the recent IGEM 2017, the significance and importance of "going green" was communicated and reinforced; where are we in terms of being "responsibly green" compared to other countries?

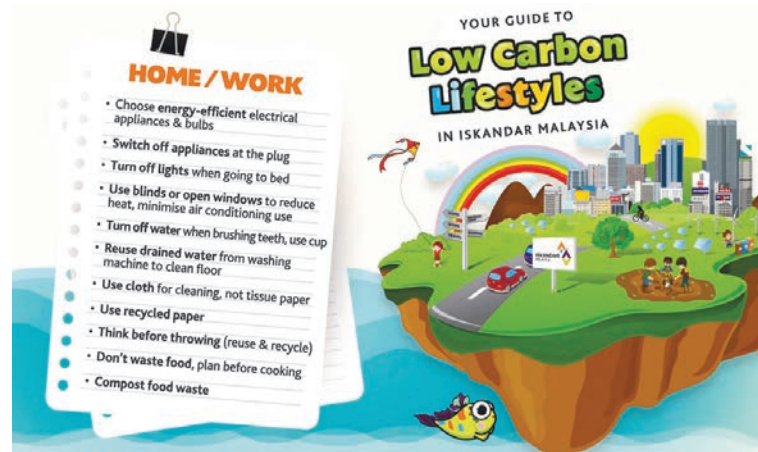
A: We are still at the "promotion" stage where the government, NGOs and private sector need to work hand in hand to encourage sustainable lifestyles to all Malaysians. We have not reached the stage where sustainable lifestyle is the "default" choice or "preferred" choice. At this stage, we need campaigns and roadshows, and many, many efforts to promote green, especially from the grassroots level. We believe that many people in this country want to live sustainably but don't necessarily know how to do so.

The main benefits of taking up a green lifestyle can easily be seen from cost savings and health benefits. It's a lifestyle that one chooses to embrace not only for him/herself, but for the family, the community and the planet. A sustainable or green lifestyle is about the environment, the economy and the people. These three are inseparable.

Q: If there is one thing you'd like our readers to "take home" from this Q&A, what would it be?

A: With all the hype on going green, I would ask your readers to please be very careful about "greenwashing". Green has become a thing that many people make claims without knowing what it really means to be green. End users/customers must be one step ahead to ensure the products they purchase have the necessary and proper certifications, with third party verification, which is why we have the MyHIJAU label. We want customers to demand for green like how they demand for halal and we wish for Malaysians to reach that level of awareness soon.

Follow our column next week on how you can cut capital costs with green developments.



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