



LOCAL Policies for GREEN Energy – LOCAL4GREEN

Priority Axis 2: Fostering low-carbon strategies and energy efficiency in specific MED territories: cities, islands and remote areas

Specific Objective 2.2: To increase the share of renewable local energy sources in energy mix strategies and plans in specific MED territories

NATIONAL HANDBOOK MALTA

Project Partner in charge: Malta Intelligent Energy Management
Agency - MIEMA

Project partners involved: -

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1. Background and rationale of the National Handbook

1.1. Description of the LOCAL4GREEN project

The LOCAL POLICIES FOR GREEN ENERGY initiative (LOCAL4GREEN, execution period 2016-2019) is a project financed by the European Regional Development Fund (ERDF) and the Instrument for Pre-Accession Assistance (IPA) within the framework of the Interreg MED Programme 2014-2020. The project is led by the Valencian Federation of Municipalities and Provinces (FVMP) in Spain and is jointly undertaken by partner organizations from nine Mediterranean countries: MUSOL Foundation in Spain, Malta Intelligent Energy Management Agency (MIEMA), North-West Croatia Regional Energy Agency (REGEA), Development Agency of Eastern Thessaloniki's Local Authorities – Centre for the development of human resources and the support of local economy (ANATOLIKI) in Greece, Association of Cities and Municipalities of Lazio Region (ANCI LAZIO) in Italy, Building and Civil Engineering Institute (ZRMK) in Slovenia, Cyprus Energy Agency (CEA), University of Algarve in Portugal and the Albanian Association of Municipalities.

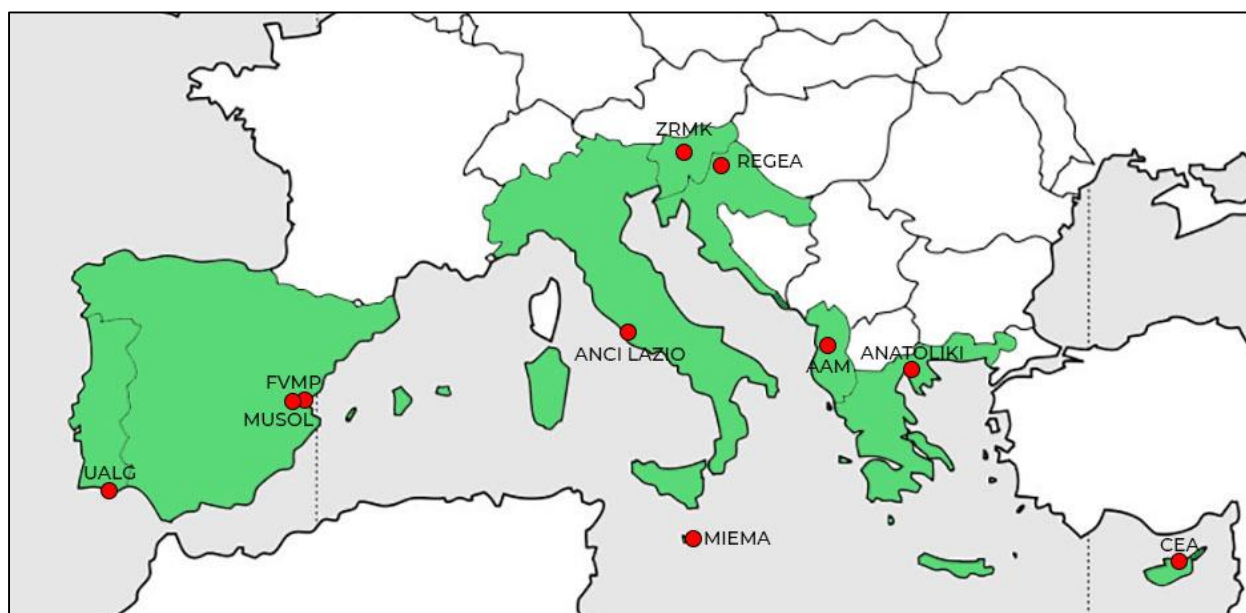


Figure 1. The 10 consortium partners from 9 Mediterranean countries (Spain, Albania, Croatia, Cyprus, Greece, Italy, Malta, Slovenia) participating in the LOCAL4GREEN Project.

The project aims at supporting Local Authorities to define and implement *innovative green local fiscal policies*, intended to *promote renewable energy sources (RES)* and *energy efficiency (EE)* measures both in the public and private sectors, including households, mainly in the framework of the *Sustainable Energy Action Plans (SEAPs 2020)* and the *Sustainable Energy and Climate Action Plans (SECAPs 2030)* adopted by Local Authority upon signing the Covenant of Mayors and/or the Covenant of Mayors for Climate & Energy¹.

In accordance with the priorities of the Interreg MED Programme (e.g. Priority Axis 2 - Fostering low-carbon strategies and energy efficiency in specific MED territories: cities, islands and remote areas, and Specific Objective 2.2 - To increase the share of renewable local energy sources in energy mix strategies and plans in specific MED territories), the LOCAL4GREEN project focuses on *rural areas and islands of MED regions*, where *local fiscal policies have a key role in increasing renewable energy sources*.

Furthermore, the project also aims to facilitate capitalization of best practices and their application in other municipalities, at national and transnational levels, through the development and dissemination of green local fiscal policy models, including the provision of technical support.

To this aim, LOCAL4GREEN has designed, tested and evaluated 127 green local fiscal policies to promote RES in 75 municipalities of the 9 countries involved, with the aim to propose them to local and regional authorities for adoption and implementation. Such fiscal policy models, intervening on *fees, taxes, tariffs and charges*, will provide green financial incentives and disincentives, or redirect tax revenues towards using renewable energy sources, thus fostering the engagement of the public and private sectors in energy transition and – in the medium/long term – increasing the share of RES in the energy mix. Local Authorities can mainstream these models in their own strategies and plans, as innovative measures to reach 2030 EU climate and energy objectives in their territories (especially in the framework of the Covenant of Mayors' initiatives) without heavily affecting municipal budgets

¹ <https://www.covenantofmayors.eu/>

1.2. Main Purposes and Features of the Handbook

This handbook intends to outline green local fiscal policy models transferrable at a national level, based on LOCAL4GREEN pilot experiences and best practices, and to provide Maltese decision makers with all information (legal, economical, technical, etc.) needed to implement the policy models in other municipalities.

This way, the handbook will serve as an aid to Municipalities in the drafting and continuous improvement of green fiscal policies.

Moreover, by implementing such policies, Municipalities will be contributing to the European Union's priorities regarding climate change mitigation, particularly the commitments put forward during the 2015 Paris Agreement negotiation process, which aim at reducing greenhouse gas emissions by at least 40%, when compared to 1990, and to achieve at least 27% of energy produced from renewable energy sources before 2030 (European Commission, 2013). In order to meet these objectives, the involvement of local authorities is indispensable. As such, the European Commission fosters, among other programmes, the Covenant of Mayors for Climate & Energy, the main initiative aimed at promoting local climate policies.

1.3. Target Groups

The *LOCAL4GREEN National Handbook* has been designed for local and regional authorities in Malta as part of the *Transferring activities* foreseen by the WP4, in order to allow the identification and replicability of best practices in other local councils and regions, according to the experience coming from the pilot municipalities of the Gozo region.

Within the framework of the **LOCAL4GREEN** project, the *Malta Intelligent Energy Management Agency – MIEMA*, provided assistance the *14 municipalities of Gozo region*, particularly through its collaboration with the *Gozo Regional Committee* which was the Maltese Associated Partner in the project. MIEMA assisted the Gozitan local councils in the formulation, design, implementation and monitoring of green fiscal policies to promote the use of RES in their territories. The experiences achieved through the pilot implemented in Gozo, as well as pilot expe-

rience from the other partner regions, shall be transferred to the other local councils and regions in Malta as part of Work Package 4.

Main objectives of the National Handbook on green local fiscal policy models consist in outlining policy models transferrable at a national level, based on pilot's experiences and best practices; besides providing national decision makers with legal, economical and technical information to enable the implementation of the green local fiscal policies models in other municipalities in Malta.

Furthermore, the National Handbook is intended to provide the LOCAL4GREEN project with best practices on green local fiscal policies to be included in an *International Handbook* and transferred at international level.

The identified target groups of the International Handbook are:

- Local authorities' employees and decision makers;
- Consultants specialized in public management;
- National and regional authorities decision makers;
- Other stakeholders interested in advocacy for renewable energy sources in Local Authorities.

2. National Regulations and Local Fiscal Policies

2.1. National Regulations

The Republic of Malta is a unitary State with no federal structure and a unicameral parliament - geographically consisting mainly of the islands of Malta and Gozo. The islands have an overall population of 434,403 inhabitants (according to the National Statistics Office - NSO - 2015) and cover an area of approximately 316 sq. km, making Malta one of the smallest Member States of the European Union. The capital is Valletta, which is the administrative, political and cultural centre of the country, as well as the commercial and economic heart of the island of Malta.

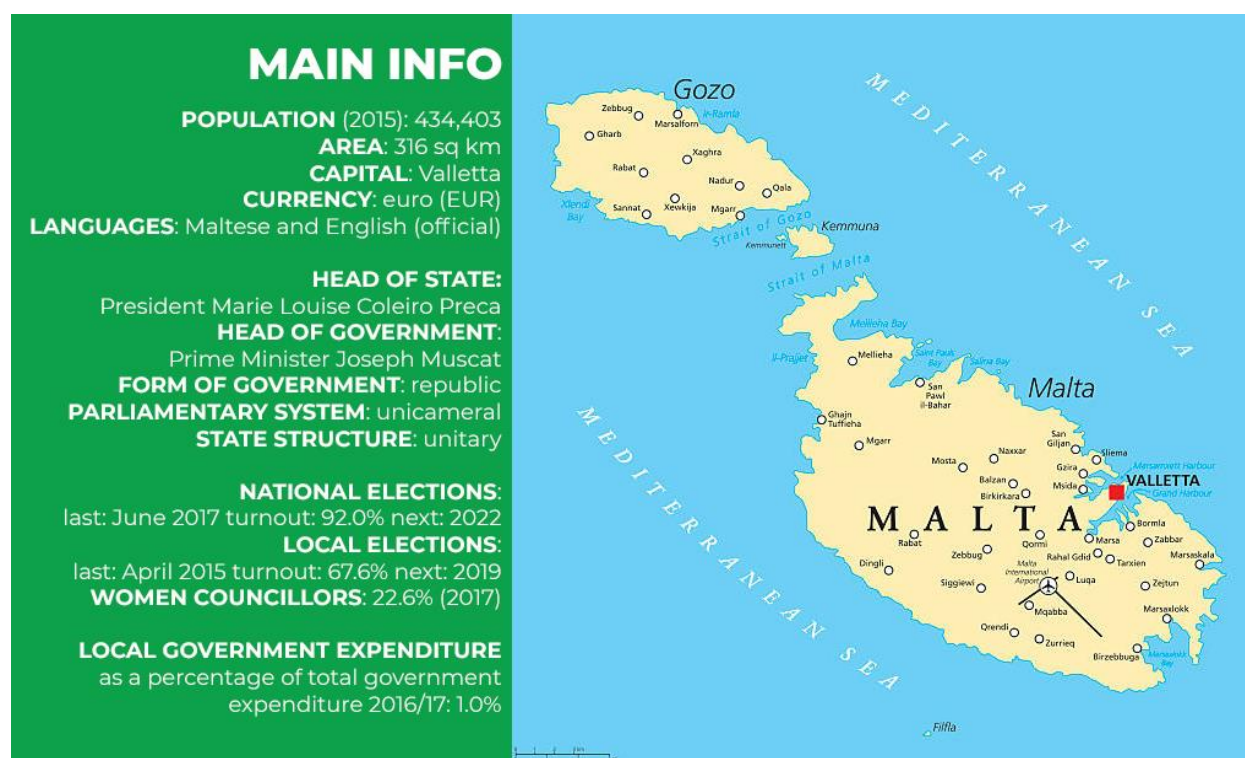


Figure 2. Basic facts and figures on the Republic of Malta

The Head of State is the President, indirectly elected for a five-year term from among and by the 65 Members of Parliament (MPs) who constitute the House of Representatives. MPs are elected for a term of up to five years by a system of proportional representation using single transferable votes. Following a national election, the president appoints the Prime Minister,

usually the leader of the majority party, who acts as the head of government, and then appoints a Deputy Prime Minister and cabinet on the advice of the Prime Minister.

Malta is a parliamentary republic with two tiers of government: central and local. Local government is enshrined in Malta's constitution and is governed by the **Local Council Act 1993, known also as Chapter 363 of the laws of Malta.**

Chapter 363 gave the Ministry for Justice, Culture and Local Government – through the Department for Local Government or Local Councils Department - the role to monitor and support Local Councils and the power to devolve them more functions for a gradual decentralisation of powers and services. The Department also administers statutory funding to Local Councils. The Minister can devolve further powers to local authorities by means of an order in the Government Gazette, and can also request information on the financial administration of Local Councils and approve financial allocations.

The institution of local self-government became part of the Maltese Constitution in 2001, through the enactment of a constitutional amendment (Act No. XIII of 2001), adding the new chapter XA to the Maltese Constitution. This new Chapter – formed by Article 115A only - provides that the State shall adopt a system of local government whereby the territory of Malta shall be divided into such number of localities as may be determined by law from time to time².

The Republic of Malta is therefore territorially and administratively divided into 68 localities - with an average population of 6,550 inhabitants per locality. Each locality is administered by a democratically elected Local Council (14 Councils in the island of Gozo and 54 in the island of Malta, including a City Council for the capital Valletta), as per Article 115A of the Constitution and Article 3(1) of the Local Councils Act. The Council constitutes the legislative core of local self-government in Malta, presided by the Mayor as the representative of the Council for all effects under Article 26(1) of the Local Council Act.

² “Local Democracy in the Republic of Malta”, Monitoring Committee – CPL32(2017)02.

Each local council participates in other assemblies or bodies, with limited functions and responsibilities, established pursuant to Article 37 of the Local Councils Act: the *Local Councils Association*, the *Regions* and the *Communities*.

The **Local Councils Association** (LCA) was set up under the Local Councils Act 1993 to promote the common interests of Local Councils and represent them in international bodies concerned with local government.

The **Regions** are groups of localities assembled on the basis of their geographical location³. The functions of Regional Committees - defined by the Ministry for Local Government after consultation with the LCA - are limited, and the funds allocated to them by the central government are inadequate, preventing them from performing any meaningful functions.

The **Communities**, also known as “hamlets”, are subordinate Administrative Committees in areas where a hamlet makes up more than 10% of the council area’s population, and are elected among the residents registered in that Community⁴.

The capital city of Malta, **Valletta**, has not yet enjoyed a special status that could grant the Local Council the prerogative to enact regulations on specific aspects of the locality’s affairs. This limits its financial, regulatory and administrative capacity and increases its dependence on the central government⁵.

³ Namely the Gozo Region, the Northern Region, the Central Region, the South Eastern Region and the Southern Region. A Regional Committee is formed from representatives and chaired by a Chairman who is elected by the Councillors of the Local Council of each locality within each Region.

⁴ There are 16 Administrative Committees in 13 of the Maltese Local Councils, eligible for a pro-rata budget from the Council. Each Committee is composed of 5 members (one of whom is the Chairperson), who can take decisions and make recommendations by simple majority that must be ratified by the full Council.

⁵ “*Local Democracy in the Republic of Malta*”, Monitoring Committee – CPL32 (2017)02.

Districts	Councils	Administrative committees	Population (2015)
Gozo and Comino	14	3	31,683
South Eastern Harbour	11	1	67,488
Southern Harbour	14	2	79,998
Western	10	2	59,445
Northern Harbour	13	6	128,335
Northern	6	2	67,454
TOTAL	68	16	434,403

Table 1. Figures on Maltese local government bodies
(Source: Demographic Statistics, National Statistic Office 2017)



Figure 3. The 6 Regions/Districts of Malta

Local Councils (LC) in Malta, according to Article 33(1) of the Local Councils Act, are entitled to:

- maintain and clean public footways and streets (including patching and resurfacing but not reconstruction);
- collect and remove waste, maintain and clean public conveniences and dustbins;

- establish and maintain children's playground, public gardens and sport, cultural, leisure centres and local libraries; Child Care Centres, kindergartens and other educational services or buildings (sport facilities, school halls, information technology laboratories); Health and Rehabilitation centres; government dispensaries and health district offices; Homes for elderly citizens; Day and Night Care Centres;
- provide and maintain road signs and markings, bus shelters, pedestrian and parking areas, as well as protect school children in the vicinity of schools;
- propose and recommend to any competent authority changes in traffic schemes directly affecting the locality, in relation to any planning and building scheme, regarding restoration, design or alteration of the façades of buildings;
- propose, to the Minister responsible for education, persons to be appointed as presidents of primary school councils;
- provide advice and information on consumer and welfare rights, and transport and tourist facilities;
- promote social policy initiatives within their locality;
- safeguard local identity, historical and cultural heritage, traditions and folklore; provide assistance to artists, musicians and sport persons from the locality in order to develop their talents; organise cultural and sport activities for all residents of all ages;
- protect the natural and urban environment of the locality, and take all the necessary measures to ensure the efficient use of energy, good waste management and climate change initiatives;
- promote the concept of lifelong learning and the service of local libraries;
- promote an entrepreneurial policy whereby the interests of shop owners and the needs of the residents and the consumer in the community are catered for.

For other functions, the central government may delegate discretionary powers to councils - which may then take action in areas where action is not being taken by any other authority – but a number of functions are still excluded from the competence of local councils: main roads, national monuments, national parks/gardens, industrial estates, ports, airports, and other national territories, establishments and buildings.

In conclusion, as shown in Table 2, the LCs' functions are limited to the provision of basic social services to residents, the organisation of activities and the performance of administrative tasks, having as a result for LCs to regulate only a small share of the public affairs in each locality.

Services		Delivering Authority	
		Central	Local
GENERAL ADMINISTRATION	Police	•	
	Fire protection	•	
	Civil protection	•	
	Criminal justice	•	
	Civil status register	•	
	Statistical office	•	
	Electoral register	•	
EDUCATION	Pre-school (kindergarten & nursery)	•	•
	Primary	•	
	Secondary	•	
	Vocational & technical	•	
	Higher education	•	
	Adult education	•	•
SOCIAL WELFARE	Family welfare services	•	
	Welfare homes	•	•
	Social security	•	
PUBLIC HEALTH	Primary care	•	
	Hospitals	•	
	Health protection	•	
HOUSING & TOWN PLANNING	Housing	•	
	Town planning	•	
	Regional planning	•	
TRANSPORT	Roads	•	
	Transport	•	•
	Urban roads	•	•
	Ports	•	

Services		Delivering Authority	
		Central	Local
	Airports	•	
ENVIRONMENT & PUBLIC SANITATION	Water & sanitation	•	
	Refuse collection & disposal		•
	Cemeteries & crematoria	•	
	Slaughterhouses	•	
	Environmental protection	•	•
	Consumer protection	•	•
CULTURE, LEISURE & SPORTS	Theatre & concerts	•	•
	Museums & libraries	•	•
	Parks & open spaces	•	•
	Sports & leisure	•	
	Religious facilities	•	
UTILITIES	Gas services	•	
	District heating	•	
	Water supply	•	
	Electricity	•	
ECONOMIC	Agriculture, forests & fisheries	•	
	Local economic development/promotion	•	
	Trade & industry	•	
	Tourism	•	•

• Sole responsibility service

• Discretionary service

• Joint responsibility service

Table 2. Functions of Central government and of Local Councils: a comparison
 (Source: www.clgf.org.uk/malta)

2.2. Local Fiscal Policies

There is no reference in the Local Councils Act allowing for the **collection of taxes** by Local Councils⁶. Despite being separate legal entities, LCs do not have the power either to impose local taxes or to borrow money, therefore their income mostly depends on central government: over three-quarters of LCs' revenues come, indeed, from the allocation - in terms of the *Article 55* of the Act - of annual grants by the Minister of Finance under the *Appropriation Act*, which serves for the exercise of the functions of Local Councils⁷. The expenditure of each LC is monitored and controlled by the central government through the provision of annual budgets.

Funds allocated by the central government to Local Councils are considered inadequate⁸ and as a consequence the Councils experience financial difficulties, preventing them from effectively performing and accomplishing even their basic functions⁹. LCs are not even able to dispose of their financial resources freely, since the grants allocated to them are earmarked for specific purposes coming from the Article 33 of the Local Councils Act. Moreover, any supplementary or special funds are only provided to LCs upon the written authorisation and approval of the Minister responsible for Local Government and the Minister of Finance. Therefore, the request for additional funding - both directly to the central government and by obtaining a loan after its consent - is quite a difficult and time consuming process.

⁶ Contrary to the Article 9, paragraph 3 of the European Charter of Self-local government.

⁷ Approximately 80% of LCs funding comes from central government according to a funding formula mandated in the Local Councils Act 2003. Transfers are made annually and any balance at the financial year end is retained by the Council.

⁸ The allocation of funds to Local Councils has increased since 2009, reaching approximately 37 million Euros per year in 2016. Nevertheless, compared to the central government expenditure the local councils' total amount is still very low (expenditure on local councils is approximately 1% of the total annual government expenditure).

⁹ "Local Democracy in the Republic of Malta", Monitoring Committee – CPL32 (2017)02.

Local Councils' access to the national capital market is severely restricted, too, and no investment in any commercial undertaking may be made without the consent of the central government (Article 9 (8) of the Charter).

In conclusion, it is possible to state that the Local Councils in Malta are still far from enjoying the right to regulate a substantial share of public affairs as required by the Charter and the objective of establishing a system of local self-government has not yet been achieved. This state of play is further aggravated by the impossibility for Local Councils to raise capital through the imposition and collection of taxes or charges, as well as the financial dependence on the annual government grants (Appropriation Act and Annual Budget), which still maintain the LCs in a relationship of **financial dependency to the central government**.

Nevertheless, Local Councils have revenue-raising powers, which they can exercise by making, amending or revoking **bye-laws** for the purpose of carrying out their functions and for the prevention and suppression of nuisances in their locality. More specifically, a municipal bye-law is an ordinance or a public regulatory law established by a local authority for the governing of determined subjects in a certain area, having the same validity and power of any other law of the land. It could be considered a form of *delegated legislation* from a central authority to a local level of government, only on a limited range of matters, in accordance with the powers conferred by to it under a statute and with higher levels of law. Examples of common bye-laws are vehicle parking regulations, animal control, licensing, noise, business regulation, management of public recreation areas.

Different categories of bye-laws already published can be identified (though bye-laws of the same category slightly differ from municipality to municipality, depending on the particular needs of each Local Council):

- Adverts on Council's street furniture or in public areas under Council's responsibility
- Hire of property or equipment owned or administered by the Council
- Furniture in public places
- Administration of property for the holding of activities and use of facilities under the responsibility of the Council

- Trailers and other encumbering objects in the municipality area
- Protection of belvedere
- Exclusive zones for barbecues
- Control of outdoor activities, camping, vehicles & equipment in beaches and public places
- Remote-controlled model power boats, aeroplanes and helicopters in public places
- Beverages in glass containers in public places
- Consumption of alcoholic beverages in public places
- Loitering in specific public streets (anti-prostitution)
- Fixing and placement of notice boards
- Organisation of courses, activities, summer schools and outings
- Use and placement of skips/bins on wheels issued prior or in addition to similar regulations published by general application
- Adverts on the Council's web page on the internet
- Use of information systems
- Protection of public land during social and commercial activities
- Sale of publications and souvenirs of the Councils
- Control of pigeons and prohibition of birds at events, use of animal-drawn carriages

Bye-laws are applicable only within the legal boundaries of the locality issuing them. Trespassers shall be liable to a fine, the amount of which is set by the Local Council of the locality where the contravention occurs.

The procedure for making bye-laws is ruled by *Article 35* and *Standing Order 36 of the Sixth Schedule of the Local Councils Act*, which are summarised in Figure 4.

Drafting a Bye-Law

Article 35 and Standing Order 36 of the Sixth Schedule of the Local Council Act

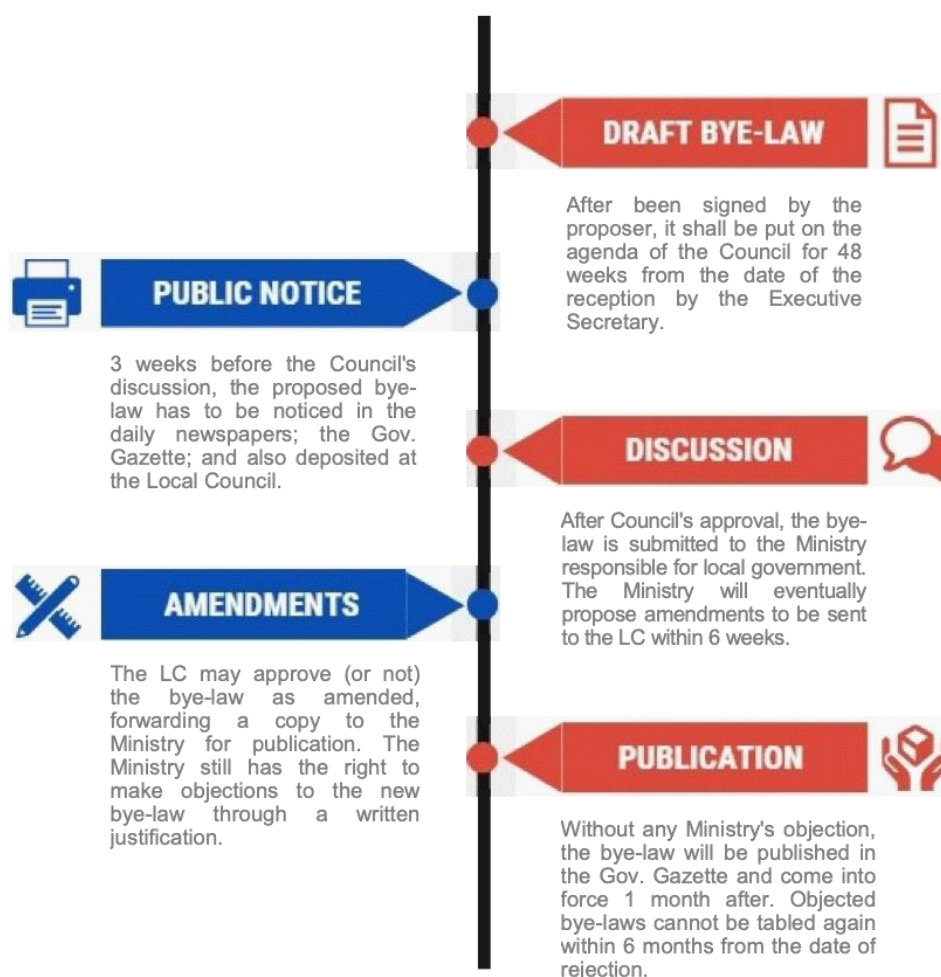


Figure 4. Bye-Laws procedure in Malta

2.3. Description of the Local Fiscal Policies considered as Best Practices

The 14 Local Councils of the Gozo Region have been chosen as pilot municipalities within the LOCAL4GREEN project for the design, implementation and monitoring of green fiscal policies. In the last decade, Gozo has been making important steps towards environmental sustainability

and energy transition, also within the framework of EcoGozo – a comprehensive Sustainable Development strategy launched in 2008, with a strong focus on renewable energy.

In the energy sector, in particular, it is worth mentioning the positive trend of photovoltaic systems installation in all Gozitan municipalities (see Figure 7).



Figure 5. The installation of photovoltaic panels at the Government Experimental Farm as part of a renewable energy project for Gozo, financed by the European Regional Development Fund 2007-2013. The installation included 730 panels, which generate approximately 832 units of electricity per day (Source: gozo.gov.mt)



Figure 6. The installation of a grid-connected PV system at Ghajnsielem Parish Centre, Ghajnsielem, Gozo (Source: investinginyourfuture.gov.mt)

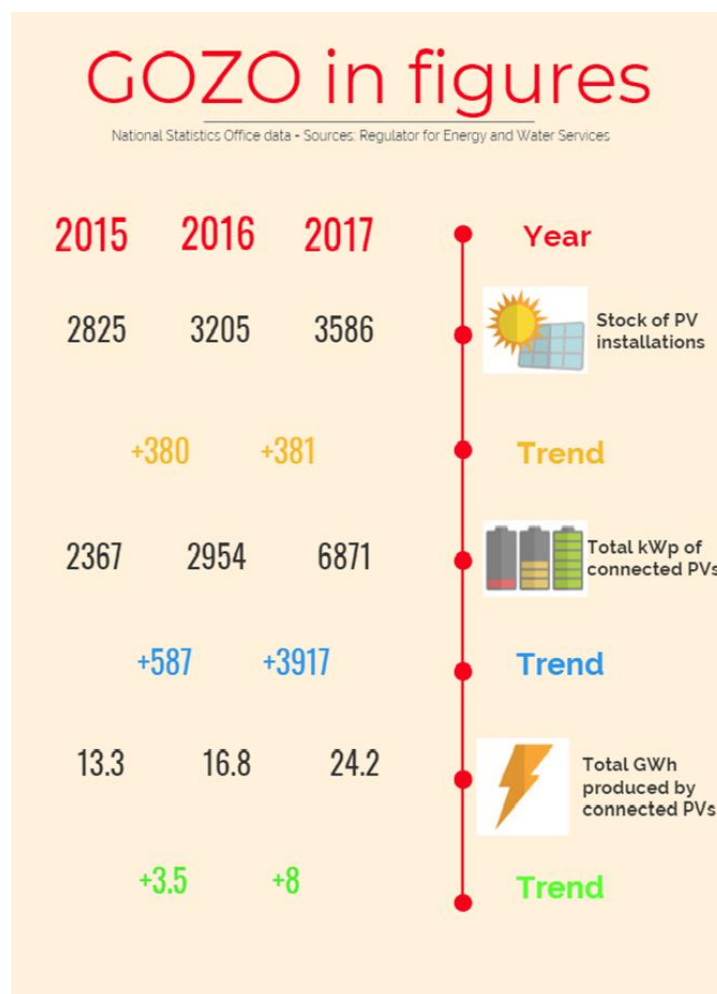


Figure 7. Trend of solar photovoltaic in Gozo 2015-2017

The focus has been put on the identification and financial assessment of the bye-laws already approved and published by the local councils of the Gozo region, in order to play an advocacy role with mayors, internal technical experts and councillors aimed at amending the existing ordinances with new measures that shall boost and reward the use of RES among residents.

The objective was not to create new taxes, but rather to redirect public ordinances regulating different local contents towards environmental purposes.

The categories of local public laws taken into consideration were:

- Hire of property or equipment owned or administered by Local Councils;
- Administration of property for the holding of activities and use of facilities under the responsibility of the Council;
- Protection of public land during social and commercial activities;
- Activities requiring permit by Local Councils regulations.

2.3.1. Fiscal Policy for residents/applicants that require a permit as per LN119/2002 for the deposit or use any crane or other machinery during building or demolition works

Title	Reduction of fees for public land occupation during building or demolition works for RES installations owners
Location	Gozo island (MT)
Municipality	San Lawrenz
Year	2018
Partner in charge	MIEMA
Contact	info@miema.org

Fiscal policy description

The fiscal policy considered is Legal Notice 119/2002, regulating the permit-fee collected by Municipalities for the occupation of public land - with cranes or other equipment - for building works. The Legal Notice states that 'No person shall deposit or use any crane or other machinery during the erection, construction, or demolition of any building or similar project without a permit from the Local Council'; the permit is subject to the payment of a pre-established fee.

Proposed fees modification

Two modifications were proposed:

- 1) a 25% reduction of the fee in the case that the applicant already has a RES installation (presently the only RES that is commonly installed in Malta and Gozo is PV). The presence of such installation can be easily verified upon presentation by the resident/applicant of the latest utility bill, on which the RES installation would be clearly mentioned.
- 2) a 50% reduction of the fee in the case that an applicant is requesting a permit to allow the installation of a new RES system (mainly PV). In order to install a grid-connected PV system (which is the case for almost all RES installations in Malta and Gozo), the building owner needs to submit an application to REWS (Regulatory of Energy and Water Services), which in turn sends a notification letter once the application form is accepted. The resident/applicant requiring a permit from the local council would, in this case, needs to present a copy of the application form and acceptance letter.

This proposal has been included in the Local Council's agenda by the Mayor and the Executive Secretary, for a plenary discussion by all the members of the Local Council. The Local Council drafted the fiscal policy according to its administrative procedures, together with assistance from the LOCAL4GREEN project team. The final proposed fiscal policy has been presented for

approval during a local council committee meeting.

However, the implementation of this fiscal policy is partially subject to the formal approval by the Council, since Legal Notice n. 119 falls under the central government's competences; and any modification or changes of the fees/taxes (and the corresponding losses for the Local Councils' budgets) need a longer procedure and discussion to find an agreement between central and local governments (which are still financially dependent from the central government).

Impact

Economic impact

	San Lawrenz Local Council	2017	% Economic Impact on Income from Permit fees	up to 2020	% Economic Impact on Income from Permit fees
A	Income from Permit fees	1,200.00 €	100%	3,709.00 €	100%
B	Income from public space occupancy permits (75%)	900.00 €	75%	2,782.00 €	75%
C	Income from other activities requiring permits (25%)	300.00 €	25%	927.00 €	25%
	N. of permits for new PV installations	3	-	10	-
B1	Income from PV installation permits	45.00 €	3.80%	150.00 €	4%
	New installations -50% discount	-22.50 €	-1.90%	-75.00 €	-2%
	Total number of households in San Lawrenz LC	370	-	387	-
	Households with already installed solar PV systems	69	-	79	-
	% of buildings with already installed PV	18.7%	18.7%	20.50%	20.50%
	Income from households with and without RES installations	855.00 €	71.20%	2,632.00 €	71.00%
	N. of permits from households with and without RES installations	57	-	175	-
	N. of permits from households with RES installations	10	-	35	-
B2	Income from households with RES installations - permit fees	150.00 €	12.50%	525.00 €	14.20%
	Old installations -25% discount	112.50 €	9.40%	394.00 €	10.60%
	Loss from old installations	-37.50 €	-3.10%	-131.00 €	-3.60%
B3	Income from households not in possession of RES installations	705.00 €	58.70%	2,107.00 €	56.80%

Environmental impact

San Lawrenz Local Council	Baseline 2017	Prevision 2020
kWp (domestic + commercial)	225.3	256.8
kWp increase	+10.1 (in 2016)	+31.5 (in 2017)
% kWp increase	+4.7%	+14%
Yearly production per KWh/kWp	1,384.9	1,348.1
MWh (domestic + commercial)	312	346.20
MWh increase	+19.6 (in 2016)	+34.20 (in 2017)
% MWh increase	+6.7% (in 2016)	+11% (in 2017)
Total tons of CO2 avoided by PV systems	79.3	88
Tons of CO2 from old installations	74.3	79.3
% of possible CO2 reduction	-94%	-90%
Tons of CO2 from new installations	5	8.7
% of possible CO2 reduction	-6%	-10%

Up to 2020, the CO₂ emissions avoided by means of the whole stock of solar PV systems installed (79 installations foreseen) would amount to -88 tons. This would mean that the 10 new installations expected – suitable to benefit of -50% discount in the fee for permits – may contribute to reduce their footprint of 8.7 tons of CO₂, thanks to the use of RES systems. In the same way, households already in possession of RES systems (79 total installations expected up to 2020 for domestic and commercial use) – potentially benefitting of -25% discount in the fee for permits – may be avoiding 79.3 tons of CO₂ emissions.

If we link the total CO₂ emissions avoidable (88 tons) by households in possession of RES systems, to the total potential loss on the San Lawrenz LC income from Permits fee (206.00€), thus each ton of saved carbon dioxide emission would cost to the Municipality approximately 2.35€.

Though San Lawrenz - with a population of 883 registered residents at April 2018 - is the second smallest municipality in Gozo, this policy is applicable to all the 14 Gozitan municipalities (Qala, Victoria, Fontana, Ghajnsielem, Gharb, Ghasri, Kercem, Munxar, Nadur, San Lawrenz, Sannat, Xaghra, Xewkija and Zebbug), thus potentially reaching more than 30,000 residents and having a significant effect on the promotion of RES in the island, in line with the 2030 National Energy Climate Plan and the EcoGozo Action Plan.

2.3.2. Fiscal policy in relation to the rental of electric bikes/vehicles from the Council

Title	Reduction of fees for the rental of electric bikes/vehicles for RES installations owners
Location	Gozo island (MT)
Municipality	San Lawrenz
Year	2018
Partner in charge	MIEMA
Contact	info@miema.org

Fiscal policy description

In 2017 San Lawrenz Local Council was awarded the first prize of the Permanent Sustainable Mobility Measures Competition which is held annually by Transport Malta (the Maltese national transport authority) as part of European Mobility Week. The awarded project was entitled “Green Mobility at San Lawrenz” and received a € 50,000 grant to introduce shared electric mobility (one electric vehicle to be used to transport the elderly and mobility impaired citizens and four electric bicycles for tourists and residents) in the locality. The project shall include an automatic card-based system which allows for user identification and payment by credit/debit card. People willing to make use of the service will need to submit an initial application form to the Council and will receive the card after approval.

Proposed fees modification

As part of the LOCAL4GREEN project, it was proposed that the rental fee for the use of the electric bikes is waived for residents having a RES installation. In the case of residents that have RES, a special code will be allocated to the user card which would allow him/her to make use of the bike without payment. The verification of the presence of RES will be carried out at the application stage through presentation of a utility bill.

The Local Council accepted this “E-mobility measure” and drafted the fiscal policy according to its administrative procedures, with the technical assistance of the MIEMA team. The final fiscal incentive has been presented to the councillors for the official approval during the Local Council Committee meeting n. 46 held on the 14th February 2019.

Impact

San Lawrenz Local Council	Baseline	Estimation
Number of households	370	-
Expected 1-day bike rents yearly	288	-
Expected fee for 1-day bike rent	20 €	-
Income from E-Bike renting	-	5,760 €
Percentage of households with PVs already installed	-	18.7%
Income from citizens with PVs renting E-Bikes (estimated)	-	1,080 €
Fiscal policies -50% discount	-	-540 €
% of loss on the total income	-	-9.4%
Average Km of autonomy 1 e-bike	50	-
Average gCO2/Km emissions by fuel vehicles in Malta	131.2	-
Average gCO2/Km emission reduction by 1 e-bike		6,560
Tons of CO2 avoided by e-bikes renting	-	1.9
Expected 1-day bike rents yearly from households with RES	-	54
Tons of CO2 avoided by rewarded citizens with RES systems	-	0.35



Figure 8. San Lawrenz Local Council in Gozo was awarded the first prize for the proposal 'Green Mobility at San Lawrenz' during the 2017 Permanent Sustainable Mobility Measures Competition, launched annually by Transport Malta as part of European Mobility Week
 (Source: gozonews.com)

2.3.3. Fiscal Policy in relation to outdoor activities

Title	Reduction of fees for the organization of outdoor activities for RES installations owners
Location	Gozo island (MT)
Municipality	Sannat
Year	2018
Partner in charge	MIEMA
Contact	info@miema.org

Fiscal policy description

The bye-law of 19th June 2018 (Subsidiary Legislation 363.205) was drafted and submitted by the Local Council of Sannat and is presently under review for approval by the Central Government. The bye-law revolves around the organization of outdoor activities at the beach called “Mgarr ix-Xini” and nearby camping area. Presently, an entity organizing an activity (including commercial events, weddings, barbeques, etc.) is required to pay a fixed fee of €7 for making use of the outdoor space, irrespective of the size of the event, commercial nature and the number of people attending. The Council believes the fee to be inadequate, particularly for the organization of very large events, also considering the popularity of the beach with both locals and tourists, which increased further after the filming of a movie starring a very popular cast during the period August-November 2014.

The amended bye-law states that no entity may undertake an activity in a designated beach or camping area without the prior written authorization of the Local Council. When submitting an application for a permit, the applicant should indicate the number of participants for whom the activity would be intended and, by default, it is presumed that the activity is intended for more than fifty persons. The permit shall be issued against a fee payment of € 2.50 per day per person, part-taking in the activity or making use of the camping site. A signed application form, indicating the number of people and the area to be used for the activity (marked on a site plan), needs to be submitted by the applicant.

Proposed fees modification

As part of the LOCAL4GREEN project, it was proposed to have a percentage reduction or a complete waiver of the fee that is collected for the organization of events in the above-mentioned location in the case that the applicant has a RES installation (presently the only RES that is commonly installed in Malta and Gozo is PV). The presence of RES installation can be easily verified by presentation of the latest utility bill by the resident/applicant, on which the PV installation would be clearly mentioned. The definition of the exact reduction of the fee is being assessed and discussed with the mayor and members of the Council.

Impact

Economic impact

Since the update of the bye-law is still under discussion between Sannat LC and the central government (in order to enable the modification in the fee as described above), it has not been possible to collect data that would allow to estimate the economic impact of the intervening modifications on the municipal income. Therefore, a hypothesis has been outlined of the economic impact of a single permit - requested by applicants in possession of RES systems - for the organisation of an outdoor activity involving at least 50 attendees. Considering the fixed fee of 2.00€ that the applicant already in possession of RES systems has to pay for each person taking part in the outdoor activity, Sannat LC would have a loss of 0.50€ for each person by applying the proposed 20% reduction. In the hypothesis of an event bringing together 50 people, the LC would collect 100€ instead of 125€ (against the 7€ originally leviable from such permit according to the initial version of the bye-law).

Environmental impact

The estimation of the tons of CO₂ reduced by means of the above-mentioned bye-law should not only considered the carbon footprint avoided by each applicant, but rather tried to forecast the use of RES systems by the participants, assuming as a hypothesis that all the applicants and participants in all the events organised in the locality are residents of Sannat LC.

It has been calculated that, in 2017, the 227 households in possession of RES systems would have reduced CO₂ emissions for 814.1 tons, which means almost 3.6 tons of CO₂ avoided by each household. This can be considered as the carbon footprint reduced by each applicant requesting for a land occupancy permit to perform an outdoor activity at Mgarr ix-Xini.

Finally, it has also been calculated that, in 2017, 36% of the households of Sannat LC were in possession of RES systems at their own premises. Assuming that 36% of the participants in an event organised for 50 residents of Sannat have RES system at home, it can be affirmed that 18 participants in possession of RES would be comprised in the count of CO₂ reduction

emissions, for a total of 64.8 tons of CO₂ avoided. Considering, instead, the hypothesis of 50 participants all resident in Gozo, it would be possible to assume a contribution of around 32 tons of CO₂ reduced by 18 households making use of RES systems at their premises. Finally, it has to be strongly underlined that a loss of 25€ in the municipal income would correspond to a significant environmental impact in terms of CO₂ reduction in the locality - even if not directly attributable to the bye-law considered – by means of residents already making use of RES installations.

2.3.4. Fiscal Policy in relation to public parking facilities

Title	Reduction of fees for the rental of garages in the Civic Centre for RES installations owners
Location	Gozo island (MT)
Municipality	Kercem
Year	2018
Partner in charge	MIEMA
Contact	info@miema.org

Fiscal policy description

The Local Council of Kercem issued in 2012 a bye-law regulating the rental of garages in Civic Centre. These garages can be rented - after a public call for tenders – for a period of five years, and the rates of garage rental shall not be less than € 900 per year for one car garage, and € 2,000 per year for three car garage.

Proposed fees modification

The Local Council of Kercem proposed to offer a 5% - 10% reduction in the rates charged to tenants renting garages from the Local Council, following any call for tenders issued according to the bye-law, in case the tenant has installed PVs or other RES systems at his/her residence (PVs currently constitute the only RES commonly installed in Malta and Gozo). The presence of a RES installation can easily be verified from the latest utility bill, where a PV installation would be clearly indicated.

Impact

Economic impact

	Kercem Local Council	2017	% Economic Impact on Income from Permit fees	up to 2020	% Economic Impact on Income from Permit fees
A	Income from Permit fees	500.00 €	100%	1,545.00 €	100%
B	Income from public space occupancy permits (75%)	375.00 €	75%	1,159.00 €	75%
C	Income from other activities requiring permits (25%)	125.00 €	25%	386.00 €	25%
	N. of permits for new PV installations	23	-	36	-
B1	Income from PV installation permits	345.00 €	69%	540.00 €	35%
	New installations -50% discount	-172.50 €	-34.50%	-270.00 €	-17.50%
	Total number of household in Kercem LC	580	-	607	-
	Households with already installed solar PV systems	239	-	275	-
	% of buildings with already installed PV	41.20%	41.20%	45.30%	45.30%
	Income from households with and without RES installations	30.00 €	6.00%	619.00 €	40.00%
	N. of permits from households with and without RES installations	2	-	41	-
	N. of permits from households with RES installations	1	-	18	-
B2	Income from households with RES installations - permit fees	15.00 €	3.00%	270.00 €	17.40%
	Old installations -25% discount	11.25 €	2.25%	202.50 €	13.10%
	Loss from old installations	-3.75 €	-0.75%	-67.50 €	-4.30%
B3	Income from households not in possession of RES installations	15.00 €	3.00%	349.00 €	22.60%

Environmental impact

Kercem Local Council	Baseline 2017	Prevision 2020
kWp (domestic + commercial)	1,911.30	2,177.10
kWp increase	+37.4 (in 2016)	+265.8 (in 2017)
% kWp increase	+2.0%	+13.9%
Yearly production per KWh/kWp	1,384.9	1,348.1
MWh (domestic + commercial)	2,647	2,935
MWh increase	+100.7 (in 2016)	+288 (in 2017)
% MWh increase	+3.95% (in 2016)	+10.9% (in 2017)
Total tons of CO ₂ avoided by PV systems	672.3	745.5
Tons of CO ₂ from old installations	646.7	672.3
% of possible CO ₂ reduction	-96.2%	-90.2%
Tons of CO ₂ from new installations	25.6	73.2
% of possible CO ₂ reduction	-3.8%	-9.8%

Up to 2020, the CO₂ emissions avoided by means of the whole stock of solar PV systems installed (275 installations foreseen) would amount to -745.5 tons. This would mean that the 36 new installations expected – suitable to benefit of -50% discount in the fee for permits – may contribute to reduce their footprint of 73.2 tons of CO₂, thanks to the use of RES systems. In the same way, households already in possession of RES systems (275 total installations expected up to 2020 for domestic and commercial use) – potentially benefitting of -25% discount in the fee for permits – may be avoiding 672.3 tons of CO₂ emissions.

If we link the total CO₂ emissions avoidable (745.5 tons) by households in possession or RES systems, to the total potential loss on the Kercem LC income from Permits fee (337.50€), thus each ton of saved CO₂ emission would cost to the Municipality approximately 0.45€.

3. National legislative or normative reforms needed to enable local authorities to put in place improved fiscal policies to promote RES

The current state of affairs in the local-self-government legislation in Malta needs:

- further functions, responsibilities and rights to be endowed to LCs in order to regulate the public affairs in their localities;
- adequate financial resources to LCs to execute their services effectively and efficiently;
- the possibility for LCs to freely use the grants allocated, in order to satisfy their own priorities and goals, both short-term and long-term;
- ratification of Article 9(3) of the European Charter of Self-local government by the government, ensuring LCs the power and right to impose and collect local taxes and charges, allowing them to raise revenues and increase their income-generating capacity;
- abolition of the approval of the central government that is now needed by LCs to obtain loans or have access to the national capital market;
- the possibility for LCs to self-determine the number of its employees, based on its needs and resources;
- the restriction to the power of the central government to approve, appoint, remove or transfer Executive Secretaries from one Local Council to another;
- the increase of the allowances payable to Mayors and Councillors and the provision of adequate compensation for the expenses incurred in the execution of their work;
- assignment of a special status to the City of Valletta, due to its importance and responsibility in the country, both as Capital and as city;
- the introduction of measures to encourage women's access to local political office with the objective to ensure a more gender-balanced representation.

At the moment, the introduction of incentives to promote the update of RES on a local level can be implemented through the drafting of a new bye-law (or the modifying of an existing one). The drafting and approval of bye-laws can be a difficult process depending on the particular proposal and the expecting impact on the locality.

A bye-law is usually drafted by a legal expert engaged by the local council and this would then need to be reviewed and approved by the council members. Following this the bye-law has to be sent to the central government for its approval which can be quite a lengthy process.

The modifications proposed in Chapter 2 to Legal Notice 119/2002, regulating the permit-fee collected by the Municipalities for the occupation of public land, can be increased by considering also, for instance, the permits issued for the placement of tables, chairs, stalls or kiosks (i.e. the fee can be reduced for establishments using RES), or for open-air shows (i.e. a fee reduction can be foreseen if the event is plastic-free).

Given the challenges expected to introduce new bye-laws that can promote the use of RES in the locality, the local council may explore other ideas to promote RES and reward citizens for their contributions in GHG emissions reduction.

Incentives aimed to promote RES may include:

- Implementation of a specific project which addresses a particular needs or aspect of the locality such as sustainable tourism, green mobility and intermodal transport, waste management and reduction (e.g. reduction of single-use plastic packaging), etc.;
- Participation in EU funded projects which focus on the promotion of RES within the community and launching of activities for the community members that incentivise the uptake of RES. Local Councils should get ready for the next EU funds programming period 2021-2027, and prepare also to involve national-level authorities, to pave the way for the capitalisation and mainstreaming of projects results;
- Elaboration of reward schemes in connection with the local commercial sector such as transport, retail outlets etc. that may provide “vouchers” for community members as a reward for using RES. This can be done, for example, by customising Apps already used in many cities for rewarding sustainable mobility behaviours¹⁰.

¹⁰ See for example the App WeCity: <https://maps.wecity.it/en>

The identification of synergies between different projects and initiatives may allow local councils to benefit from different programmes and schemes as well as tap into funding related to renewable energy and energy efficiency measures. The implementation of specific projects allows the council to access the additional expertise required for the design of green fiscal policies as well as to obtain financial resources for the launch and maintenance of such schemes and ensure long term economic and environmental sustainability.

Given the current limitations to the Local Councils' action on fiscal matters, Municipalities can also launch negotiation processes with the central government, aimed at introducing incentivising mechanisms that can be managed by the LCs once the necessary transfer of powers to the municipal level is completed. For example, in order to reinforce the link between RES and sustainable tourism, the central government could intervene on the Eco-contribution (0.50€ per host per night up to a maximum of 5€) that visitors must pay for every night of stay in Maltese hotels, guest houses and other accommodation facilities. A part of the income generated by the collection of this tax could be ring-fenced for energy purposes – i.e. for financing energy audits for hotels (as foreseen, for example, in the inter-municipal Sustainable Energy Action Plan led by the Italian Municipality of Mogliano Veneto¹¹) or for establishing a grant or a Green Fund to support hotel owners willing to invest in RES and/or energy efficiency. Additional resources for this kind of financial support could come from a diversification of the Eco-contribution (currently a flat rate) according to the hotel category – a diversification in force in many EU countries (Italy, Spain, Germany, etc.). A similar mechanism has been proposed by the LOCAL4GREEN partner CEA for the city of Nicosia (CY).

Another option for LCs is to propose incentivising measures that can be carried out jointly by Local Councils and national-level public authorities, for example, discounts on public transport passes for domestic RES owners: within such scheme, the national public transport company (Transport Malta) should manage the incentive, while LCs can carry out communication tasks to

¹¹ See p. 178 of the document <http://www.comune.mogliano-veneto.tv.it/doc/PAES%20MOGLIANO%20VENETO.pdf>

inform citizens and raise their awareness. Transport Malta that is also in charge of managing public parking lots, could also be involved in other initiatives, i.e. the free parking for electric vehicles in municipal car parks (as proposed, for example, for the LOCAL4GREEN Portuguese pilot areas of Olhão and Faro).

4. Conclusions

The aim of the “National Handbook on Green Fiscal Policy Models” is to present the pilot examples of green local fiscal policies designed by MIEMA with the active participation and guidance of the Gozo Municipalities involved in the LOCAL4GREEN project.

At the same time, this document intends to highlight how the fiscal models taken into consideration so far may be easily redirected towards the Local Councils’ objectives to promote and award the use of renewable energy among their citizens, showing the effective potential that each community - albeit small - can untap by modifying the existing framework of regulations and taxation locally applicable, in order to change its own energy consumption habits.

Furthermore, the National Handbook intends also to be a useful tool for local decision-makers, providing them with a proven legal, economic and technical approach to design and execute local fiscal policies for renewable energy sources promotion; and to raise public awareness on sustainable energy efficiency by means of the replicability of some of the already tested green fiscal models in other Maltese local communities.

Finally, it is worth remembering here the necessity of an extensive local government reform in Malta – often recalled in this document - as an opportunity to embark on a far-reaching decentralisation and greater autonomy for the Maltese Local Government, in order to enable local authorities not only to achieve the suitable tools needed to boost their renewable energy community projects, but also to improve democratic processes at local level.

This eventuality has been officially recognised by the Ministry for Justice, Culture and Local Government, as well as by the Parliamentary Secretariat for Local Government and Communities that have launched a reform of Local Government on the occasion of its 25th anniversary (1993-2018), with the purpose to enable Maltese localities to better address the challenges they face.¹²

¹² *White Paper on Local Government Reform*, published by the Parliamentary Secretariat for Local Government and Communities within the Ministry for Justice, Culture & Local Government, October 2018.