

SGI Sustainable
Governance
Indicators

2014 Malta Report

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Executive Summary

The picture Malta presents during the review period is a complex one. As a working democracy, the country has few legal restrictions on candidacy; elections are free and fair; the courts protect political and civil liberties effectively; the media has become more free and pluralistic; and media access has increased for political parties and candidates. Malta also performs reasonably well on issues of legal certainty and judicial review, and the country's National Audit Office and Ombudsman Office contribute significantly to transparency and accountability of government.

Yet a few issues seriously undermine Malta's democratic credentials. The president is elected by a simple majority in parliament (rather than a two-thirds vote, as is the norm elsewhere in Europe) and is therefore perceived as representing party government rather than the state. Malta also has no process of popular decision-making, such as referenda. The Constitutional Court can declare a law invalid, but it has no powers to revoke laws. The prime minister holds the sole responsibility of appointing justices; and there are no legal controls on political party financing. Political discrimination is still significant. And crucially for citizens, access to government information is severely restricted and the prevention of corruption is lax at best.

Malta is also the only European state with only two political parties represented in parliament, and there are no thresholds to assist smaller parties in gaining parliamentary representation. The result of this setup is an entrenched two-party system which while facilitating stability also promotes patronage and the overall perception that politics is a zero-sum game. The courts however have helped in mitigating discrimination while the Ombudsman Office protects citizens from maladministration, and the National Audit Office constantly highlights accountability issues and helps to reform public financial management.

Despite widespread demands for reform, many government plans have come to naught. The Nationalist Party government (voted out of office in the 9 March 2013 elections) had as part of its agenda plans to reform the parliament and the judiciary, in addition to acts on freedom of information, whistle-blower

protections and party financing, yet plans either were scrapped or not completely followed through. Furthermore, despite the existence of parliamentary committees, scrutiny of the executive remains weak, as parliament lacks the necessary resources and powers. Political parties are more active in policy formulation and policy evaluation than is parliament and the knowledge of political parties is further strengthened by interaction with interest associations. Of these, business and trade unions are the most influential, while other interest associations have grown more important since Malta joined the European Union in 2004.

In general, the governing party that dominated the legislature during the EU accession process introduced reforms and enforcement mechanisms that in essence strengthened democracy, but since accession, parliament has increasingly abandoned reforms or practices that could continue the process of consolidating democracy.

Malta's economy is open, and thus it is exposed to and affected by positive or negative developments from abroad. What threatens the country's ability to pursue economic sustainability however is the tendency of governments to allow political considerations to muddle economic issues. For example, since 2010 both the deficit and the national debt have been allowed to expand rapidly. Malta expects the European Union to invoke procedures against it for infringing the 3% and 60% limits (at the time of writing 3.7% and 71%) respectively. Indeed, political considerations fueled by the possibility of early elections resulted in capital projects which have added more pressure to Malta's overall financial sustainability. These considerations have been further compounded by a failure to reform pensions and a welfare system which, while laudable because of its social inclusiveness, places heavy burdens on Malta's finances. Rampant tax evasion further undermines the economy, given that Malta has no resources and depends heavily on tax revenue to support public expenditure programs.

Environmental sustainability has gained in importance since Malta joined the European Union. The island country however needs to address its near-total dependence on oil imports, dwindling water resources and high cost of providing water through reverse-osmosis plants. In addressing these and other problems, Malta's approach is hindered by a lack of strategic capacity and coordination at most levels, and this in turn restricts its strategic planning. However, membership in the European Union has forced a greater awareness of these issues; and while some of the planning structures in place still require further adjustments, some progress has been achieved.

Key Challenges

The challenges in establishing a system of good governance in Malta are many and require addressing in the near- and mid-term. Parliament and its committees as well as corruption-prevention agencies such as the Permanent Commission against Corruption are in dire need of sufficient human and financial resources. Professional and qualified personnel are available in public service but simply need to be deployed to other purposes. Similarly, a decision needs to be made as to whether members of parliament should remain part-time or go full-time; this would require a wholesale reform of current structures and processes, and the earlier the debate starts, the better.

Malta also faces challenges with financial sustainability. The elected government as of March 2013 must undertake a detailed study of current public expenditures, focusing on reforms which cut waste and end corruption. Without such an exercise, it will be difficult for the government to address both the deficit and Malta's spiraling public debt. The government must also take into consideration health expenditures; a tricky subject, as it may involve bridging differences with medical professionals over how to deal best with health care spending shortcomings. The energy sector is another area that requires attention. Enemalta, the state energy provider, is heavily indebted and requires serious restructuring; its operations drain Malta's finances, and it is also the cause for the country's low international credit ratings. The high cost of energy is also a heavy burden on industry, reducing competitiveness. The government's decision to abandon Enemalta's near total dependence on oil imports and instead opt for a mix of energy products should help lighten this burden.

Financial sustainability could also be achieved through a more structured, robust policy process that encourages economic diversification. Ministries must strengthen their internal policy and research process, allowing them to address issues in a more professional and coordinated manner. The current piecemeal approach to policy formulation, as there is no overall coordinating agency, has resulted in duplication, confusion, inefficiency and waste. The ministries' failure to coordinate policy as part of the 2011 bus transport reform brought chaos to the roads and hardship to commuters; an attempt to clean up the mess only resulted in a hefty increase in subsidies and payments to the private operator that was sourced for the reform.

If the government's strategic capacity is to be improved, Maltese legislators must abandon their traditional secrecy and be ready to engage and consult more fully with civil society. There is a general tendency to consult the public only after decisions – some of which, once taken, can only be reversed or modified at great cost – have already been made. The government also needs to introduce external audits by outside experts of government procedures and policies on a regular basis.

Maltese public administration has within its ranks a number of highly qualified personnel with advanced training in policymaking who are not properly utilized. Discrimination or lack of political trust on behalf of government has caused this problem; and until merit becomes the established criteria for government recruitment and promotion, the problem will persist. The Labor Party-led government, elected in March 2013, has promised to address this issue. For such an exercise to be successful, however, there must be a proper audit of current skills and qualifications within public service. This has never happened, as the standard practice for appointments and promotions is essentially a recommendation from party headquarters.

Finally, Malta must implement clear integration policies which so far have been conspicuously absent. Once Malta joined the European Union, the possibility that non-Maltese EU citizens would access opportunities in Malta became a real situation. The European Union has already demonstrated that Malta's attempts at discouraging immigrants through discriminatory policies will not be tolerated. Similarly, Malta's failure to adopt policies which allow for the integration of refugees from Africa can only lead to future problems on such a small island. Good governance dictates that a thorough study of the situation should be conducted to ensure that future policy considers immigrant interests as well and are not discriminatory.

Policy Performance

I. Economic Policies

Economy

Economic Policy
Score: 8

Economic planning is at the forefront of Malta's policymaking prowess, and a clear-cut assignment of tasks to government institutions is its strength. There are important ties between public institutions as well as between the economic planning ministry and social partners. The government retains final decision-making powers; however, consultation with social partners through the Malta Council for Economic and Social Development occurs regularly, in which council, budgetary, labor and fiscal policies are agreed upon. Because of these strong ties, Malta managed to weather the global economic crisis better than most other EU member states. This is corroborated by the European Economic Forecast, which highlights the fact that Malta's labor market is resilient and boasts one of the lowest unemployment rates in the euro area.

Furthermore, economic diversification, supported by a solid banking system, ensured fewer repercussions during the crisis. Financial services, pharmaceuticals, online gaming, aviation maintenance, tourism, information and communication technology, high value-added manufacturing and the maritime sector have all contributed to economic growth, even during the European recession. Since EU membership in 2004, Malta has also strengthened its regulatory institutions, entrenching efficient anti-monopoly policies, while membership in the euro zone has forced it to further expand its economic planning capacity.

A 2012 World Bank Report reviewing the ease of doing business ranked Malta 167th worldwide, citing long delays in obtaining construction permits and electricity services. Local businesses also cited the high cost of electricity in eroding their competitive edge. A heavy reliance on construction and falling property prices also signals a need for further economic diversification. In the

2012 Global Competitiveness Index, Malta ranked high (15th) in financial market development, though it lagged behind in labor market efficiency and market size. Due to its small size and limited resources, the country is in a better situation to serve specialized niches rather than cater for the mass market.

Co-determination within individual enterprises is however non-existent.

Citation:

European Economic Forecast Winter 2013 p.66

Pre-Budget Document 2013, p. 1

vision2015.gov.mt

Global Competitiveness Report 2011- 2012

Sansone, K. Its not Easy Doing Business in Malta Says World Bank. Times of Malta 27/10/12

Labor Markets

Labor Market Policy
Score: 8

Malta's government claims to pursue the Europe 2020 Strategy, the aim of which is the creation of the necessary preconditions likely to encourage inclusive growth. Malta has one of the lowest unemployment rates in the euro area, and youth unemployment fell from 18.5% in April 2011 to 17.6% in April 2012. The rate of labor market participation increased from 58.2% in 2000 to 61.6% in 2011, the rise attributed to a shift in policy (particularly fiscal incentives and improvements in childcare facilities) to encourage female participation in the workforce. However, Maltese labor policy lags in several key areas. Significantly, the gender employment gap is particularly bad for women, as despite policy improvements a lack of affordable childcare and after-school care, as well as flexible working hours, still presents a significant hurdle for women in the workforce. Another variable that accounts for Malta having one of the lowest employment ratios in the European Union is the size of its informal economy, which is estimated at 25% of GDP – there are many unregistered workers, many of which who are non-nationals.

Moreover, while the rate of early school leavers actually decreased from 42.3% in 2004 to 33.5% in 2011, Malta in 2011 still claimed the highest rate of early school leavers in the European Union, thus there are serious shortcomings in the quality of Malta's workforce. This scenario is further exacerbated by the fact that economic restructuring has created a mismatch between demand and supply of skills in the workforce. The government has attempted to address this through the introduction of new vocational courses and colleges that offer learning more in line with the needs of industrial job creators. Unemployment among older workers has increased from 12% to 15% from 2004 to 2011. With

this, attention has now been paid to the shortcomings of Malta's 2012 National Reform Program, as it does not propose a comprehensive active-aging strategy; what's more, many older workers tend to opt for early retirement. A long-term active labor market policy is required, rather than the current short-term, ad hoc program.

While Malta possesses a consolidated support system for the unemployed in terms of social benefits and retraining opportunities, its labor market in general is not inclusive enough to offer sufficient opportunity for lower-skilled individuals who struggle to find employment.

Citation:

Framework Agreement on Inclusive Labor Market March 2010 p. 4

Europe 2020– A European Strategy for Smart, Sustainable and Inclusive Growth March 2010 p. 3

European Economic Forecast Winter 2013 p.66

Pre-Budget Document 2013 August 2012 p.3

Council Recommendation on the National Reform Programme 2012 of Malta and delivering a Council opinion on the Stability Programme of Malta July 2012 p.4, p.7, p.8.

Europe 2020 Target: Early School Leaving p.2

Malta National Reform Programme 2012 April 2012 p. 32

Caruana, C & Theuma, M. The Next Leap: From Labor Market Programmes to Active Labor Market Policy. UHM

Taxes

Tax Policy
Score: 7

The Maltese income tax system ensures that a portion of income is non-taxable for all three tax categories (€8,500 for single individuals, €11,900 for married individuals and €9,300 for parents). This exception is already a significant measure when considered from a social equity perspective. Parents also receive a tax rebate on school fees paid. There is no tax on the sale of one's primary residence, and the 2013 budget also removed inheritance taxes on a primary residence. Other measures which might contribute to more equity include the extension of the favorable 15% income tax rate enjoyed by part-time pensioners working in the private sector to similar pensioners working in government entities.

In addition, the 2013 budget the income ceiling for those paying tax of 35% was raised to €60,000.

Yet the burden of taxation is mainly carried by people in fixed and registered employment, a result of Malta's large informal economy (more than 25% of GDP) and ineffective tax evasion controls. With a corporate taxation rate of 35% (equal to the maximum personal tax rate), Malta has one of the highest tax

rates applicable to companies in the EU. Nonetheless, Maltese tax policy does not charge additional tax on dividends paid to shareholders, apart from that they are entitled to tax credits.

Fiscal incentives are one of the very few means available to the Maltese government to enhance the competitiveness of various economic sectors, not least as a tool for attracting more foreign direct investment. Special incentives are also available for research and development-related projects, which also makes companies eligible for tax credits for industrial research, experimental development and the registration of intellectual property.

Measures enacted during the review period aim to strengthen Malta's competitiveness in high value-added knowledge economy sectors, by offering a flat income tax rate of 15% to international professionals in the digital games industry as well as to academics and researchers in the research and development sectors. Micro or small enterprises (with a maximum of 10 employees) are entitled to a 40% tax credit if they invest in new technologies or create new jobs. For small to medium-sized businesses on the island of Gozo, off the coast of Malta, this tax credit is 60%. This is particularly important when one considers that micro-enterprises form the backbone of Malta's economic system.

According to the European Commission's latest fiscal sustainability report, "Malta does not appear to face a risk of fiscal stress in the short-term." However, in the medium- and long-term, Malta faces moderate sustainability risks, as government debt, 70.9% of GDP in 2011 and expected to rise to 72.7% in 2014, is substantially above the threshold of 60% of GDP.

A major concern in relation to public expenditures is related the government's age-related expenditures and the size of the informal economy, at 25.3% of GDP.

Importantly, Malta has experienced an almost 20% jump in tax revenue, when expressed in terms of its share of GDP between 2000 and 2010; the increase in direct taxation was particularly notable, as revenue there grew by 45%. This is coupled by the fact that revenues from consumption taxes amount to 13.2% of GDP, compared with the EU-27 average of 11.9%. Nonetheless, the Commission report goes on to state that "the amount of revenue raised from taxation on labor is the second lowest in the Union (Malta, 10.7% of GDP, EU-27 17.1%) which is mainly due to the low employer's social security contributions."

Citation:

<http://www.ird.gov.mt/>

Taxation trends in the European Union, 2012 Edition p. 126

Taxation Trends in the European Union, 2012 Edition p. 126

Malta National Reform Programme April 2012 p.120

Budget Speech 2013, p.13, p.14, p.18, p.19

Malta A Regional Centre for Strategic Investment and Doing Business p.4, p.5

National Reform Programme April 2012 p. 142

Fiscal Sustainability Report 2012 December 2012 p.114

Council Recommendation on the National Reform Programme 2012 and delivering a Council opinion on the Stability Programme of Malta, 2012-2015, July 2012 p.7

Tax Reforms in EU Member States 2012 Report p.75

Taxation Trends in the European Union 2012 Edition p.125

Malta: Update of Stability Programme 2012-2015 April 2012 p.17

Pre Budget Document 2013, August 2012 p. 10

Budgets

Budgetary Policy
Score: 4

As part of its 2013 budget, and during an election year, the government made promises to cut taxes and increase welfare support. Although the budget failed to pass in parliament, the opposition party declared that if elected, it would adopt the budget with only minor amendments. Many of these measures may challenge the government-elect's claim that the budget could be adopted without significantly impacting the budget deficit. The financial crisis also pushed the government to inject more money into the economy as a means to safeguard employment and investments; however, the government also embarked on a series of highly contested projects, such as the building of a new parliament building, the transformation of a war-damaged opera house into an open air theatre, and the reconstruction of the Valetta breakwater bridge, which was destroyed during WWII (for which no adequate funding was available).

The potential waste of public funds has become a contested point in Malta. The result has been an unprecedented rise in the government debt-to-GDP ratio and its servicing commitment. Since the March 2013 elections, it has also transpired that the deficit is actually higher than stated in the budget figures; that many measures in the 2013 budget are expansionary; and that projected tax revenues are probably optimistic. It is also likely that the government at the time of writing will need to trim its budget and project aspirations if it is not to incur sanctions from Brussels over both its deficit and the level of government debt. Malta has signed up to the EU Fiscal Stability Pact while the European Union, in light of new economic information, is considering whether to open procedures against Malta. The 2012 report by the European Commission has urged Maltese authorities to adopt additional measures to ensure that the deficit

falls below 3% of GDP in 2013; to curb current spending while preserving capital spending; to tighten controls on the growth of health spending; to increase the use of means-testing for government benefits; and to contain the government's wages bill through prudent collective wage agreements and a compression of public sector employment through attrition.

Citation:

—“The Politics of Public Expenditure in Malta” in *Journal of Commonwealth & Comparative Politics*, Vol. 46, No. 1, February, 2008, Routledge, U.K. Maurice Mullard, University of Hull & Godfrey Pirotta.
<http://www.timesofmalta.com/articles/view/20111028/opinion/For-a-sustainable-Budget.391117>
 Fiscal Sustainability Report 2012. European Economy Series. European Commission
 Calleja, C. Shame of Health Waste, *Times of Malta* 12/06/13

Research and Innovation

R&I Policy
Score: 4

Business research and innovation (R&D) have gained in importance in Malta in recent years, notably as a response to the decline in low value-added manufacturing. Yet the National Research and Innovation System, as well as the policies and structures for its development, are still in the early stages. The National Strategic Plan for Research and Innovation 2011 – 2020 highlights the importance of placing R&D activities at the center of national economic policies and endeavors. The 2020 Strategic Plan also highlights the challenges that hinder growth in this area. Significantly, Malta has a relatively low percentage of science and technology graduates and consequently a low percentage of qualified individuals in science and technology in the labor force, compared to other EU member states. This is corroborated by the latest Innovation Union Scoreboard, which identifies human resources as one of Malta's relative weaknesses. One reason for this is that local small and medium-sized businesses are geared toward the local market, and do not consider international opportunities; what's more, only 7% of local small businesses offer products that could be regarded as unique.

In 2010, total expenditure on R&D was €42 million, 0.68% of GDP. The business enterprise sector contributed 62.3%, while the higher education and government sectors contributed 34% and 3.7% respectively. The fields of engineering and technology and natural sciences recorded a substantial rise in R&D activity, contributing 53.9% and 33.6% respectively. In 2013, the government budget allocated €42 million toward R&D and innovation activities. Sectors to be supported through such funding include biotech, pharmaceuticals, health care, maritime, information technology and electronics.

Citation:

National Strategic Plan for Research and Innovation 2011-2020 (Draft for Public Consultation - 2011) p.9, p.12, p.13

Innovation Union Scoreboard 2013 p.44

Research and Development in Malta NSO August 2012

Private Sector Interaction in the Decision Making Processes of Public Research Policies Country Profile: Malta European Commission ec.europa.eu/invest-in-research/pdf/...en/psi_countryprofile_malta.pdf

Global Financial System

Stabilizing Global
Financial Markets
Score: 6

Malta is a small economy and as such is not a principal actor in the regulation of financial markets. However, it possesses consolidated links with regional and international organizations which help it, through shared intelligence, to combat high-risk or criminal financial activities, ensuring fair cost- and risk-sharing among market actors when market failure occurs or is likely to occur, and to enhance information transparency in international markets and financial movements. The government established the Financial Intelligence Analysis Unit (FIAU), under the Prevention of Money Laundering Act, to help combat high risk or criminal financial activities. The FIAU is responsible for the collection, collation, processing, analysis and dissemination of information with a view to combating money laundering and the funding of terrorism. The unit is also responsible for monitoring compliance with the relevant legislative provisions as well as issuing guidelines to curb money laundering. The Malta Competition and Consumer Affairs Authority is also active in strengthening consumer rights and protections. The authority is composed of the Office for Competition, the Office for Consumer Affairs, the Standards and Metrology Institute and the Technical Regulations Division.

Citation:

www.ecb.int/ecb/tasks/international/financialarchitecture/html/index.en.html

www.mfsa.com.mt/pages/viewcontent.aspx?id=136

www.centralbankmalta.org/site/about4.html

www.centralbankmalta.org/site/international.htm

II. Social Policies

Education

Education Policy
Score: 5

Malta's main resource is essentially its human resources, and because of issues of overpopulation, the pressures to attract business investment and sustain employment levels depends very much on the skill, quality and education levels of the workforce. The effects of Malta's education policy on the creation of a skilled workforce are mixed, however. While the number of students who attend higher education has grown over the last 20 years, those levels have now reached a plateau and are in danger of declining, as the number of graduates from upper secondary levels has remained flat. The Angelou Economics Study commissioned by the Maltese government in 2010 states that despite improvements, Malta still lags in post-secondary education. Between 64% and 66% of Maltese students have no more than basic literacy skills; and performance in mathematics and sciences lags behind other countries. The Trends in International Mathematics and Science Study for 2011 concludes that 30% of fifth-year Maltese students did not meet international standards, compared to a median of 8%, ranking Malta 40th out of 50 countries surveyed.

Vocational education virtually disappeared prior to the reintroduction of the Malta College of Arts, Science and Technology (MCAST), a college for continuing education; however, there are no institutions to help bridge the gap between secondary school and MCAST, as vocational education schools have been closed. One criticism of MCAST has been that its courses and the standard of its graduates do not satisfy standard criteria, even though the institution awards degrees. Discussions during the review period included allowing MCAST graduates to add to degree work and qualifications at the University of Malta.

The graduate output of upper and tertiary education still remains low. EU statistics indicate that with the highest number of early school leavers in the European Union, Malta risked missing its 2020 thresholds.

The system's shortcomings conflict with the fact that Malta provides a high level of equitable access to education at all levels. State (50%) and church schools (30%) are free, with state support being provided for both sectors. The private school sector, which charges fees, is very small (18%). Yet there is a

qualitative difference between private and state public schools, which results in a two-track inequitable system (Bartolo 2007). Post-secondary and tertiary students do not pay fees and also receive stipends to ensure that higher secondary and tertiary education remains open for all. There has also been an increase in the provision of free preschool (3 years and over) state facilities, where Malta ranks 30th out of 41 countries.

During the review period, the state educational system was in the process of being overhauled to address a number of issues including the segregation of the sexes and the rigid testing system. Early school leavers are at risk of remaining unemployed, and thus falling into a cycle of poverty.

Citation:

Trends in International Mathematics and Science Study for 2011, issued April 2013.

Claudia Vallejo and Melinda Dooley, (2008) Educational Policies that address Social Inequalities: Country Report Malta www.epasi.eu/CountryReportMT.pdf

P IRLS Progress in International Reading Literacy Study Malta Report (2013) https://www.education.gov.mt/mediacentre/enter.ashx?file=MediaCenter/Docs/1_PIRLS_2011-Malta_report.pdf

An Early School Leaving Strategy For Malta (2012) Office of the Permanent Secretary Ministry of Education and Employment https://www.education.gov.mt/mediacentre/enter.ashx?file=MediaCenter/Docs/1_ESLS_for_Malta.pdf

Social Inclusion

Social Inclusion
Policy
Score: 6

Malta has a consolidated social benefits system that supports those with low incomes; in addition, health care and education for everyone is available free of charge. However, the high risk of poverty among the unemployed and the elderly suggest that welfare benefits and pensions are not sufficient. In 2009, expenditure on social protection benefits amounted to a fifth of Malta's gross domestic product, a figure considerably lower than that of the EU average, or a quarter of GDP in 2008. However, between 2005 and 2008, while social protection benefits in the EU-27 grew by 9.5%, Maltese benefits increased by 22.3%. Malta is also committed to achieving a target of 6,560 persons at risk of poverty by 2020; however, according to the National Statistics Office, the figure at the time of writing stands at over 63,000, or one in every five individuals. At 21.4%, this is nearly three percentage points lower than the average for the European Union, but still rather high. This is explained through Malta's lower-than-average poverty or social exclusion rate for children (25.8% vis-à-vis the EU-27 average of 27%) and adults (20.1% vis-à-vis the EU-27 average of 24.3%). It is also to be noted that Malta has a slightly higher than average rate of poverty among the elderly (21.5% vis-à-vis the EU-27 average of 20.5%). In Malta, 26% of individuals under the age of 18, compared to an EU average of 27%, are considered to be at risk of poverty. However,

Eurostat shows that 31.7% of children where parents have sub-standard education levels were at risk of poverty, compared to an EU-27 average of 49.2%, while 11.6% of children with parents with a medium standard of education were at risk of poverty (EU-27, 22.4%) and only 4.2% of children with parents with a higher level of education were at risk of poverty (EU-27, 7.5%).

Disabled persons remain relatively marginalized. Of the 3,000 “individuals of working-age registered with the National Commission for Persons with Disability, only 28.1% were in employment” according to Malta’s Operational Program II Programming document. Furthermore, unemployed disabled persons receive only 55% of the minimum wage, a situation that reinforces their exclusion and their risk of poverty.

Citation:

Europe 2020 Strategy, 2010 p.3

<http://www.timesofmalta.com/articles/view/20130227/local/Children-of-poorly-educated-at-risk-of-poverty-.459411>

Eurostat News Release (3 December 2012)

http://europa.eu/rapid/press-release_STAT-12-171_en.htm

Eurostat News Release (26 February 2013)

http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/3-26022013-AP/EN/3-26022013-AP-EN.PDF

Europe 2020 Target: Early School Leaving p.2

Operational Programme II ‘Empowering People for More Jobs and a Better Quality of Life’, July 2012, p.28

National Reform Programme April 2013 p.60, p.154, p.159, p.161

Malta’s Children at Higher Risk of Poverty than Children of Immigrants. The Independent 28/02/13

Deguara, A, The Faces of The Poor: A Sociological Review of Poverty in Contemporary Europe and Malta www.um.edu.mt/europeanstudies/books/CD_CSP4/pdf/adeguara.pdf

European Employment Observatory EEO Review: Adapting unemployment benefit systems to the economic cycle, 2011 Malta Manwel Debono Centre for Labour Studies, University of Malta

Health

Health Policy
Score: 7

Malta provides quality health care to all its citizens, with quality inpatient and outpatient hospital services for free. This is reinforced by agreements with the United Kingdom and in 2012, with Italian hospitals to service patients in need of special treatment not available locally. In the last World Health Organization (WHO) world ranking of health systems, Malta placed fifth worldwide. A number of private hospitals also exist, but until recently there has been little or no cooperation between the state and private sectors.

Inclusiveness, however, can at times be more theoretical than real. All citizens are entitled to free hospital care and vulnerable groups are entitled to state support for a list of prescription medicines. All citizens are entitled to free

medicines in relation to specified chronic diseases such as high blood pressure and diabetes. However, the support given to oncology patients is limited and such patients have to purchase expensive treatments, often running thousands of euros. Patients suffering from other conditions, although treated in state hospitals, are still required to provide medication themselves, as in the case of patients with certain kinds of eye conditions. Here too, costs can be exorbitant. Long waiting lists tend to push many patients to access health needs through private options, though in 2012 the government fostered cooperation with private hospitals to reduce waiting lists for certain in-demand procedures. The private sector accounts for approximately two-thirds of the workload in primary health care; however, health care delivery in Malta is dominated by the public sector, with 96% (1,748 beds) of hospital beds publicly owned and managed, while the remaining 85 are privately owned. Inadequate managerial capacity and political interference sometimes undermine equity in health delivery and the unacceptable waste of medical resources has recently been brought to light.

In 2010, Malta's total health care expenditure in relation to GDP was 8.6%. This compares well to the EU-27 average of 9%. It is estimated that in Malta, as much as 65% of total health care expenditure is financed by the government. Unfortunately, the lack of reliable data makes an evaluation of cost efficiency difficult to determine. The European Union has often stressed to Malta the need for reform, emphasizing that current health policies are no longer sustainable.

Citation:

Three Health Agreements Signed With Italy. Times of Malta 05/09/12

The World Health Report 2000

Healthcare Delivery in Malta 2012 www.pwc.com/en_MT/.../healthcare/.../healthcare_delivery_august_2012

Families

Family Policy
Score: 5

Malta has the lowest rate of women in employment in the European Union, with only 35.5% of women 15 years old or over in employment. The actual percentage may be higher as the informal economy represents 25% of GDP, and many women also work in family businesses on an informal basis. A breakdown of activity rates by age showed that the number of women active in the labor market was comparable to that of men aged between 15 and 24. The gap widens in subsequent age brackets. In recent years, new workplace policies have been designed to try and ensure that women already employed retain their jobs, and those wishing to return to their former positions can do so, these

include maternity leave; parental leave; paternity leave; responsibility leave; adoption leave; leave to foster children; work on a reduced time-table; five-year unpaid leave and in 2011, the introduction of financial incentives for mothers returning to work.

These policies, however, are more likely to be found within the state sector than in the private sector, as the latter still lags in this area. One reason for this situation is that a majority of businesses in Malta (70%) are family owned and employ less than five people. Only 4% to 5% of enterprises employ 100 people or more. But the adoption of more flexible working policies is uneven, as adequate child care facilities are still lacking and working mothers have to depend on other family members for support if they are to return to work. For children less than three years old, what child care provisions exist are mainly in the private sector, which require fees beyond the resources of many families. The three-to-five age group is better served, with a network of state and private kindergartens. State kindergartens, however, operate between 8:30 a.m. and 2.30 p.m., and mothers who work normal hours depend on friends and family members to collect and care for children in the intervening period. Consequently, there is a greater tendency for women to seek part-time paid employment instead of full-time employment. Very often such part-time employment is paid at unfavorable rates.

The government has slowly been addressing the situation, and the Foundation for Educational Services (FES), within the Ministry of Education and Employment, now operates 10 childcare centers which cater to infants and toddlers up to three years of age. Moreover, the FES established an after-hours school service called “Klabb 3-16” for school-age children between 3 and 16 years old, and plans to open more centers; yet many more facilities are still needed as of the end of the review period.

Citation:

Labour Force Survey, fourth Quarter 2012, National Office of Statistics, Malta.

European Union, European Platform for investing in Children: Malta The Challenge of Reconciling Family and Work for Maltese Women. http://europa.eu/epic/countries/malta/index_en.htm

Pensions

Pension Policy
Score: 5

Pensions represent 21.5% of GDP, with the figure projected to rise by some 10 percentage points over the next 50 years. The debate over pension reform started 12 years ago and following recommendations from two distinct commissions, the government has enacted some reform measures. In 2007, the

retirement age was modified and is in the process of rising to 65 for all pension recipients. However, the debate about sustainability and equity continues to dominate, especially because of pressures from the European Union, which claims that Malta's current system is unsustainable and that the pension age should rise further to make it so, as a result of the rising percentage of the population reaching pensionable age (21% in 2011). According to a report from the National Statistics Office, half the money spent on social expenditures goes toward old-age pensions. Of the other 27 EU member states, only Italy and Poland spend more on pensions.

The Maltese pension system could be described as an exclusive form of public pensions. It is based on a pay-as-you-earn system, as well as a means-tested non-contributory system. Until recently pensions were not linked to inflation, and considerable erosion in real value had been allowed to occur over the years. Although partially rectified, the real value of pensions cannot make up for decades of loss. Furthermore, given the low tax ceiling, pensioners were required to pay some income tax on their pensions, thereby suffering a further erosion of value (10% of pensioners are at risk of poverty). The 2013 budget raised the tax ceiling, which will go some way to help to redress this situation, as will the revision of supplementary assistance for those aged 65 and older, in cases where household income falls below the risk-of-poverty threshold.

Malta has no second or third pillar pension structures in place. Previously unsuccessful pension reform had indicated the introduction of a mixed pension provision, but as of the time of writing no progress has been made on this issue. There are no mandatory occupational pension schemes; although many individuals buy into a retirement scheme privately to boost their future state pensions, the global financial crisis resulted in a loss of confidence by investors as the banks and companies providing such schemes struggled.

The state so far provides no public subsidizes for private pension plans. There is also no tax exemption for those who buy into private pension schemes, and hence no concrete incentives for people to do so.

Citation:

<http://www.oecd.org/countries/malta/43469300.pdf>

http://www.academia.edu/360125/Welfare_Regimes_Exploring_the_Maltese_Social_Policy_Model

National Strategy Report on Pensions, Malta 2005

Borg Betrand, Pension Trap for those over 37. Times of Malta 30/05/12

Integration

Integration Policy
Score: 3

Malta has no formal integration policy, and although it grants refugee status to immigrants coming from vulnerable states in line with international obligations, it has not addressed the integration of these and other immigrants into Maltese society. In October 2011, Marsa Open Center Director Ahmed Burge stated that Malta's asylum policy makes little provision for the integration of refugees or migrants into broader society. A 2011 study by the British Council and Migrant Policy Group ranked Malta 28 out of 31 European countries in terms of immigrant integration. A 2010 report by the Jesuit Refugee Service found that it was extremely difficult for migrants who moved out of migrant centers to integrate into communities in the hope of finding gainful employment to re-enter the same open center system if they subsequently lost their source of income.

Migrants granted subsidiary or humanitarian protections are not eligible for unemployment benefits, and as a result, migrants wanting to seek work and their own accommodation think twice before doing so. If a migrant loses his job, they end up not only jobless but homeless and with no social safety net. The Migrants Integration Policy Index in 2011 states that "Malta is only beginning to address immigration and asylum and those who stay are starting to participate in limited integration programs, often EU funded."

The report concludes that eventually migrants can become long-term residents but few become Maltese citizens and that there are "some of the longest waits for family reunion," and that the island "has one of most exclusionary naturalization policies in Europe." Indeed, pathways to nationality pose problems for migrants irrespective of their country of origin. The minister responsible for home affairs has the final say on whether nationality is granted, and there is no appeal. The process for applying for naturalization is also not sufficiently transparent.

Citation:

<http://www.timesofmalta.com/article/s/view/20130506/local/Report-shines-light-on-murky-process-of-becoming-a-citizen.468507>

The Migrants Integration Policy Index 2011

Interview with the Marsa Open Centre director Ahmed Burge. Times of Malta 31/10/11

DEVAS National Report, Malta. (2010). Civil Society Report on the Detention of Vulnerable Asylum Seekers and Irregular Migrants in the European Union. Malta: Jesuit Refugee Service

Safe Living
Conditions
Score: 6

Safe Living

Security threats to the state originating from outside have been largely absent. But this in itself means that one cannot really assess local readiness or ability to protect citizens if such threats were to materialize. According to the U.S. Department of State, no indigenous terrorist or extremist groups are known to be active in Malta; however, the report adds that due to its geographic location and status as an EU country, Malta could be used as a possible staging point for terrorists desiring to enter other European Union countries or as a refuge for terrorists attempting to evade detection. Malta has its own Secret Service, but this is very much dependent on intelligence from friendly outside intelligence services than its own resources.

For this purpose Malta is affiliated with Interpol and seeks to acquire intelligence from countries with which it has treaties supporting its security, such as Italy. Malta is also a member of a number of cross-border security cooperation efforts, including the Management of Operational Cooperation at the External Borders of the Member States of the European Union (Frontex). As Malta has to make provisions for the security of the external frontier of the European Union, it has received assistance to maintain this role.

The government is pursuing measures to enhance the existing border control system, incorporating biometric capturing devices (fingerprints) in immigration booths and implementing shore-based surveillance measures. In relation to smarter borders, Malta's security apparatus is primarily directed toward policing the island's maritime borders and is focused on irregular migration and drug smuggling. Between 2007 and 2013, Malta is projected to spend €150 million on border security, 75% of which will be financed by the European Union.

Internally, the Secret Service has proved incapable of preempting isolated bombings or helping police to identify perpetrators leading to their conviction in the Maltese courts. It has been, however, relatively more effective in supporting the police in the fight against corruption. The Secret Service and the police are undergoing reforms and a new police academy is set to open in 2013.

Citation:

Malta Security Service Ignored Invitations for International Collaboration. Times of Malta 09/04/13

EU Conference on Innovation Border Management. 2012

eu2012.dk/.../Conference%20on%20Innovation%20Border%20Management

MULTI-ANNUAL PROGRAMME 2007-13 EXTERNAL BORDERS FUND MEMBER STATE Republic of Malta

www.ppcd.gov.mt/file.aspx?f=1366

MALTA Information Exchange on the OSCE Code of Conduct on Politico-Military Aspects of Security 31 December 2012 www.osce.org/fsc/101506

Global Inequalities

Global Social Policy
Score: 3

If one excludes Malta's participation in EU ministerial councils where global social issues are occasionally discussed, the Maltese government has very limited opportunities to help shape or advance social inclusion beyond its borders. Even in the level of aid that the country donates, this is said by the European Union and the United Nations to be far below the usual ratio to GDP. In 2011, donations reached 0.25% of GDP, and Malta seeks to reach its ODA/GNI ratio of 0.33% by 2015. There has been some controversy over the amount of development assistance that the government uses locally to provide for asylum seekers; however, the foreign ministry plans to redress this balance.

Malta's development policy attaches special importance to countries in the Horn of Africa and in Sub-Saharan Africa. Countries in these regions are the main source of asylum seekers and clandestine immigrants for Malta (mainly Sudan, Eritrea, Ethiopia and Somalia). Malta's development policy seeks to assist developing Mediterranean states, particularly in the Middle East and specifically, the Palestinian territories. Malta also highlights the need to focus on the special characteristics and particular development needs of small island states, and already actively assists other small states through the commonwealth by making available its acquired experience and expertise as a developed small island state. It also contributes little in the way of promoting a fair global system, as its role and influence at the World Trade Organization is negligible, and it does not use innovative financing mechanisms for development. In general, Malta follows the lead of the European Union, and its policies on tariffs are in line with those agreed on in Brussels.

Citation:

An Overseas Development Policy and a Framework for Humanitarian Assistance for Malta
www.foreign.gov.mt/.../Malta's%20Overseas%20Development%20Policy...

Malta : Donor Profile ec.europa.eu/europeaid/.../development...development/.../malta-donor-pr...

Over €360,000 in development aid for developing country projects. Malta Today 24/01/12

Transparent overseas development aid. Time of Malta 13/05/13

III. Environmental Policies

Environment

Environmental
Policy
Score: 4

As an EU member state, Malta is bound to fulfill key climate targets within the context of the Europe 2020 Strategy yet must hard to achieve these targets. In its 2012 country-specific recommendations, the European Council stated that “energy supply in Malta remains almost entirely dependent on imported oil, while the contribution of renewable energy sources continues to be marginal. High electricity tariffs may hamper the competitiveness of its small and medium-sized enterprises. Addressing shortcomings in energy efficiency could bring the double benefit of improving competitiveness and achieving energy and climate targets. A number of initiatives have been undertaken such as encouraging the generation of photovoltaic power and developing wind farms, building an electricity inter-connector with Sicily and promoting the use of fuel-efficient cars. However, it is still too early to see the eventual impact of those initiatives so their implementation needs to be closely monitored.”

Fresh water is a scarce resource in Malta, yet until recently the government’s approach to this important issue was spotty and in general inadequate to protect the island’s water reserves. The production of water for domestic and commercial use is heavily dependent on reverse osmosis plants. In 2011, the Malta Environmental & Planning Authority (MEPA) launched the first national Water Catchment Management Plan with the aim of establishing a framework for regulatory measures required in this area. A principal concern of the plan is the considerable pressure that is put on Malta’s scarce water resources. For this reason, a €56 million national flood relief project is being implemented with the aim of increasing the amount of water collected from 300,000 cubic meters to 1 million cubic meters. This is supplemented by the increased monitoring of groundwater extraction.

The Maltese countryside is protected from unsustainable development through a regulatory process of permits and enforcement. Moreover, the National Environment Policy launched in 2012 emphasizes the need to use land more efficiently. Malta’s land is used 51% by agricultural projects, 22.3% by urban development and 18.3% by natural vegetation.

The government has introduced various policies to preserve Malta's biodiversity, as the small island is home to a "varied and interesting array of habitats and hosts endemic, indigenous, and migratory species," as stated in the National Environment Policy. Yet Malta's biodiversity continues to be threatened through land development, invasive species, overexploitation of species and climate change. The policy outlines measures aimed to halt the loss of biodiversity by 2020. These include the compiling of a dedicated National Biodiversity Strategy and Action Plan, the creation of additional marine protected areas and strengthening the management of existing protected areas.

Citation:

National Reform Programme April 2013 p. 16

Council Recommendation on the National Reform Programme 2012 and delivering a Council opinion on the Stability Programme of Malta, 2012-2015, July 2012 p. 8

<http://www.mepa.org.mt/topic-wc-mp>

Pre-Budget Document 2013 p. 39

National Environment Policy February 2012 p. 54, p. 76

<http://www.mepa.org.mt/permitting>

NATIONAL WATER POLICY FOR MALTA, 2010 STRATEGIC ENVIRONMENTAL ASSESSMENT ENVIRONMENTAL REPORT 2012 ADI Associates. www.mrra.gov.mt/loadfile.ashx?id=c9fd051-610f-439e-958f...

A look inside Malta's new, national environment policy. Malta Today 08/09/11

Borg, B National Environment Policy lacks substance, environmentalists charge. Times of Malta 12/09/11

Life Programme; Country Fact Sheet, Malta. EU Commission 2013 ec.europa.eu/environment/life/countries/documents/malta_en_2013.pdf

Global Environmental Protection

Global
Environmental
Policy
Score: 6

Because Malta is a small state it is not traditionally a key player in international forums on global policy. The country's last contribution, a resolution entitled, "Protection of Global Climate for Present and Future Generations of Mankind," although significant as it gave rise to the United Nations Framework Convention on Climate Change and the Kyoto Protocol, dates back to 1988. Nonetheless, Malta has played a dynamic role in efforts to meet climate resolutions agreed to in Copenhagen in 2009. According to U.N. Secretary General Ban Ki-moon, Malta is a key player in efforts to "seal the deal." Malta is party to a large number of multilateral environment agreements. As an EU member state, Malta is bound by the obligations of the EU's extensive environmental acquis. When Malta joined the European Union, it adopted some 200 environmental laws, which are now part of the overall Maltese legal framework. Still, Malta remains an insignificant, if active, player in global environmental protection.

Citation:

<http://mra.org.mt/climate-change/climate-change-introduction/>

http://www.un.org/News/Press/docs/2009/s_gsm12196.doc.htm

“Malta’s International Obligations Re Environmental Matters”, Simone Borg, November 2002

The Art of Doing Much with Little (MEPA News Article)

<http://www.mepa.org.mt/news-article1>

Malta National Report Submitted by the Government of Malta to the World Summit on Sustainable Development.(2002) www.um.edu.mt/__data/assets/pdf_file/0006/63699/Malta_WSSD.pdf

Quality of Democracy

Electoral Processes

Candidacy
Procedures
Score: 9

Elections are regulated by the constitution and the General Elections Act. The system used in Malta is the Single Transferable Vote (STV). Candidates can stand either as independents or as members of a political party. Parties can field as many candidates as they wish, and candidates may choose to stand in two electoral districts. If elected in both districts, a candidate will cede their second seat with a by-election then selecting a replacement. The system allows for a diversity of candidates and restrictions are minimal, though legal restrictions based on residency and certain official functions may be viewed as constricting the electoral process. There is also no official minimal threshold for parties to gain access to parliament. As the unofficial threshold is said to be around 16%, Malta essentially remains the only European state where only two parties are represented in parliament.

Media Access
Score: 5

Malta has both state and private media. The Maltese constitution provides for a Broadcasting Authority (BA) to supervise broadcasting and ensure impartiality. During elections, the BA provides for equal time for the two major political parties on state television on its own political debate programs as well as airtime for political advertising. However, smaller parties or independent candidates do not receive equal treatment on state media. Despite the work of the BA, state media is a source of controversy as it tends to favor the party in government. Several court cases alleging political discrimination and/or bias are at the time of writing before the courts. The two major political parties also have their own radio and television stations, and as these are only partially controlled by the BA they are free to restrict access to opponents and smaller political parties. The party machines may also restrict media access to some of their own candidates while favoring others. The BA does require party-run media to reply to an aggrieved party or individual, when the BA believes a complaint is either politically controversial or when it is clear that some sort of misrepresentation has occurred. In general, print media is regulated by the Press Act. The two major parties also run or control a number of newspapers. While the act does not enforce impartiality, however, it does provide for a similar right of reply mechanism as is the case with party broadcasters.

Independent media, while tending to favor one party or another, provide reasonably fair coverage of different political positions. Prior to an election, however, the space for independent viewpoints in major newspapers becomes restricted, achieved through the financial leverage that parties maintain over papers by spending enormous sums on advertising. In the 2013 election this effect was somewhat mitigated through social media, though this too is frequently an extension of old party communication arrangements.

Citation:

<http://www.ba-malta.org/prdetails?id=246>

Social Media during the 2013 General Election in Malta. Department of Information Malta

www.consilium.europa.eu/media/.../1st-panel-oswald-main-slide-speaker...

Sammut, C (2007) Malta and the Media Landscape

Voting and
Registrations Rights
Score: 7

Malta's electoral laws are, for the most part, effective and impartial. While there is no legal obligation to vote, turnout at general elections is high at over 90%. Recent European Court of Human Rights decisions favoring voting rights for convicts go against Maltese law, that states that any individual sentenced to a minimum prison term of one year is not allowed to vote in Maltese elections. Similarly disenfranchised are persons whom, upon conviction, are also forbidden from civil or public office, irrespective of whether their sentence also included a prison term. Residency qualifications in the electoral law also create obstacles to voting. Citizens who are away from Malta for six consecutive months during an 18-month period may forfeit their right to vote, and it is usual for political parties to seek the disqualification of these individuals. There have been also cases of non-residents who remain on the electoral register unchallenged and vote in breach of the law; the use of expired identification cards facilitates this practice. Citizens who are abroad but are legally qualified to vote face other obstacles, as Malta does not have a system of postal or electronic voting. To vote, the citizen must return to Malta, and state-subsidized airfare from some countries is made available; also, a citizen may make arrangements to vote prior to traveling. Amendments to the Electoral Law 2012 have strengthened the voting rights of some citizens, primarily those who celebrate their 18th birthday after the publication of the electoral register. Other changes have helped patients to cast their votes during a hospital stay. Residents who are not citizens may not vote in national elections, yet in line with EU law, they may participate in local or European Parliament elections, though there have been registration problems.

Citation:

<http://www.timesofmalta.com/articles/view/20130115/elections-news/ad-on-voting-rights-for-maltese-abroad-party-financing.453281>

<http://www.timesofmalta.com/articles/view/20130220/local/Should-prisoners-in-Malta-be-allowed-election-vote-.458430>

Party Financing
Score: 2

Malta has no party financing laws and no independent monitoring body, as it is up to the individual political party whether it chooses to divulge its annual or campaign accounts. The Labor Party has maintained a tradition of publishing yearly income and expenditure data as well as after an election campaign, yet the sources of individual donations is confidential. The Nationalist Party by contrast does not publish its accounts. Maltese law does set a maximum spending amount for individual candidates, €1,400 for local and general elections and €18,600 for European elections, but there is no process or body to actually investigate an individual candidate's campaign accounts. This essentially negates existing legal sanctions against candidates who may commit a breach of the law, and to date, no candidate has been prosecuted on finance grounds. In 2012, the Maltese government presented a draft bill to the Council of Europe's Group of States against Corruption (GRECO); however, the organization objected to the distinction made in the law between party and non-party members, and described the €10,000 threshold for the publication of donor names as "critically high." A draft law proposed by Franco Debono, a government back-bencher, recommended that donations should be capped at €50,000, and any sum above €7,000 should be reported and publically disclosed. The draft law also recommends that Maltese parliamentary candidates' spending is capped at €10,000, and candidates for European Parliament (MEPs) at €35,000.

Citation:

<http://www.timesofmalta.com/articles/view/20100908/opinion/party-financing-and-democracy.325930>
<http://www.timesofmalta.com/articles/view/20090716/local/maltese-meps-to-vow-to-hey-stuck-to-the-law.265224>
<http://www.timesofmalta.com/articles/view/20130426/local/labour-spent-1-5-million-on-campaign.467214>

Popular Decision-Making
Score: 3

The constitution of Malta allows for three types of referenda: constitutional, consultative and abrogative. None of these types however fulfill the criteria for popular decision-making.

Access to Information

Media Freedom
Score: 5

Private media operates free from government interference. Mechanisms exist to ensure that the state media also operates independently from government interference, yet these mechanisms do not work well. The prime minister appoints all the directors of the State Media Board, as well as all the members of its editorial board. That journalists can and often show a clear attachment to the party in government also undermines media independence. Following the 9 March 2013 elections, the government appointed an entire new group of board

members and replaced the head of news. Media outlets are also dependent on the state in that companies rely on state advertising contributions. The machinery of the state maintains a large number of public relations/communications officers, which those in private media often attempt to bypass while reporting; but the result of this is information becomes difficult to both obtain and verify, opening the possibility for reporting mistakes and the potential for libel, the legal pressures of which make the financial viability of newspapers tenuous. Even though state institutions tend to dominate the media universe, the system is essentially pluralist, so a range of opinions and reporting is still available.

Media Pluralism
Score: 6

Maltese media outlets, including visual media, electronic media and print publications, are primarily owned by a mix of actors: political parties, the Catholic Church, private entrepreneurs and the General Workers' Union (GWU), a major left-wing trade union. Thus Malta's media landscape reflects a plurality of ownership. Pluralism of opinion within the media depends entirely on the willingness of ownership to allow the publication or dissemination of opposing viewpoints or dissent from current orthodoxy. The state media does not guarantee a plurality of viewpoints, and has been itself on occasion the subject of court cases for alleged bias. However, competition for market share has forced both privately owned and politically owned media to publish dissenting opinions more readily. State media reforms have proven difficult and remain controversial. The control of state media by a majority-party government may result in dissenting opinions being excluded or badly reported.

Citation:

<http://www.timesofmalta.com/articles/view/20130428/opinion/Making-PBS-a-fit-national-entity.467423>

<http://www.timesofmalta.com/articles/view/20130423/local/new-pbs-chairman-thanks-the-pm.466622>

<http://www.timesofmalta.com/articles/view/20130425/local/Time-for-changing-of-the-guard-at-PBS.467040>

Access to
Government
Information
Score: 4

The Freedom of Information Act was passed in 2008 and only came into force in September 2012. Since this time journalists have had better access to information from government bodies. However, exemptions compromise the bulk of the legislation. Under Article 5(4), no Maltese citizen is entitled to apply to view documents held by the Electoral Commission, the Employment Commission, the Public Service Commission, the Office of the Attorney General, the National Audit Office, the Security Service, the Ombudsman Office and the Broadcasting Authority, when the latter is exercising its constitutional function. Under Article 3, only Maltese and EU nationals who have been resident in Malta for a minimum of five years may access information. The prime minister also holds the power to overrule the Information and Data Protection commissioner, despite the latter's declaration

that a request for information should be approved. Moreover, there are a number of laws that still contain secrecy provisions to which the act does not apply. This undermines the essential workings of the act, as it could in the political interest of the prime minister to suppress the publication of documents which might embarrass or undermine his administration. Consequently, the act is restrictive and sends a message that the government is essentially determined to protect its information from public scrutiny. Indeed, the act does not meet the standards of the Council of Europe's Convention on Access to Official Documents.

Citation:

Aquilina, K, Information Freedom at Last. Times of Malta, 22/08/12

Freedom of Information Act Comes Fully into Force. The Independent 02/09/12

Civil Rights and Political Liberties

Civil Rights

Score: 7

The state in general respects human rights, and human rights issues have judicial protections. The integration of the European Convention on Human Rights into Maltese law has strengthened protection of human rights, and decisions by the European Court of Human Rights are normally implemented; however, experts have criticized general practices saying that court procedures for the protection of rights are often arcane and convoluted, presenting a situation where such protections appear more a bother than a right. Grey areas within civil rights protections include the right to legal assistance during a police interrogation, and the overall supervision of police activity. Political intervention in police procedures does occur but rarely; allegations of civil rights violations by the police have been raised. A case in 2011 where a suspect died while in police custody, allegedly believed as a result of his treatment during a police interrogation, is still unresolved and in its third round of legal inquiry. Human rights reports have been critical of the treatment of asylum seekers in Malta. Reports state that conditions in detention centers are poor and overcrowded; appellate procedures to challenge the length and legitimacy of detention or to challenge rejected asylum claims do not meet international human rights standards; and that migrants are often arbitrarily detained.

Political Liberties

Score: 7

The constitution of Malta and its chapter on fundamental human rights provide for a broad range of political and civil liberties. The incorporation of the European Convention on Human Rights into the Maltese constitution as well as membership in the European Union has also enhanced political liberties in Malta. Maltese citizens have the right to take a case before the European Court of Human Rights (ECHR), and several individuals have done so with success. However, a traditionally clientelistic approach to politics sometimes hinders the

political liberties of individuals, forcing them to refrain from associating with political parties, non-government organizations and/or trade unions for fear of being discriminated against by the government in office. Excessive delays in the deciding of court cases and the costs of such delays often deters people from seeking legal solutions, essentially allowing governmental actors to discriminate with impunity; which in the end continues the cycle of curtailing political liberties.

Citation:

Migrant Integration Policy Index. <http://www.mipex.eu/malta>

Freedom in the World 2013 Malta

Non-discrimination
Score: 5

The chapter on fundamental human rights in the Maltese constitution forbids discrimination on the basis of race, color, gender or politics. Other laws forbid discrimination on the basis of physical disability or handicap. Although there is one legal provision which discriminates positively in the employment of handicapped persons, known as the 2% law, which establishes that 2% of those employed in an enterprise should be persons with a disability, little progress has been made. In Malta, it is the civil courts and the Constitutional Court that do most to protect against discrimination. For example it was the courts, through their interpretation of the gender provision in the constitution that have extended protections to transgender citizens. Nonetheless, there are no laws which recognize gender identity changes or allow for same-sex marriages or civil unions. Both these issues however were important during the election campaign; the Labor Party, in government at the time of writing, has promised to address these issues. In 2004, the government founded the Commission for the Promotion of Equality for Men and Women and in 2007 its remit was extended to cover the promotion of equal treatment irrespective of racial or ethnic origin. The commission is an autonomous body with a legal head separate from government, though its members are appointed by the prime minister. The government also supports a National Commission Persons with Disability, founded in 2000.

Women are generally underrepresented in the social, economic and political life of Malta, and the government has yet to establish a consensus over positive discrimination measures to potentially address this problem. Despite constitutional provisions, discrimination on grounds of politics remains a serious problem, as ministers or politicians generally favor applicants from their electoral district for public appointments and promotions. Aggrieved ordinary citizens may take their case to the Constitutional Court, the Employment Commission or the Ombudsman Office, while public servants may in addition to these institutions bring a case before the Public Service

Commission. Nevertheless, allegations of discrimination on political grounds remain unacceptably high.

EU nationals living in Malta have also complained of discrimination with regards to the levying of higher tariffs for water, electricity and public transport.

Citation:

Carabott, S. Expats Petition against Malta Discrimination. Times of Malta 12/04/13

Ellul, T. REPORT ON MEASURES TO COMBAT DISCRIMINATION Directives 2000/43/EC and 2000/78/EC

COUNTRY REPORT 2011 MALTA

Rule of Law

Legal Certainty
Score: 6

The Maltese constitution states that parliament may make laws with retrospective effect, a provision that does not encourage legal certainty. The government does however in general respect the principles of legal certainty, and government administration generally follows legal obligations; the evidence for this comes from the number of court challenges in which government bodies have prevailed. Other evidence suggests that government institutions sometimes make unpredictable decisions that go beyond given legal structures or are even in opposition to existing legal provisions, thus undermining the stability of the legal system and therefore the stability for a citizen. Documentation of this sort of behavior can be found in the reports of the National Audit Office, the Ombudsman Office and in some court decisions. In 2011, the National Audit Office severely criticized the methods by which decisions taken in the adjudication process for a major energy project had been taken, citing conflicts of interest involving top officials within the state corporation.

Court decisions have also highlighted certain deficiencies in executive decision-making. As a general rule, retroactivity may only be called upon if such an act does not impose obligations on citizens retroactively or does not have adverse effects on society. For example, in 2008 the Court of Appeal ruled for the plaintiff in a case (*Caruana Demajo v. Director of Social Security*) in which as a result of an amendment to the Social Security Act, the plaintiff received pension arrears for a period of four years in one lump sum and consequently, was taxed at the highest income tax bracket for that year.

Citation:

Report by the Auditor General on the Public Accounts 2011, National Audit Office, Malta.

Office of the Ombudsman, Malta, Annual Report 2011

Judicial Review Score: 7

Malta has a strong tradition of judicial review, and the courts have traditionally exercised restraint on the government and its administration. Judicial review is exercised through Article 469A of the Code of Organization and Civil Procedure and consists of a constitutional right to petition the courts to enquire into the validity of any administrative act or declare such act null, invalid or without effect. Recourse to judicial review is through the regular courts (i.e., the court of civil jurisdiction) assigned two or three judges or to the Administrative Review Tribunal and must be based on the following: that the act emanates from a public authority that is not authorized to perform it; or that a public authority has failed to observe the principles of natural justice or mandatory procedural requirements in performing the administrative act or in its prior deliberations thereon; or that the administrative act constitutes an abuse of the public authority's power in that it is done for improper purposes or on the basis of irrelevant considerations; or as a catch-all clause, when the administrative act is otherwise contrary to law.

Litigation in Malta is costly and court cases unnecessarily long, so consequently many citizens are deterred from seeking legal redress in the courts. The length of time taken to decide cases also creates uncertainty, allowing for a large degree of insecurity among individuals who challenge government or administrative decisions. Indeed, the EU Justice Scoreboard concluded that Malta has the least efficient judicial system in the European Union with regard to the duration of cases. Additionally, the arraignment on charges of bribery and corruption of a senior judge has undermined public confidence in the courts.

Citation:

http://ec.europa.eu/justice/effective-justice/files/justice_scoreboard_communication_en.pdf

<http://www.timesofmalta.com/articles/view/20130506/local/european-commission-says-malta-judicial-reform-must-be-made-a-priority.468460>

Appointment of Justices Score: 2

Superior Court judges are appointed by the president, acting in accordance with the advice of the prime minister. Malta is the only state in Europe where the judiciary is appointed by the government, and the prime minister enjoys almost total discretion on judicial appointments. The only restraints are set in the constitution, which state that an appointee has to be a law graduate from the University of Malta with no less than 12 years experience as a practicing lawyer. Magistrates need to be similarly qualified, but require only seven years' experience. The prime minister may seek, although he is not legally or constitutionally obliged to do so, the advice of the Commission for the

Administration of Justice for its opinion on the suitability of his nominees, but the final decision lies with the prime minister.

During the review period, the prime minister made several new judicial appointments yet not once did he seek advice from the commission. However, despite elections or a change in government, the independence of the judiciary is safeguarded through a number of constitutional provisions. First, a judge may only be removed (aside from retirement at age 65) from the bench by the president and a two-thirds majority of parliament on the grounds of a proved inability to perform the functions of office or of proved malfeasance. Second, a judge's remuneration is charged to the consolidated fund and therefore constitutionally protected. Appointment does not entail a process, which in turn does not involve media coverage; the media simply publishes the names of those elected. Within the last decade, there have been three judges (one a chief justice) charged and convicted with bribery.

Corruption
Prevention
Score: 4

A number of institutions and processes work to prevent corruption and guarantee the integrity of government officials, including the Permanent Commission Against Corruption, the National Audit Office, the Ombudsman Office and the Public Service Commission. The government also abides by a separate Code of Ethics, set out for ministers, members of parliament and public servants. Ministers and members of parliament are also expected to make an annual asset declaration. The Public Accounts Committee of the unicameral House of Representatives can also investigate public expenditure decisions to ensure that money spent or contracts awarded are transparent and conducted according to law and general financial regulations.

An independent media also plays a part in highlighting corruption in government and administration. Nevertheless, with the exception of the National Audit Office and the Ombudsman Office, these mechanisms provide insufficient guarantees against corruption. In the case of both the Permanent Commission against Corruption and the Public Service Commission, a lack of resources prevents these bodies from working effectively. And as their members are appointed by the president on the sole advice of the prime minister, there is a lack of public trust in their work. Although the Commission against Corruption has the power to investigate incidents independent from government influence, the commission often waits for a complaint before launching an investigation. Recent scandals associated with oil procurement for the state power station revealed that the commission had received calls from private individuals to investigate allegations of corruption, but that it had proved unfit for the task. The commission's report hinted that while suspicions

of corruption existed, the authorities failed to call in the police to further investigate the suspicions.

Both the National Audit Office and the Ombudsman Office are independent, but neither enjoys the necessary executive powers to follow up on their investigations.

Governance

I. Executive Capacity

Strategic Capacity

Strategic Planning
Score: 3

Each government ministry has a director and unit responsible for strategy and planning. These groups have been especially active in the Malta Planning and Environmental Authority, in the Malta Transport Authority, in the Ministry of Justice and Home Affairs and in the Education Ministry. The latter is working on a blueprint which should be utilized in all ministries. The group in the Prime Minister's Office draws up the country's strategic policy and directs future government work; mostly this task sits with the permanent secretary, who develops a strategic overview with key objectives, priorities for actions and key performance indicators, timeline, budgets and targets. At the time of writing, the programming period for government projects is 2014 to 2020. In some cases, ministries employ consultants, but this is different than official strategic planning groups. These consultants typically work on current issues, although from time to time they are commissioned to produce reports or give advice which may be considered as forward planning. The Management Efficiency Unit coordinates separate ministry plans and the Malta Information Technology Agency (MITA), which reviews government IT requirements, also assists.

Scholarly Advice
Score: 5

In a very few cases, standing commissions in which government officials and academics or experts convene (such as the Commission on the Family) act both as adviser to the government and proposer of policy. It is also not unusual for the government to set up interim commissions composed of academics and other experts to investigate a policy issue and make recommendations for future policy, as was the case of the Commission to Investigate the Manufacturing of Fireworks in Malta. Policy issues have at times been the focus of studies directly sourced from the faculties and institutes at the University of Malta. Tenders for contracts are also released and are often won by organizations such as Malta University Services, a business group. Information required by the government may also be contracted out on an

individual basis. But the appointment of interim commissions is the most common method adopted by the government.

Generally the government likes to appoint individual “expert” consultants, the norm being that these consultants engage more in the implementing of policies as outlined by the government than in providing advice on the policy content. Another issue is that many outside experts already have close relations to the political party in government, sometimes also having contested elections on behalf of the party in government. This renders the process of consultation suspect, and certainly not transparent. One example of the flaws in this process is a reform of the bus system, implemented in 2011; the reform overall was unsuccessful and expensive, as the parameters for consultancy were entirely decided before the problem had even been first studied.

Interministerial Coordination

GO Expertise
Score: 4

Government ministries in Malta enjoy almost complete autonomy, with limitations only in the form of budgetary constraints imposed by the Ministry of Finance, even though most policies and projects require Cabinet approval. The Prime Minister’s Office relies largely on the attorney general’s office to evaluate draft bills.

After the March 2013 general election, the government appointed a minister, as part of the Prime Minister’s Office, to oversee the implementation of the winning party’s electoral program. As the position is new, it is yet unclear whether the position will contribute sectoral policy expertise to the Prime Minister’s Office.

Interestingly, when a ministry faces policy difficulties, the practice has been that the Prime Minister’s Office (PMO) steps in and assumes the ministry’s portfolio. Under the previous government, the number of ministries was slowly reduced from 14 to nine, and policy expertise in these areas was instead provided by the PMO. At the time of writing, the justice portfolio has been recently shifted to the responsibility of the PMO.

Citation:

Sansone, K Justice to be transferred to OPM - Labour MP is Commissioner Against Bureaucracy Times of Malta 18/06/13

GO Gatekeeping
Score: 9

Malta’s system of government is based on the Westminster system, and in theory the Prime Minister’s Office (PMO) can return most items on policy grounds. But as the PMO does not have procedures in place for sectoral policy

overviews, in practice policies are adopted or rejected following discussions in the Cabinet. Much also depends on the powers of persuasion of the prime minister among his cabinet colleagues. The Cabinet has a great deal of leverage, and its members are the most likely to object to policy or a draft bill. Some oversight does come from the Cabinet, but also from the PMO.

Line Ministries
Score: 3

There is to date no interrelated capacities for coordination in the Prime Minister's Office (PMO) and in line ministries. The government has established during the period an office to coordinate the policies of the ruling party's electoral manifesto within the PMO. The main task of the new office is to coordinate policy across different ministries, as previously ministries were largely autonomous. The PMO may also seek to review its own policies through the help of the Management Efficiency Unit (MEU) and Malta University Service (MUS), and may also utilize foreign consultants; line ministries can also do the same.

Cabinet Committees
Score: 5

While government officials do organize cabinet committees to assist in clarifying issues prior to full Cabinet meetings, these do not necessarily correspond to line ministries but to individual issues. For example, a cabinet committee was tasked with preparing policy for Malta's turn as European Union president in 2017. Occasionally ministers form cabinet subcommittees, in which ministers work to coordinate policies between ministries. The chair of the subcommittee, however, would not be from the ministry from which the policy originated.

Ministerial
Bureaucracy
Score: 4

Civil servants from a ministry typically coordinate policy proposals with other line ministries before policy is officially drafted. During the review period a new system was established. The Cabinet director general is in charge of administrative decisions, and ensures that Cabinet decisions are implemented in the different ministries. Once a week, the commission of permanent secretaries meets to coordinate policy; the meeting agenda is open. The activity is as follows: on a Monday, the chiefs of staff meet to draft memos for the Cabinet; on a Tuesday, the Cabinet meets and makes a decision; and on a Wednesday, the permanent secretaries meet to decide on how to implement the policy decided upon.

From time to time interministerial committees help coordinate policy before the drafting process is started. One recent example of this was an interministerial committee that was set up with the goal of securing for the city of Valletta the title of Cultural City of Europe in 2018.

Informal
Coordination
Score: 4

The government tendency toward informal coordination mechanisms has increased since Malta joined the European Union in 2004. Many directives from Brussels cut across departments and ministries, and this encourages

ministries to talk to each other and work more closely together. This situation is less true, however, over issues and policies that deal more with domestic concerns.

Evidence-based Instruments

RIA Application
Score: 6

Malta's policy on regulatory impact assessments (RIA) is not fully developed and the process of filing is also not fully integrated in Maltese policymaking; however, a RIA process does exist, with the Cabinet required to approve RIAs for government notices, regulations and by-laws. This process is detailed in the Small Business Act, Chapter 512 in Maltese law. However the RIA process has been questioned, as it is often seen as only a formality and at times is said to lack substance. Nonetheless, the European Union utilizes RIAs as part of all major regulatory projects, and therefore better incorporating the RIA process into Malta's regulatory framework is a goal.

Citation:

OECD (2007), "Regulatory Management Capacities of Member States of the EU that Joined the Union on 1 May

2004: Sustaining Regulatory Management Improvements through a Better Regulation Policy", Sigma Papers, No. 42, OECD Publishing. <https://www.mepa.org.mt/permitting-ea-eiaprocess>

Operational Programme II 'Empowering People for More Jobs and a Better Quality of Life', July 2012, p.28 <http://www.bru.gov.mt/wp-content/uploads/2011/01/ESF-4-87-Laun ch-Speech-by-Mr-J-Aquilina.pdf>

<http://www.bru.gov.mt/administrative-b urdens/>

<http://gov.mt/en/Government/Government%20of%20Malta/Ministries%20and%20Entities/Pages/OPM-Portfolio.aspx>

Quality of RIA
Process
Score: 4

Malta's policy on regulatory impact assessments (RIA) is not fully developed and the process of filing is also not fully integrated in Maltese policymaking. Thus it is not possible to provide extensive data with regard to the quality of the RIA process within this context. In some areas, the process of consultation is superficial, based mostly on the public's reaction to the publication of white or green papers, or merely from consultation through a dedicated government website created for the purpose.

The government's process is so: A draft bill is prepared; stakeholders are consulted; the bill goes to the permanent secretary and to the minister concerned; the bill is cleared by the attorney general's office and proceeds to the Cabinet. A regulatory impact assessment for the draft bill may include other options that the Cabinet either accepts, rejects or asks for more information. As part of the RIA process, it is required that some sort of consultation is sought, yet often this step is skipped.

When regulations deal with economic or labor issues, consultation prior to the regulation's implementation is more extensive; usually the government brings such issues before the Malta Council for Economic and Social Development, on which key economic actors sit.

An example where consultation activities are best codified and where RIAs are solidly established is with regard to planning and environmental issues. Guidelines allow for a more open, transparent and inclusive consultation process than in any other area of decision-making.

In the case of decisions or regulations established within the Malta Council for Economic and Social Development (MCESD), the RIA process allows for the possibility of informal evaluation by independent bodies. Decisions taken or proposals offered by the Malta Environment and Planning Authority can be formally evaluated by an appeal and a supervisory body, thereby allowing for a more thorough and transparent impact assessment.

Malta is still in the process of creating a RIA process that touches all aspects of public service, as well as working to expand its capacity to access empirical information from stakeholders and ascertain the likely reactions of the public or stakeholders before decisions or regulations are implemented.

Citation:

<http://www.mcesd.org.mt/mcesd/content.aspx?id=101553>

OECD (2007), "Regulatory Management Capacities of Member States of the EU that Joined the Union on 1 May

2004: Sustaining Regulatory Management Improvements through a Better Regulation Policy", Sigma Papers, No. 42, OECD Publishing.

<https://gov.mt/en/Government/Public%20Consultations/Pages/Public-Consultations.aspx>

Sustainability
Check
Score: 3

While regulatory impact assessments are a compulsory regulatory tool in Malta, the government has no formally adopted sustainability strategy. Sustainability checks that do exist are often found only in areas involving planning and the environment. The effectiveness of key regulations and policy initiatives are assessed mainly through Malta's National Reform Program, the annual report that Malta (like all other EU member states) submits to the European Commission. This report is like a progress check, where Malta provides detailed updates relating to its Europe 2020 targets as a result of its policies. These reports include quantitative impact indicators that can illustrate the effectiveness (or failures) of regulatory projects that touch on social, environmental and economic issues. The country's Europe 2020 progress is subsequently reviewed by the European Commission and country-specific recommendations are officially endorsed by the European Council. But this

whole process happens essentially after the fact – basically a report on decisions the government made – and is not part of an impact assessment process. Hence, the sustainability and effectiveness of policies and measures are still assessed on an annual basis. Moreover, the reviews from the European Commission and the European Council provide an ulterior check of policy effectiveness for short- and long-term targets within the context of Europe 2020.

Citation:

http://ec.europa.eu/europe2020/making-it-happen/index_en.htm

Societal Consultation

Negotiating Public
Support
Score: 5

Historically, government consultation with religious communities, businesses, employers' associations and trade unions has been strong. A formal consultative structure, called the Malta Council for Economic and Social Development, works well in facilitating consultation between business associations, trade unions and government. Although the Catholic Church has lost much of its political power, it is still seen as an important player in Maltese society – exemplified by the routine call made by the prime minister-elect to the Archbishop of Malta. Social and environmental groups tend to be the least consulted, but this has since changed following European Union membership. EU funds have helped to strengthen these groups and furthered the obligation on governments to consult them, thus expanding their role in policymaking. Nonetheless, such groups in terms of professionalism and organization still have a ways to go before government consultations become a necessity rather than courtesy. Consultation with civil society has also improved since EU membership; however, it remains sporadic and occurs more frequently prior to or just post elections. The process of regulatory impact assessments (RIAs) requires a consultation process, but this often does not take place or is simply cursory.

Policy Communication

Coherent
Communication
Score: 4

The government's Department of Information official role is to provide the public with information on government policies and plans. But this department has degenerated into a tool instead for defending government plans and policies, with a partisan slant. Ministries have come to employ their own communication officers instead, rarely consulting this central office; hence responsibility for informing the public has devolved on individual ministries. Yet as these offices do not have the resources needed to carry out this task

properly, individual ministries occasionally engage public relations companies. Yet this too is often just a simple public relations exercise, and the government message may not always be factually correct or reflect the intentions behind government plans; too often the information released is of a superficial nature.

Implementation

Government
Efficiency
Score: 6

Maltese governments have lacked the organizational capacity to effectively set benchmarks, and as there is no formal structures as part of the Prime Minister's Office for monitoring policy implementation across line ministries, it is not easy to assess past performance. However, the need to respond to benchmarks imposed by the European Union has forced the government to carry out more evaluative exercises as part of its policy process. Individual ministries have also sought to strength their capacity to evaluate policy implementation against such benchmarks. Examples of this relate to waste management, gas emissions and education. In principle all ministries are expected to draw up strategic documents which include targets and performance indicators, and the chiefs of staff and permanent secretaries need to report to the strategic unit of the PMO on outcomes. Every agency and organization in turn needs to report back on the successful implementation of policy; annual reports are drawn up and sent to the permanent secretary of the ministry concerned.

Ministerial
Compliance
Score: 5

The Cabinet is the most important organizational device at the disposal of the government that provides incentives for ensuring ministers implement a government program. However, this is through pressure placed on a ministry but through a discussion of progress achieved in the implementation of a program. The next most important device is a minister's secretariat, which is generally in charge of overseeing the implementation of a program. Other resources include the Management Efficiency Unit (MEU) that provides advice, and gives the different ministries structures, tools and reports to work with thus building their capacity to act.

Monitoring
Ministries
Score: 4

The Prime Minister's Office monitors the implementation activities of some line ministries but mainly on a case-by-case basis, that is when the need to ensure the success of a particular policy or to reform a faulty policy. One example is the task force set up to address the difficulties following the 2011 Bus Transport Reform Policy, which missed several targets in its objective of providing better bus services. Another example is the task force set up to reform the Malta Environment and Planning Authority, a government body which had become the focus of complaints by citizens, developers and environmentalists. Though the Prime Minister's Office does not systematically monitor the implementation of policies of the line ministries, the decisions of the Cabinet are monitored by the cabinet office which is part of the PMO, and

Monitoring
Agencies,
Bureaucracies
Score: 4

which ensures that these decisions are implemented by the ministries.

All monitoring of bureaucracies/executive agencies is done within the ministries responsible for each sector. Other types of monitoring are achieved through parliamentary oversight, since the work and output of bureaucracies can be discussed individually or during annual budget debates. The National Audit Office audits on a yearly basis the entire civil service and then reports to parliament or on the request of the Public Accounts Committee, a permanent committee of the legislature. The ombudsman also does a procedural audit, and the department of local government assesses the performance of local government bodies. There is also an internal audit office.

Task Funding
Score: 5

Local councils in Malta are primarily administrative bodies, and cannot raise revenue through local taxes. The creation and existence of local councils, rather than an outline of their powers and responsibilities, is enshrined in the constitution. A motion to rescind the existence of a local government body requires a two-thirds majority in parliament. Local councilors are elected by a local popular vote. Nearly all funding for local government activities comes from the central government, with a small fraction sourced from local traffic fines. The funding formula for local councils is based on geography and population, but the fact that these local councils incur budget deficits indicates that delegated tasks are not adequately funded.

Constitutional
Discretion
Score: 3

Local councils have no constitutional right of implementation autonomy, and all their activities and responsibilities are monitored and can be challenged by the Department of Local Government. All by-laws have to be approved by the central government and decisions taken may be rescinded. These constraints are intentional, to prevent local councils from assuming responsibilities independent from the central government or adopting policies which conflict with those of the central government.

National Standards
Score: 6

There are two main avenues through which the central government seeks to ensure that local councils realize national standards within their limited range of public services: the Department of Local Government and the National Audit Office. The first is responsible for monitoring and reporting on the performance of individual local councils. The benchmarks for services provided by local councils are set by central departments. The second avenue is through the work of the National Audit Office, which independently investigates local council activities both from a purely auditing perspective and from a “value for money” perspective. Reform of local councils has by and large been driven by the National Audit Office rather than the Department of Local Government. National standards at the local level are also reinforced through the councilors’ code of ethics and the Local Councils Association.

Adaptability

Domestic
Adaptability
Score: 7

The capacity of government structures to adapt to change has increased since Malta began its accession process and joined the European Union. The government created an ombudsman office, restructured the attorney general's office, and introduced in each ministry a unit for EU Affairs and EU Program Implementation; overall these bodies have functioned well. Institutional learning however is in general piecemeal and driven by circumstances. In contrast, the committee for parliamentary scrutiny of EU legislation has been less than effective, as members of parliament serve on a part-time basis and simply do not have the resources to fulfill committee tasks. The impact on policy is that there is not enough coordination between ministries, and parliament has not managed to be a catalyst for change.

International
Coordination
Score: 3

Malta does not have the institutional capacity to contribute actively in helping to shape international efforts to foster the provision of global public goods. Since joining the European Union, however, Malta has improved its institutional capacity to try and ensure that national policies on these global and/or regional challenges are systematically assessed and factored, as much as possible, within the policy process. As some of these global public goods coincide with EU directives, Malta has been forced to improve its institutional capacity to avoid EU sanctions.

Organizational Reform

Self-monitoring
Score: 5

Structures for monitoring institutional governing arrangements exist, but Maltese government has gradually become over-centralized, with a small number of ministries and an excessive concentration of responsibilities with a small number of officials. Furthermore, the expansion of ministerial secretariats peopled with political appointees – who often are mainly canvassers for the minister in his/her electoral district – has weakened monitoring arrangements, placing stress instead on the observance of ministerial policy directives. However, since the inauguration of the new government during the period, movement toward a better monitoring of institutional arrangements has been observed; in fact, changes include the introduction of a new ministry for Europe, a new office to coordinate policy across ministries, weekly rather than monthly meetings of the commission of permanent secretaries and changes in the order of government weekly meetings to facilitate efficiency.

Institutional Reform
Score: 6

Joining the European Union has forced the Maltese government to improve its strategic capacity by periodic institutional changes. But this is generally from a

reactive and not a proactive perspective. Many EU-related institutions have been created, and since the challenge of meeting EU directives is quite burdensome for a microstate like Malta, meeting long-term objectives have given rise to a number of departments and authorities designed to respond to this challenge. But because of the size of the task and because Malta had not quite developed its institutional capacity, despite progress achieved, it still lags behind. Some positive developments include judicial reforms as well as constitutional changes.

II. Executive Accountability

Citizens' Participatory Competence

Policy Knowledge
Score: 6

Each ministry includes a customer care office, an information office and a communications office. The level of information available for citizens on policies is high and in general easily accessible. The government provides data on policy areas, and if a certain set of data is not available, it can be requested. The National Statistics Office and the Department of Information also makes information available to citizens. Some of the more complete reports assessing government policy however come from the European Commission. Yet most citizens follow political party-controlled media in their evaluation of policy objectives, their effects and implications. At the same time, political debate is widespread, which does help citizens to examine different aspects of policy. Government policies are also discussed in different civil society organizations as well as criticism published in the independent press, not to mention as part of active online discussions. However, local opinion surveys are rarely carried out with the intention of evaluating policy proposals but to seek citizens' perceptions on issues which may be ripe for policy development.

Legislative Actors' Resources

Parliamentary
Resources
Score: 3

Apart from library access and support staff, members of parliament can call on no other sources to support their legislative work. Staff members are too few in number and their primary duties keep them occupied. Members of the unicameral House of Representatives are part-time legislators and, with the exception of ministers and some parliamentary secretaries, continue with private employment once elected. From time to time, members of permanent parliamentary committees seek support from outsiders, such as academics and

specialists, but this too is not enough sufficient to truly help. A lack of resources too has caused the delay in setting up a process of evaluation for EU legislation.

Citation:

Camilleri, I. Parliament is out of touch with Brussels. No feedback to Brussels' documents. Times of Malta 14/06/11

Obtaining
Documents
Score: 4

Members of parliamentary committees may demand documents from the government, but the latter is not obliged to comply. In a number of cases documents demanded by members of the Public Accounts Committee, to cite just one example, were denied with the justification that the documents revealed commercially sensitive information, even though the businesses involved were publicly funded. On other occasions, access to information was denied after a vote, facilitated by the fact that the government party enjoys a majority on committees.

Summoning
Ministers
Score: 7

Prior practice shows that a parliamentary committee may be precluded from calling any minister or member of parliament before it if a majority vote by members present decides against allowing the individual's presence on the committee. This happened in 2012 within the Public Accounts Committee, when government members demanded and through a vote won the right to decide by vote which witnesses should be called before the committee. As the government enjoys a majority on these committees, appearing or not appearing when summoned depends very much on one's colleagues. In addition, a minister involved in a particular issue could be on; or if a minister was heading up a committee, he could preclude witnesses, even including himself, from being called. This case was observed in 2012 during an investigation into power stations. In 2012 as well this method of procedure was approved by the house speaker, who ruled that committees have the authority to devise their own rules.

Summoning Experts
Score: 9

Parliamentary committees may summon experts to make presentations or help committees evaluate policies under discussion or shed light on issues under investigation.

Task Area
Congruence
Score: 4

Up until March 2013, Malta's parliament maintained six permanent committees. In April 2013, the government established the Committee for Economic and Financial Affairs. With the exception of this committee and the Foreign Affairs Committee, committees do not match individual ministries. Malta can be said to have only one monitoring parliamentary committee in the true sense, the Public Accounts Committee. The Social Affairs Committee looks at social issues rather than monitoring government social policy, and its reports focus on emerging social issues rather than offer a formal policy

review; any monitoring that this committee does is indirect. The Foreign Affairs Committee follows the same pattern, with the exception that this committee is responsible for the ratification of foreign treaties. Here some monitoring of ministerial policies does take place, but much of the work is taken up by a review of legislation from the European Parliament. This leaves the committee little time for the proper monitoring of foreign policy. The other three committees – the Privileges Committee, the Parliamentary Affairs Committee and the Committee for the Consideration of Draft Bills – are mainly concerned with parliamentary affairs rather than the monitoring of ministerial work.

Audit Office
Score: 9

The National Audit Office is an independent office and reports exclusively to parliament; its reports as well are presented to parliament. Both the Auditor General and his deputy are appointed by a resolution of the House, which requires the support of no less than two-thirds of all its members. The audit office also supports the work of the Public Accounts Committee; however, the office has limited means at its disposal.

Citation:

National Audit Office Report– a useful annual tool. *The Independent* 05/12/12

Audit office finds shortcomings in government controls. *The Independent* 03/12/12

Ombuds Office
Score: 7

The ombudsman is elected by a two-thirds majority of the House of Representatives and as a government institution, is held in high esteem with the public. The Ombudsman Office is not empowered however to deal with human rights complaints, and its recommendations are not binding. Existing limitations include the fact that members of parliament do not get to formally debate reports from the ombudsman when they are presented to the House.

Citation:

Aquilina, K. Strengthening the Ombudsman's office. *Times of Malta* 14/08/12

Media

Media Reporting
Score: 4

As media outlets are essentially dominated by Malta's two major political parties, much of the information published by the media is often deemed "infotainment," or seen as sensational and/or superficial. Detailed reports on government policy or issues are seldom produced. Only a few media outlets push beyond this level of reporting.

Parties and Interest Associations

Intra-party
Democracy
Score: 5

Political parties restrict decision-making over important personnel and other issues mainly to elected delegates, although general party members may be consulted on some issues. The election of party leadership and administration heads is restricted to elected delegates, as is the drawing up of candidate lists and agenda issues; one example of this was the election of the leader and deputy leaders of the Nationalist Party on 8 May 2013. While the idea of including all party members in decision-making has been floated, neither political party has yet to embrace the idea.

Association
Competence
(Business)
Score: 7

Economic interest associations have a long history in Malta and have evolved structures capable of formulating relevant public policies. Employers' and business associations command more resources than do trade unions, and this allows them to employ qualified personnel and to source qualified academics to assist according to the policy issue/s involved. By contrast, trade unions rarely use their own robust research departments, opting to use existing studies or seek assistance from academics and/or other specialists in the policy area under review.

Association
Competence
(Others)
Score: 6

Malta has a large number of non-economic interest associations, and while a lack of resources prevent many from being able to formulate relevant policies individually, membership in international or regional federations does provide some help. Local associations have been able to improve their policy capacity thanks to funds from the European Union. Few organizations employ full-time staff, but many have academics as part of their leadership structure, allowing them to make use of expert advice when discussing policies. In some cases organizations are able to attract research support on a voluntary basis from like-minded academics, giving them access to some of the most knowledgeable people relevant to policy and resulting in excellent reports.

This country report is part of the Sustainable Governance Indicators 2014 project.

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