



# Public administration characteristics and performance in EU28:

Malta

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**Public administration  
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Malta**

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## 1 SIZE OF GOVERNMENT

### 1.1 General government budget data

Table 1 indicates that Malta's general government expenditure has continued to increase over the 2010 to 2015 period. This is indicated by a moderate positive rate of change in total government expenditure expressed as a percentage of GDP between 2010 and 2015 (+2.35%) and the resultant lower EU ranking from 25th to 17th.

Due to Malta being a small island nation with no sovereign states, the central government share as a percentage of total government expenditure will remain high at over 99%. The success of the measures taken by the government to lower its expenditure is reflected by a decrease in total government expenditure over the five year period (-0.08%) that also resulted in a decline in local government share of total government expenditure (-0.18%).

Furthermore, the 2010 to 2015 period resulted in a significant real increase in public investment as a percentage of GDP, resulting in Malta having a higher EU ranking from 28th to 9th that may be due to significant infrastructure projects undertaken during the period under examination.

The substantial decrease in the national debt and budgetary deficit as a percentage of GDP illustrates that the Maltese government's strategy to restrain general government expenditure has been successful when compared to other EU member states, as demonstrated by the improved EU ranking on both these variables. Thus, Malta continued to improve its position regarding the public debt and public deficit and is well positioned in comparison with the other EU member states, particularly with some of the larger economies, such as the UK, Germany, France and the Netherlands. As a result, on 19th June 2015, the Council closed the excessive deficit procedures for Malta (and Poland), confirming that Malta had reduced its deficit below the EU's 3% of GDP reference value.

**Table 1: General government budget data**

MALTA	2010	EU 28 Rank	2015	EU 28 Rank	Δ Value	Δ Rank
<b>Total expenditure (in % GDP)</b>	41.06	25	43.41	17	+2.35	+8
<b>Central government share (%)</b>	99.67	1	99.59	1	-0.08	0
<b>State government share (%)</b>						
<b>Local government share (%)</b>	1.49		1.31			
<b>Public investment (in % GDP)</b>	2.22	28	4.53	9	+2.31	+19
<b>Debt in % GDP</b>	67.63	12	63.97	18	-3.66	-6
<b>Deficit in % GDP</b>	-3.20	6	-1.40	8	+1.80	-2

*Sources: AMECO, Eurostat*

## 1.2 General government employment

General government employment has remained high. Moreover, Eurostat data indicates that public administration employment for Malta increased from 23,809 in 2011 to 25,273 in 2014 and remaining stable at 25,273 for the past three years (2014-2016). According to Table 2, the Maltese public sector employment for the period 2005 to 2011 as a percentage of the total labour force shows significant improvement in percentage terms (i.e. decrease in total public sector employment and general government employment as a percentage of total labour force of 5.39% and 2.13% respectively). However, one should note that Table 2 is based upon national calculations and therefore caution should be taken when attempting to compare these figures with other EU member states.

Table 3 provides data related to a number of key employment layers within public sector employment. Malta being a small island nation with no sovereign states has two general layers of government, namely central government and local government. Moreover, local government in Malta is not financially self-sustaining and has limited functions, and is thus primarily funded by central government. Therefore, it is not surprising that central government represents the bulk of the government employment level at almost 98.9% and the share of local government employment being just above 1% (1.1%).

**Table 2: Public sector employment\***

MALTA	2005	2011	Δ Value
Total public sector employment in % of total labour force	32.96	27.58	-5.39
General government employment in % of total labour force	22.51	20.38	-2.13

**Sources:** NSO and Malta Economic Survey 2009 and 2011

Additionally, the primary public service sectors that consume most of the resources both in terms of expenditure (as reflected in the Government's annual Financial Estimates) and human resources are the functions related to social security, education (including universities), health, law and order (police), and defence (armed forces). Table 3 confirms that education and health together represent about 64% (39% and 25% respectively) of general government employment, followed almost equally by law and order, defence, and social security; whilst, the core public administration employment represents about 16% of general government employment.

**Table 3: Core government employment**

MALTA	2015
(1) General government employment (in thousands)*	33.126
thereby share of central government (%)	98.89%
thereby share of state/regional government (%)	n/a
thereby share of local government (%)	1.11%
(2) Public employment in social security functions (in thousands)	2.083
(3) Public employment in the army (in thousands)	2.076
(4) Public employment in police (in thousands)	2.208
(5) Public employment in employment services (in thousands)	0.364
(6) Public employment in schools and daycare (in thousands)	8.451

(7) Public employment in universities (in thousands)	4.500
(8) Public employment in hospitals (in thousands)	8.132
(9) Public employment in core public administration (in thousands) calculated (1) minus (2)-(8)	5.312
(10) Core public administration employment in % of general government employment (9)/(1)	16.04%

**Sources:** National statistics; Government of Malta Financial Estimates 2016

\*According to the OECD, general government employment excludes public corporations.

Public sector employment is considered high by certain segments of Society. On 28th September 2015, Malta Employers' Association director-general was reported in the local press as stating that "one of the major hurdles employers are facing these days is the rising level of public sector employment which stands at 27% of Malta's labour force." According to the Malta Employers' Association director-general, employment in the public sector is a drain on a resource that can be more productively employed in the private sector in a context of skills shortages.

The influx of workers from other countries, particularly from EU member states, is helping to mitigate inflationary pressures due to the shortage of skilled workers. The debate regarding the magnitude of public sector employment is further complicated by the extension of leave for parents whose children are sick. This entitlement may impact the extent of reliance on overtime to bridge the short term employment gap, due to authorised absences from the workplace.

In addition, it should be noted that the Malta public sector, particularly central government has the responsibility to administer the various EU directives similar to the larger EU member states. Hence, although in percentage terms public employment may seem high, there is a minimum number of persons that are required to carry out the administration of the various EU directives. Consequently, there is a threshold by how much public sector employment may be realistically reduced. However, outsourcing public sector functions to the private sector may enable the direct public sector employment rate to be reduced but this is likely to result in a significantly higher expenditure.

## 2 SCOPE AND STRUCTURE OF GOVERNMENT

### 2.1 State system and multi-level governance

Malta is a unitary state with no federal structure and was formed as a Parliamentary Republic in 1974 after obtaining its independence in 1964 from the United Kingdom. Malta follows a Westminster Parliamentary system with a single house of parliament, consisting of a House of Representatives, which is normally composed of 65 members elected for a five-year term and has the power to make laws according to Article 65 of the Constitution. According to the Constitution as amended in 2001 (Chapter XA, Article 115A), the only element of self-government below the level of the republic itself is the system of local councils that were established in 1993 under the Local Council Act. The Local Council Act is modelled on the European Charter of Local Self-Government of the Council of Europe. Currently, there are 68 elected local councils responsible for managing and delivering a limited number of specific services at local level, such as street lighting, maintenance of residential streets, and libraries.

Table 4 illustrates that the vast majority of the Central Government key policy fields are regulated by legislation, particularly those relating to fiscal policies (finance and



taxation); public utilities, such as water, electricity and transport; health; and science and research, which includes education at all levels. In other words, government's administrative, institutional and professional functions have a legal basis. Moreover, although regulated by legislation, local government is restricted in its functions, particularly related to its authority to raise revenue through some kind of taxation. The fiscal autonomy of Local Councils is very limited in that they cannot levy their own local taxes and they do not benefit from shared tax revenue from the state. The Maltese Local Councils are mostly funded by the State, but they receive some revenue from fees charged for the use of local public services and income generated by investment and law enforcement.

The Local Council Act was amended in 2009 to establish five Regional Committees, namely the Gozo Region, Northern Region, Central Region, Southeast Region and Southern Region. The Regional Committees have the power to make by-laws for the purpose of carrying out their functions. Regional Committees have a legal personality with their functions being established by the Minister responsible for Local Government in the form of regulations, following consultation with the Local Councils' Association. In addition, Local Councils within a given region may also, upon unanimous agreement, authorise the Regional Committee to assume powers conferred to them, such as the local enforcement system, street lighting and the management of regional libraries.

**Table 4: Distribution of power between the different government levels and responsibility**

Government level:	Legislation	Regulation	Funding	Provision
<b>Central government</b>				
Defence	Exclusive	Armed Forces Act	Central Government	Central Government
External affairs	Exclusive		Central Government	Central Government
Internal affairs	Exclusive	Code of police laws	Central Government	Central Government
Justice	Exclusive	Admin. Justice Act Inferior Courts Act	Central Government	Central Government
Finance/Tax	Exclusive	Various Acts	Central Government	Central Government
Economic affairs	Exclusive	MCESD Act Companies Act	Central Government	Central Government
Environmental protection	Exclusive	Environment protection Act	Central Government	Central Government
Public utilities	Exclusive	Various Acts	Central Government	Central Government
Social welfare	Exclusive	Social Security Act	Central Government	Central Government
Health	Exclusive	Various Acts	Central Government	Central Government
Science & Research	Exclusive	Various Acts	Central Government	Central Government
<b>State/regional government</b>	Regional Committees	Local Council Act	Utilise Local Government	Limited local public utilities

			funds	
<b>Local government</b>	Local Councils	Local Council Act	Central Government	Limited local public utilities

The Maltese government structure is characterised by the devolution of power to local councils with a robust system of centralised control. The Central government has established a Department for Local Government within the Ministry for Justice, Culture and Local Councils that provides the centralised control mechanism, including fiscal and administrative discipline. This has permitted central government to focus and address issues that have a horizontal impact across the Maltese population and beyond the Maltese borders, but concurrently recognising that towns, parishes and villages have particular concerns that principally affect the local population living within a distinct geographical zone. Therefore, Central Government has dominant power, but the system requires close collaboration with the local council authorities to address local issues that may influence and impact the electorate.

This system appears to be effective due to the relatively small size of the council geographic zones and population. The sixty eight Local Councils vary in size from a few hundred to a maximum of about twenty three thousand citizens. Hence, the Local Councils population size is very small in comparison with larger countries. Most importantly, the various concerns that affect a particular locality are highly manageable. One may conclude that having a robust system of central control with limited devolutionary of power at local level provides an excellent basis for implementing the various administrative reforms. The various administrative reforms are basically aimed at Central Government administration, which filter down to the citizen either directly through the facilities offered by Central Government (for example eGovernment, mGovernment and eGovernance services), or indirectly through the facilities provided by Local Councils.

## 2.2 Structure of executive government (central government level)

The structure of executive government is based upon the British parliamentary system. The executive government consists of the Prime Minister who acts as head of Government (and leader of the Political Party in Government) and a number of Ministers, that currently number sixteen. However, the number of Ministers may vary depending on how the Prime Minister structures government administration. The Prime Minister and four other Ministers, namely the Minister for European Affairs and Implementation of the Electoral Manifesto; the Minister for the Family and Social Solidarity; the Minister for Justice, Culture and Local Government; and the Minister for Sustainable Development, the Environment and Climate Change are assisted by Parliamentary Secretaries. Parliamentary Secretaries are typically viewed as junior Ministers. The Prime Minister, Ministers and Parliamentary Secretaries are all elected members of Parliament. The Prime Minister, Ministers and Parliamentary Secretaries are considered "*birds of passage*", in other words, their function in office is determined by general elections, which means they hold office on a temporary basis. Thus, continuity of public office is maintained by public servants, who are viewed as career officers.

Therefore, it is the public service personnel that manage the day to day administration of government, based upon the elected Governmental policies. The Public Service is led by the Principal Permanent Secretary (PPS) who is answerable to the Prime Minister and is the head of the Public Service. The PPS often performs the function of Cabinet Secretary; however this is not mandatory. There have been several instances in the

recent past where the appointed Cabinet Secretary was not the PPS. One should note that the Cabinet in Malta consists of all the Ministers and Parliamentary Secretaries. Each Ministry has one Permanent Secretary (public servant) with the exception of the Prime Minister who is assisted by a Minister without portfolio, a Parliamentary Secretary, and three Permanent Secretaries.

The Permanent Secretary structure provides stability and continuity of government, particularly when the electorate decides to change the government administration after a general election. However, although Permanent Secretaries are public servants, they are still considered as political appointees and therefore may have their appointment as Permanent Secretary terminated with a change of government administration. Moreover, all headship posts in the Maltese Public Service are on a three year contract basis, including Permanent Secretaries. The appointment (and removal) of Permanent Secretaries is made by the President on the recommendation of the Prime Minister. With other headship posts, their appointment is made by the Public Service Commission on the recommendation of the Prime Minister. It should be noted that Government Agencies, Foundations and other bodies normally are under the responsibility of the particular Permanent Secretary having the mandate for such functions, unless specifically specified by law. Whilst, Permanent Secretaries and headship positions have a relatively degree of operational autonomy, they must adhere to the strategic direction of the respective Ministry they are assigned to. Strategy and related policies are defined by the specific Ministry and respective Permanent Secretary, particularly by the Principal Permanent Secretary in the Office of the Prime Minister when defining public service reforms and their implementation.

<b>State structure</b> (federal - unitary) (coordinated - fragmented)	<b>Executive government</b> (consensus - intermediate - majoritarian)	<b>Minister-mandarin relations</b> (separate - shared) (politicized - depoliticized)	<b>Implementation</b> (centralized - decentralized)
unitary	majoritarian	separate	centralised

The Public Service has the primary objective of being apolitical when dealing with day-to-day operational aspects of government. This is a key characteristic of the Public Service reform process. The Maltese Public Service has a robust system to ensure that this objective is achieved. The Public Service is regulated by the Public Administration Act and its procedures are defined by the Public Service Management Code, including a code of ethics for public appointed Chairpersons of public agencies and entities. The Public Service Commission, which is an independent institution, regulates and oversees procedures related to employment, promotions and disciplinary action in the Public Service (and related entities) and to ensure that the regulations are adhered to. In addition, under the Maltese Constitution, an Employment Commission, which has the same status as the Constitutional Court, is established to address cases of employment or promotion exclusion in the Public Service and/or public entities that are specifically due to political discrimination. A decision taken by the Employment Commission cannot be appealed. An Ombudsmen’s Office has also been established to examine and recommend remedial action for cases involving the general public and/or public officers in dealing with the public service or/and public entities related to injustices not necessarily associated with political discrimination. A weakness with the Ombudsmen’s authority is that the Ombudsmen’s Office can only make remedial recommendations, but these recommendations are not mandatory. Additionally, a permanent “*Commission against Corruption*” has also been established to investigate allegations of corruption involving public funds and public officers. The above structures are all aimed at protecting the autonomy of the public service and ensuring its effectiveness in terms of being apolitical, stable and transparent.

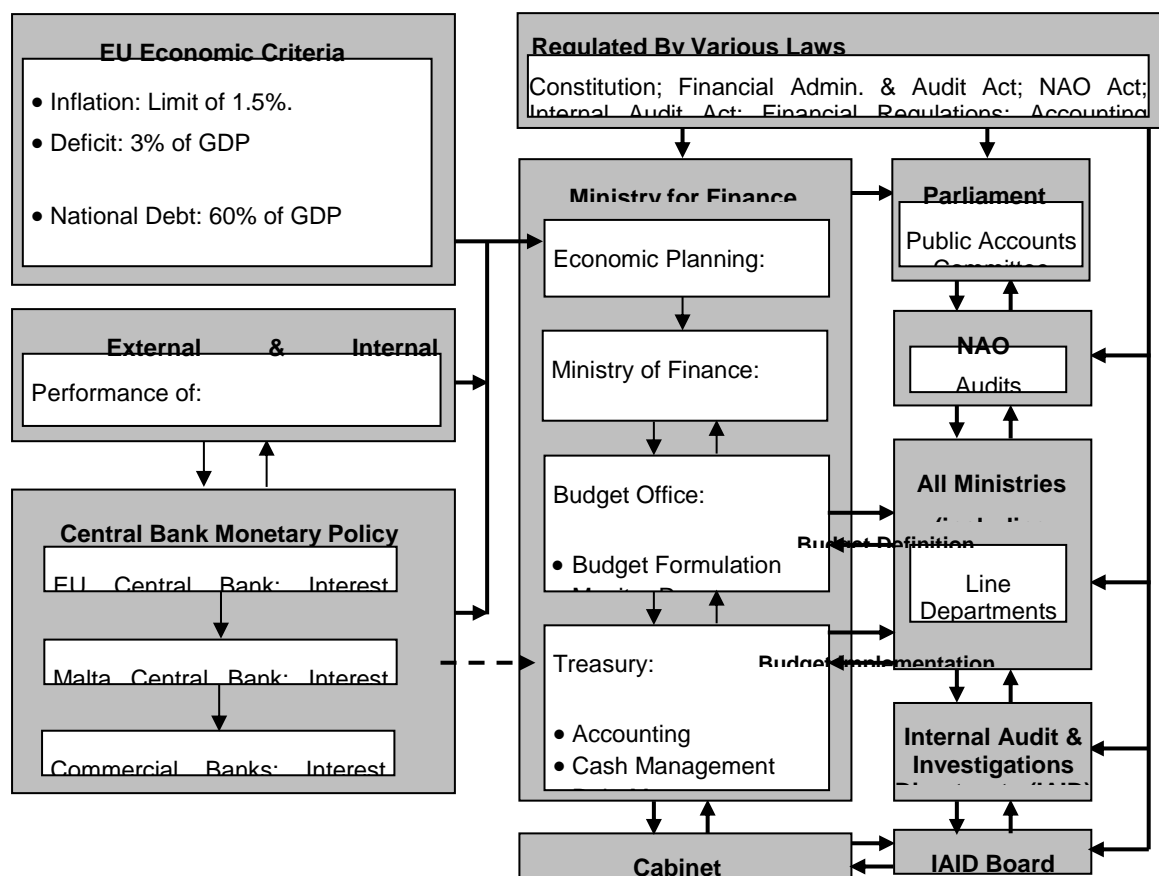
Coordination within Central Government is based upon three important facets. Coordination regarding the implementation of the Government's EU relations and the electoral manifest is the responsibility of the Ministry for European Affairs and Implementation of the Electoral Manifesto. This Minister is assisted by a Parliamentary Secretary for the EU Presidency 2017 and EU Funds who has the direct and absolute responsibility for EU internal coordination, the EU Presidency for 2017, and EU funds and programmes. The coordination and monitoring of the implementation of the electoral manifest is the direct responsibility of the Minister who ensures that Government's electoral mandate and respective pledges are holistically undertaken and put into action by the various Ministries and their respective government departments.

The third coordination and monitoring facet is related to public service reforms. An important element in the government structure is the establishment of a Parliamentary Secretary responsible for Planning and Simplification of Administrative Processes within the Office of the Prime Minister. This official has a direct link to the office of the Principal Permanent Secretary to ensure a high level of coordination between the various Ministries and their respective government departments. This is viewed as being vital to implementing the government policies, particularly administrative reforms. Two important agencies that facilitate coordination include the Management Efficiency Unit and MITA. MITA is the central ICT agency, which has the responsibility for the holistic implementation of information systems and services across government ministries, including eGovernment, mGovernment and eGovernance amongst many other services.

Figure 6 illustrates that the budgetary implementation and monitoring mechanism is an intricate process that is the direct remit of the Minister for Finance, which requires a complex cycle of processes, laws and regulations, and a high level of coordination between the executive, administrative and regulatory bodies.

The Ministry for Finance adheres to the fiscal framework that implements, monitors and controls the business planning and budget cycle. However, it is the Priorities and Planning Committee, chaired by the Prime Minister that sets the overall government priorities, constraints and initiatives. Thus, this committee establishes and approves the fiscal parameters and targets for the fiscal budget. The approved fiscal parameters and targets are communicated to the Budget Office so that it may provide the business and financial planning guidelines to all Ministries, through their Permanent Secretaries, Heads of Departments, and Chairpersons of Government entities. By the first quarter of the financial year, Ministries and their respective departments prepare the first draft Business and Financial Plans. By the second quarter, these plans are reviewed by the Budget Office and feedback is provided to the Ministries concerned after bilateral meetings are held with the Minister for Finance and the other Ministers to discuss their planning submissions and resolve any conflicts that may arise. The Budget Office forwards the agreed business plans, including the recommendations to the Priorities and Planning Committee for its review and approval.

**Figure 6: Budgetary implementation, monitoring and control mechanism**



The decision by the Priorities and Planning Committee regarding budgetary resource allocations are communicated to Ministries, Departments and other Government entities by the Budget Office. By the third quarter of the financial year, the Ministry for Finance issues instructions to Ministries, Departments and other Government entities to prepare the annual financial estimates for the next financial year for submission to the Budget Office. The submitted annual financial estimates by the individual Ministries and their respective departments and entities are once again reviewed for consistency with Government’s strategic directions. Moreover, the economic outlook for Malta is revised and the forecast finalised. At this stage the Priorities and Planning Committee confirms the financial allocations, including in principle all the capital projects. Accordingly, by the start of the final quarter of the financial year, the budget definition process is concluded. Hence, the economic survey, financial estimates and budget speech are finalised and are ready to be presented to parliament as an Appropriation Act. Figure 6 also shows the key mechanisms for the financial administrative and regulatory enforcement of the government budgetary and accounting process.

There are four key levels of control, including the auditing and enforcement accountability. These provide a robust level of quality of transparency and the applicability of independent oversight. These mechanisms include:

1. The Treasury, which manages Government’s accounting system during the budget implementation stage. The accounting system is designed to ensure that Ministries and their respective departments and entities sustain their revenue and expenditure levels as defined by budget parameters. The Treasury Department reports direct to the Permanent Secretary, Ministry of Finance.

2. The National Audit Office (NAO) acts as the external auditor for government. The NAO has the authority to audit any entity (private or public) that is in some way funded by government. The NAO being totally independent reports to the Speaker of Parliament as a communication conduit to present its reports to parliament. The NAO also conducts investigations as requested by Government and/or the Parliamentary Opposition.
3. The Internal Audit and Investigations Directorate (IAID) carries out the internal audit function for government recommending how procedures may be improved to have a sustainable financial control mechanism. It also conducts investigations on behalf of government, particularly when there are allegations of corruption or regulatory wrong doing by individuals or departments. The IAID also represents OLAF (European Commission, European Anti-Fraud Office) in relation to the EU funds expenditure.
4. The Parliamentary Accounts Committee (PAC) inquires into matters relating to public accounts referred to it by the House of Parliament, parliamentary opposition, a Minister or NAO. Apart from its wide powers, the PAC may examine the accounts of statutory authorities, including state-owned organisations, whose accounts are presented to Parliament; to report to Parliament on any change that it considers desirable in the form of the accounts, on the manner in which they are kept, on revenue or expenditure or the control of money; and to discuss Malta's monetary policy and receive reports from the Governor of the Central Bank of Malta. The Chairman of the PAC is chosen by the Leader of the Parliamentary Opposition and its membership is to represent the House of parliament in general with the proportion of Government and Opposition members in particular.

The above key mechanisms provide a strong basis for financial administrative and regulatory enforcement and control of the government budgetary and accounting process. Furthermore, there are adequate checks and balances to ensure that the public service, including its administrative and financial functions is transparent and support a highly democratic process that a Westminster parliamentary system demands.

The Public Administration also includes agencies that are regulated by the Public Administration Act. A government agency shall be a body corporate having a separate and distinct legal personality and capable of entering into contracts, of employing personnel, of acquiring, holding and disposing of any kind of property for the purposes of its operations, and of suing and being sued, and to which any function or operation of Government may be assigned under the law. The legal and judicial representation of an agency shall lie in its Chief Executive Officer or such other officer of the agency as the Minister responsible for it may from time to time appoint by notice in the Gazette. Agencies have a specific function and are autonomous in the management of their resources and provide services to the public or perform other functions on behalf of the State. For example, the Local Enforcement System Agency carries out the functions and duties relating to the enforcement of any law, regulation or bye-law, the enforcement of which has been delegated to regional committees, local councils or to such other local or regional authorities as are designated by the Local Councils Act.

### **3 KEY FEATURES OF THE CIVIL SERVICE SYSTEM**

#### **3.1 Status and categories of public employees**

The term "public sector" refers to all government organisations and their employees, as distinct from the private sector (private companies, non-government organisations, and their employees). There is a clear distinction between the "public sector" that is viewed as general government and the Public Service, which is viewed as central government. The Public Service consists of ministries and departments of Government and is considered as the core of the Government's administrative machinery. However, Government's administrative machinery has other components. These include statutory authorities and agencies, Government foundations, and companies with a Government

majority shareholding. These entities are part of the public sector but are not the Public Service.

Public Service employees are referred to as “public officers” and as “Government employees”. The latter term reflects the fact that Public Service employees work in ministries and departments that are an integral component of the Government of Malta. By contrast, entities in the wider public sector have their own legal personality that is separate from that of the Government. In other words, while such entities belong to the Government, they are not part of the Government. Accordingly, their employees are not Government employees but are considered similar to private sector employees. The lack of a separate legal personality is not the only characteristic that ministries and departments have in common. They also have a common pay structure based on 20 salary scales; a common career structure that enables Public Service employees to move from one ministry or department to another in the course of their careers; and appointments and discipline are governed by the Public Service Commission (PSC), an independent constitutional body that is tasked with ensuring that appointments are based on merit and that discipline is fair. The boundary between the Public Service and the wider public sector is defined by the presence or absence of these characteristics and does not depend on the sector of operations. For instance, a member of the Police Force is a public officer, whereas a soldier in the Armed Forces of Malta is not. Similarly, a teacher in a state school is a public officer, whereas a lecturer at the University of Malta is not.

Employment in the Public Service is dissimilar to the private sector. The private sector has full and complete liberty in terms of the procedures it adopts for expanding or decreasing its organisation structure and the associated staff complement; the mode of recruiting employees; and the salary structure that is applicable. Furthermore, the public service classifies its employees into two categories, namely departmental grades and general service grades. An occupant of a departmental grade, such as a “Technical Officer” is assigned to that specific post and is employed by a particular Department with very little opportunity for mobility between Departments within the same Ministry or between Ministries. However, the post of a “Clerk” is classified as a general service post, which means that the occupant can be transferred to any government department depending on the exigencies of the Public Service. Hence, job mobility (within the grade) is possible across the entire government. General Service grades are viewed as career Public Service Officers and climb the career ladder up to the grade of Permanent Secretary. Both departmental grades and general service grades are recruited on an indefinite tenure basis. The rights and obligations of public service officers are entrenched in the code of ethics and the public service management code. However, these are addressed in the next section.

The concept of public service bargains is not considered applicable to the Maltese senior public employees. Senior Public Servants in Malta work long hours and their remuneration is much lower when compared to private sector executives. Furthermore, family friendly measures are encouraged across the public service but are not usually utilised by senior public servants. Senior public servants are considered to have a high level of affective work commitment and public service motivation (PSM). Apart from the prestige associated with having reached the upper career level, the predominate forces that drive senior public servants are work commitment and PSM.

### **3.2 Civil Service regulation at central government level**

Strengthening of the ethical framework of public administration is an important reform initiative that has been consistently reinforced over the past two decades. Public Service regulation is based upon a legal and administrative framework. Foremost is the Public Administration Act, as amended by legal notice 366 in 2016, which regulates the public sector, including at central government level. The aim of the Act is to affirm the values of public administration as an instrument for the common good, to provide for the

application of those values throughout the public sector, and to provide for the organisation and management thereof. The Public Administration Act also defines a code of ethics. The code of ethics for employees in the Public Service is based upon a number of principles that are considered fundamental to the ethos governing behaviour. These have been identified as public trust; serving the public and the business community; responsibility to the Government of the day; productivity and flexibility; and public employees' rights. The code of ethics also addresses issues such as avoiding a potential or actual conflict of interests and preventing acceptance of undue gifts or benefits. Public officials are obliged to declare their assets only when conflicts of interests arise. In case of improper conduct, disciplinary proceedings against the public official are to be taken. If the conduct in question could amount to a criminal offence, the file is transmitted to the Attorney General for a decision as to whether or not criminal proceedings should be instituted.

Apart from the code of ethics, Public officials are also bound by the Public Service Management Code (PSMC). The PSMC is a legally binding document that deals with the management of human resources. As such, it is dynamic and constantly evolving with a view to enhancing policies, standard practices and procedures aimed at facilitating management-employee relations. The PSMC aims to define and regulate the HR management function, as well as the rights and obligations of employees. The PSMC obliges public officers to report to their superiors cases of improper conduct that they become aware of in the exercise of their functions. Officials in a supervisory position are bound to report any corrupt practices of their subordinates of which they become aware. Public officials, who fail in their duty to report such practices, expose themselves to disciplinary proceedings. It is noted that there are no public statistics available which indicate the degree of occurrences from such practices.

The Public Administration Act (and the associated code of ethics and the PSMC) is supported by the establishment or strengthening of institutions such as the Ombudsman's Office, the Public Accounts Committee of Parliament, the National Audit Office, the Internal Audit and Investigations Directorate, and the Permanent Commission against Corruption. Furthermore, two important recent developments have helped to consolidate the reform process in relation to having a transparent and clean public service. These are: (i) the Whistle Blower Act of 2013 that permits employees in both the private and public sectors to disclose information regarding improper practices by their employers or colleagues and to protect employees who make such disclosures from detrimental action; and (ii) the Amendment to the Criminal Code of 2013 that removes prescription on acts of corruption committed by sitting ministers, parliamentary secretaries, MPs or local councillors.

The regulations and institutional structures described above are viewed as essential features in the management of the Maltese government Public Service. However, the success of the application of the above features is dependent upon the courage of employees to come forward and provide hard evidence against those that perpetrate wrong doings. In other words, allegations of wrong doing is not enough, authorities require hard evidence that stands up to rigid court scrutiny.



### **3.3 Key characteristics of the HR system**

The Public Service recruitment, selection, promotion, appraisal and remuneration procedures must adhere to a strict process. For instance, calls for applications for the filling of vacancies in the public service are vetted and approved by the Public Service Commission. Recruitment may be through open public competition or internally within the public service. If the recruitment is through open public competition, the call for applications is published in the Government Gazette and may also be advertised in the local press at the discretion of the department concerned. However, internal calls for applications are open to serving public officers and are advertised by internal circulars. Additionally, Government may recruit persons to a position of trust. These are political appointments for a definite period of time, usually one year but renewable, in contrast to the Departmental and General Service posts that are on an indefinite tenure basis. It should be noted that headship posts are on a contract basis, normally of three years. At the end of the contract period, the occupant may be provided with a renewed contract (after a competitive call for applications) or revert back to his/her substantive post, which is their permanent designation in the public service, should they not be successful in having their contract renewed.

The selection process or method applicable to a particular post or position is indicated in the call for application. This normally consists of an interview or a combination of a written examination or practical test and an interview. However, the PSC may authorize other selection methods that it considers appropriate. Selection processes run by the PSC are based on the merit principle (i.e. the individual and relative suitability of a candidate for a particular post). Currently, normal practice in the Public Service is to appoint staff to a grade (e.g. Principal, Technical Officer). Related grades are grouped within a career stream, and external entry requirements as well as promotion routes from one grade to the next within each stream are defined in a classification agreement between the Government and the relevant union. Currently, there are about 60 distinct career streams within the Public Service. Eligibility for promotion to a higher grade within a career stream is usually restricted to officers already in that stream. For example, a Technical Officer Grade 1 may climb the career ladder to Technical Officer Grade II and III as vacancies become available.

Most HR management aspects are defined in a collective agreement. A collective agreement is between the government and the major unions and is subject to the Public Administration Act and the associated code of ethics and the Public Service Management Code. There is only one collective agreement for the entire public service. It defines the various employment terms and conditions for public service employees in relation to resolution of disputes; opportunities for Private Public Partnerships initiatives; conditions of work; vacation and other leave; health and safety; training and development; classification and grading structures; and salaries. Hence, the Malta Public Service has a comprehensive agreement in place regarding all aspects, including recruitment and selection, promotion, appraisal and remuneration, which have provided a high degree of industrial relations stability over many years. The staff appraisal method depends on the grade of the public service officer and is utilised to approve the annual salary increments and promotion to the next grade based upon seniority of tenure for non-headship posts. The appraisal system for headship posts is based upon a performance bonus that ranges from 0% to 15% depending on the performance outcomes and agreed deliverables. However, in the absence of measurable key performance indicators, the performance

bonus in practice becomes a means of increasing the remuneration of senior public officers based on subjective judgement.

Development and training is specifically entrenched in the collective agreement with the labour unions, particularly in relation to training as prescribed by management; training as offered by management; courses of study sponsored by the employer; and courses of study undertaken on the initiative of the employee. The Institute for the Public Services was established in 2016 as part of a recent reform into the development and training aspects of Public Servants. The Institute for the Public Services provides training to public officers in partnership with the University of Malta and the Malta College of Arts, Science and Technology. It also carries out research on matters relating to organisation and management in the Maltese public administration.

The HR function has also been recently reformed with the formation of the People and Standards Division, within the Office of the Prime Minister (<https://opm.gov.mt/en/PSD/Pages/PSD.aspx>). This division is led and coordinated by the Director General (People and Standards), supported by the workings of three important directorates, namely, People Resourcing and Compliance; People Support and Well Being; and the Research and Personnel Systems Directorate. The People and Standards Division is primarily focused on developing and sustaining its strategic role at the centre of HR Management and across the Public Administration. In 2011, PAHRO, as it was formerly known, continued to progress from the traditional concept of micro HR Management, towards a macro and comprehensive outlook to workforce planning, change management, guidance and support provision to line Ministries and Departments, monitoring the implementation of HR Management in line Ministries and Departments, as well as promoting leadership development.

The People and Standards Division will continue to spearhead the implementation of the provisions of the Public Administration Act, progressive human resources strategies and policies, the increased decentralisation of procedural processes to line Ministries and Departments, and the ongoing streamlining of the business of Government in the field of HR Management. The impact of the reforms brought about by the establishment of the People and Standards Division will require some time to be realised as the devolution of authority related to HR matters cascades to the line Ministries and Departments.

The mission statement of the People and Standards Division is: *'to formulate, develop and promote in close collaboration with line Ministries and Departments, progressive human resource policies, strategies and management systems in support of the business of Government and to assist and support line Ministries/ Departments to achieve Government plans and programmes and to render an efficient service to the public.'* This mission statement reflects a decentralisation policy towards HR management. Directive 07 delegates certain powers of recruitment to Public Sector entities and their Permanent Secretaries. The transferring of resources and competencies nearer to the points of service delivery, and consequently HR decentralisation, is viewed by the Government of Malta as a major trend in public administration modernisation. The first phase of the HR decentralisation process mainly focuses on replacements and new vacancies in an existing position that are covered by a Collective Agreement or Public Administration Collective Bargaining Unit (PACBU) approval.

The Maltese public service has seen a rapid rate of administrative reforms in the past two decades, particularly with the change of the government administration in 2013, which brought with it a dynamic and fresh management team. The Public Administration Act and associated code of ethics together with a new Public Service Management Code, supported by the various institutions and legislative framework described previously, have mitigated the degree of patronage and politicisation in the Maltese public service. As stated previously, the Public Service recruitment procedures allow for the engagement of positions of trust. These positions permit the direct recruitment of an individual to a specific role, such as the staff in the secretariat of the Ministers, which are

purely political posts and vary with a change of administration. Permanent Secretaries are also viewed as political appointees; however there have been instances where the Permanent Secretary for a particular ministry has remained unchanged, such as, the case in the Ministry of Finance. In conclusion, the degree of patronage and politicisation in the Maltese public service is not widespread and when it occurs, it is mainly restricted at the Permanent Secretary level.

<b>HR system</b> (Career vs. position based)	<b>Employment status</b> (civil servant as standard; dual; employee as standard)	<b>Differences between civil servants and public employees</b> (high, medium, low)	<b>Turnover</b> (high, medium, low)
General Service post: Career Based	Civil Servant	medium	low
Departmental Grades: Posts based	Employee		

<b>Coherence among different government levels</b> (high, medium, low)	<b>compensation level vs. private sector</b> (much higher, higher, same, lower, much lower)	<b>Formal politicization through appointments</b> (high, medium, low)	<b>Functional politicization</b> (high, medium, low)
High	Lower	medium	medium

## 4 POLITICAL ADMINISTRATIVE SYSTEM AND POLITICAL ECONOMY

### 4.1 Policy-making, coordination and implementation

Malta is a parliamentary republic established as a decentralised unitary state with a singular house of parliament. Although there are several political parties, politics is dominated by two major political parties, namely the Malta Labour Party and the Nationalist Party. The Malta Labour Party is a member of the Party of European Socialists (PES), while the Nationalist Party is a member of the European People's Party (EPP). Hence, the parliament in Malta is dominated by a two party system, with the party gaining the majority of votes having a proportionate number of members in Parliament.

Thus, Parliament is composed of an odd number of members elected for one legislative term of five years. Ordinarily, five members are returned from each of thirteen electoral districts (65 members) using the single transferable vote electoral system but additional members are elected in cases of having a disproportional number of members for the number of votes obtained (particularly where a party with an absolute majority of votes fails to win an absolute majority of seats and where only candidates from two parties are elected). This is an effort to resolve the issue of gerrymandering of electoral districts. For instance currently Parliament is composed of 71 members, 38 on the government side and 33 on the opposition benches.

Therefore, executive government in Malta is based upon a "*majoritarian*" basis as distinct from a consensual mode. The Maltese public service is based upon the British system. Hence, the Minister-Mandarin relational behaviours may apply. The Permanent Secretary is the link between the executive and the public service and is meant to provide continuity. However, Permanent Secretaries are appointed directly (without a call for application) for a three year period from within the Public Service. Hence, this system may encourage the appointment or dismissal of Permanent Secretaries based on political affiliations. However, more often than not, disagreements between Ministers and their Permanent Secretaries have more to do with personality conflicts rather than with political divergence.

Moreover, public service posts of Assistant Director (salary scale 5) and above (with the exception of Permanent Secretaries) are filled through an internal call for applications from senior public officers. These posts are based on a three year performance based contract. All public servants, particularly senior employees, are held accountable in relation to how money is spent, through the NAO/IAID investigative mechanisms, and may appear before the Parliamentary Accounts Committee, whose Chairperson is a member of the Parliamentary Opposition.

Policy decisions are frequently based upon the political manifesto that formed the basis of the electoral platform the party in government was elected upon. The political manifesto is a document that is based upon a robust public/marketing research methodology and direct meetings with stakeholders, including the business sector and civil society, apart from representation by citizen groups participating in specific sessions organised by a political party to attain their opinion. The current Maltese Government has a Ministry for European Affairs and Implementation of the Electoral Manifesto. The responsibility of this Ministry is to ensure that the manifesto is reviewed and implemented. As stated previously, the number of Ministries and their respective title and function is the prerogative of the Prime Minister. Furthermore, high risk policies are normally processed through a series of public consultations by open discussions, petitions or the issuance of Green and White Papers. A green paper is a tentative government report and consultation document of policy proposals for debate and discussion that represents the best that the government can propose on the given issue, leaving its final decision open until it has been able to consider the public reaction to it. While a white paper normally emerges from a green paper and is issued by the Government as a statement of policy. A white paper often set out proposals for legislative changes or the introduction of new laws.

In addition, referenda are also a method that may permit citizens' participation in relation to the formulation of policies. There are three types of referendums in Malta, namely constitutional, consultative and abrogative referendums. Constitutional referendums have never taken place and are strictly limited to amending the Constitutional provision on the maximum parliamentary term of five years. The other categories of referendums are regulated by the Referenda Act. Consultative referendums are not very common and are instigated for major contentious issues, such as permitting divorce of marriages. Consultative referendums can either take place prior to the assent of a bill in the House of Representatives or following the parliamentary procedure in a form of a conditional clause in the said bill. In the former case it would not legally bind the Parliament to approve the said legislation irrelevant of the result of the said referendum; however in the latter case, it would be conventionally binding on the President to promulgate the bill into law. An abrogative referendum requires 10% of the number of eligible voters to be held. If invoked and successful, an abrogative referendum can abrogate pieces of legislation barring some exceptions, notably financial and constitutional law. The above illustrates that Malta has a highly developed democratic process which provides for an extensive open dialogue citizen participation procedure.

The public service in Malta is autonomous through the Principal Permanent Secretary (as head of the Public Service) and Permanent Secretaries that support the individual Ministries. All other posts below Permanent Secretary are filled through an open call for applications. This system provides continuity in governance irrespective of the political party in government and also permits an orderly transition of power with a change in the political administration. Government, through its public service is also supported by a diverse number of external experts. Advice from experts is sought (under the Public Procurement Regulations) either directly by approaching qualified and experienced individuals or through the outsourcing process, such as legal and accounting firms or other firms providing professional services.

Policy sustainability is ensured through a system of authorisations and approvals. For instance, Cabinet memorandums before being considered must be submitted to the

Permanent Secretary of the Ministry of Finance for an assessment regarding its economic and financial sustainability; and to the Principal Permanent Secretary for an assessment of its administrative manageability and sustainability. Policy making by government is influenced by the internal and external environments, taking into consideration the political implications in the implementation process. However, past experience has shown that the vast majority of policies are mainly taken with the National interest as a priority.

Distribution of powers	Coordination quality (high, medium, low)	Fragmentation (high, medium, low)
Medium	High	Low

Political economy (liberal – coordinated)	Interest intermediation (corporatist – pluralistic)	Citizen participation (strong – weak)	Policy style
Coordinated	Pluralistic	Strong	Participative

Sources of policy advice (mandarins, cabinets, external experts)	Administrative autonomy (high – medium – low)	Patronage & politicization (formal, functional) (merit – patronage) (high – medium – low)	Public Service Bargains (Agency – Trustee)	Stability (high – low – no turnover after elections)
Mixture	Medium to high	Merit Low	Mainly Trustee	High

#### 4.2 Administrative tradition and culture

The public service in Malta is viewed primarily as a vocation, as well as a profession, based upon a public interest culture. As stated previously, remuneration is not the key factor that attracts employees to the public service. It is suggested that job security, a clear career path and diverse job opportunities are the principle key ingredients for entering into the public service, which then develops over time to an advanced level of affective work commitment and PSM.

Malta has traditionally been characterised as having a relatively low level of participation of women in the labour market, high dependency on social contributions, moderate redistribution of income and relatively higher levels of unemployment, which is consistent with the Conservative/Corporatist Model. However, in recent years this traditional characterisation is changing towards a Social Democratic Model, with a higher level of participation of women in the labour market, higher degree of income redistribution, very low unemployment, higher standard of living and citizens with a high level of confidence in their public system, and higher level of revenue generation through the efficient collection of taxes. The public service in Malta is mainly career-based, where employees are initially recruited at the entry level through competitive examinations, with a small proportion entering the Public Service at the middle/senior posts from external sources. Hence, the public service in Malta has a mixture of internal and external recruitment modes but is more inclined towards a closed structure.

Public service culture is based upon high ethical values and principles as defined by the code of ethics and the public service management code, both of which form part of the Public Administration Act. Public servants in Malta tend to be risk averse. Hence they tend to adhere to procedural logic as defined by historical precedence; do not utilise their discretionary authority; embrace the rules and regulations as a security safeguard; and strictly apply the rule of law. This is viewed as a weakness because public service employees tend to lack initiative. Government has recognised that regulatory density in Malta is high and has initiated through the office of the Parliamentary Secretary for Planning and Simplification of Administrative Processes to review, amend and repeal outdated legislation (or portions thereof) and simplify administrative procedures.

Table 5 provides the nation culture dimensions regarding Malta using Hofstede model. These scores are an attempt to determine national/regional characteristics of society in general. Hence, the attributes are applicable to both the public and private sector. Malta has a rather high score on the Power Distance dimension (score of 56) and reflects a hierarchical society in which centralisation is popular, subordinates expect to be told what to do and the ideal boss is a benevolent autocrat. This generally reflects the typical administrative culture of the Maltese public service. However, public service reforms are moving more towards devolution of authority where employees, particularly supervisors are expected to be innovative and proactive in their activities. Thus public service employees may find this transition difficult and resistance to change may become an issue.

**Table 5: Hofstede national culture dimensions regarding Malta**

Hofstede national culture dimensions		
Dimension	Value	Average EU28
Power Distance	56	52
Individualism/Collectivism	59	57
Masculinity/Feminity	47	44
Uncertainty Avoidance	96	70
Long-term Orientation	47	57
Indulgence/Self-restraint	66	44

**Sources:** Geert Hofstede's national culture dimensions, <https://geert-hofstede.com/national-culture.html>.<sup>1</sup>

Malta, with a score of 59 is considered to be an Individualist society. This means there is a high preference for a loosely-knit social framework in which individuals are expected to take care of themselves and their immediate families. Hence, teamwork in the public service may not be a natural phenomenon and will need effort to secure it. Moreover, recruitment and promotion decisions are expected to be based mainly on merit and when it is perceived otherwise, it may become a cause for contention within the organisation.

Malta scores 47 on the Masculinity/Femininity dimension. This is considered to be an intermediate score with no clear cultural tendency being shown. The fundamental issue here is what motivates people, wanting to be the best (Masculine) or liking what you do (Feminine). The implication of this score for the public service employees is that there

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<sup>1</sup> Interpretation: power distance (high value = higher acceptance of hierarchy and unequal distribution of power); individualism (high value = stronger individualist culture); masculinity (high value = higher masculinity of society); long-term orientation (high value = stronger long-term orientation); indulgence (high value = indulgence)

appears to be balance between competing to be best and still giving importance to liking one's job. Hence, HR policies need to reflect these motivating aspects.

Malta scores 96 on the Uncertainty Avoidance dimension and thus has a preference for avoiding uncertainty. This supports the contention made previously that public servants in Malta tend to be risk averse. Hence they tend to adhere to procedural logic as defined by historical precedence; do not utilise their discretionary authority; embrace the rules and regulations as a security safeguard; and strictly apply the rule of law. The implication of this is that there is likely to be resistance to reforms related to the devolution of authority and the use of discretionary powers. Additionally, Hofstede's scores are applicable to all Maltese society, which may mean that society in general may not support the concept of devolution of authority and the use of discretionary powers, and interpret such action as the shrinking of responsibilities by senior public servants.

Malta has an intermediate score of 47 for Long Term Orientation and thus a cultural tendency cannot be determined for this dimension. Hence, Maltese employees are prone to balance their lives between attachment to the past and moving cautiously into the future. The implication of this is that public service employees despite their tendency to be risk averse are likely to perceive the reform process as a challenge.

Malta has a high score (66) for the Indulgence dimension. People in societies classified by a high score in Indulgence generally exhibit a willingness to realise their impulses and desires with regard to enjoying life and having fun. They possess a positive attitude and have a tendency towards optimism. This generally describes a typical Mediterranean tendency. This supports the previous assertions that the reform process is likely to be viewed as a challenge and that family friendly measures are factors that may attract and retain employees in the public service.

<b>Administrative culture</b> Rechtsstaat, Public Interest	<b>Welfare state</b> (liberal, conservative, social-democratic)	<b>Public Sector openness</b> (open, medium, closed)
Public Interest	Mixture	Medium

<b>Key PA Values*</b>	<b>Managerial vs Procedural</b> (Managerial, Mixed, Procedural)	<b>Red Tape (regulatory density)</b> (very high to very low)	<b>Discretion/ autonomy</b> (high, low, medium)
<p>Exercise any powers vested in them by law.</p> <p>Deliver services courteously, expeditiously and impartially.</p> <p>Provide objective &amp; knowledgeable advice.</p> <p>Implement policies effectively.</p> <p>Contribute towards the co-ordination of Government policy in conjunction with departments, agencies, and Local Councils.</p> <p>Contribute through their own conduct to making their workplace one which recognises talent, develops skills and abilities, rewards performance, avoids</p>	Mixed	Medium	Medium

discrimination and offers safety.			
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\* **Source:** Public Administration Act, Clause 4 (1) (a) to (e).

## 5 GOVERNMENT CAPACITY AND PERFORMANCE

### 5.1 Transparency and accountability

Table 6 provides the relevant data regarding transparency and accountability for the Malta. In stark contrast to very high transparency of government indicator, access to government information in Malta scores relatively low both in terms of the score itself (4) and the EU ranking for Malta (2014, 27; 2016, 26).

**Table 6: Government of Malta transparency and accountability**

Indicator	Value 2014	EU28 rank	Value 2016	EU28 rank	Δ Value	Δ Rank
<b>Access to government information (1-10)</b>	4.00	27	4.00	26	0.00	+1
	Value 2013	EU28 rank	Value 2015	EU28 rank	Δ Value	Δ Rank
<b>Transparency of government (0-100)</b>	95.86	1	97.29	1	+1.43	0
	Value 2010	EU28 rank	Value 2015	EU28 rank	Δ Value	Δ Rank
<b>Voice and accountability (-2.5,+2.5)</b>	1.16	12	1.18	11	+0.02	+1
<b>Control of corruption (-2.5,+2.5)</b>	0.85	16	0.92	14	+0.07	+2
<b>TI perception of corruption (0-100)</b>	56.00	17	56.00	19	0.00	-2
	Value 2010	EU28 rank	Value 2014	EU28 rank	Δ Value	Δ Rank
<b>Gallup perception of corruption (%)</b>			50.00	10		

**Sources:** Bertelsmann Stiftung, European Commission, World Bank, Transparency International, Gallup World Poll.

*Note:* The ranking of the Gallup perception of corruption is based on 27 countries, and on the 2009 values for Estonia and Latvia.

The Freedom of Information Act (Cap.496) that came into force in 2012 establishes a right to information held by public authorities in order to further promote accountability and transparency in Government. There is no doubt that the Act gives citizens the right to access the immense volume of government information. Whether this information is in a format or structure that makes access to information easy is beyond the scope of this document, but undoubtedly this may have an impact on the applicability of the Act. Without going into the merits of the Act itself, the possibility for the low scoring and ranking is likely to be attributed to the lack of awareness by the general public to the Act; the inexperience of the Public Sector to administer this relatively new Act; the cost that may be associated with obtaining the required information; and most importantly the bureaucratic process involved to access the information. It is observed that the procedure to gain access to government information through the provisions of Freedom of Information Act appears to be officious and lengthy.

Malta scores highest among all EU MS with regard to transparency of government. Malta has a number of Acts that directly address many of elements that support transparency, including robust electoral procedures; political party financing; whistle blower facilities; freedom of the press; strong public procurement and public finance regulations; televised parliamentary debates; NAO audit reports; a Public Service Commission to regulate public service recruitment; a permanent commission against corruption; and an employment commission to mitigate political discrimination, amongst many other facilities that foster government transparency. It is posited that the above support the high scoring for Malta and which probably is also related to the small size of the country and the high degree of centralisation.

Generally, voice and accountability captures perceptions of the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media. In a practical sense,



Malta enjoys an undisputable high level of freedom of expression, freedom of association, and a free media. However, Malta's score and ranking for this dimension is low, despite the fact that the citizen's participation rate in selecting their government (at 93.3% turnout at the last election), places it top in the list of free countries in which people are not required by law to vote. It is observed that Malta does not have a culture of resignations at a political and/or public service level. Hence, Political and public service accountability through a resignation mode is an exception rather than the norm. However, this may be attributed to a Mediterranean cultural characteristic.

The issues surrounding corruption in this analysis includes control of corruption; Transparency International (TI) perception of corruption; and the Gallup perception of corruption. Generally, Malta is placed in the lower score and rank segment when compared to other EU member states. This low score and ranking does not appear to reflect the findings of the 2016 Eurobarometer survey, which revealed that 55% of the Maltese public trusted the government compared with 34% in 2012, meaning that Malta has one of the highest government trust ratings in the EU. Additionally, recent implementation by government of a number of mitigating anti-corruption measures is likely to improve the score and ranking in the near future. These measures include the introduction of the Whistle Blower Act of 2013; Amending the Criminal Code of 2013 that removes prescription on acts of corruption committed by sitting ministers, parliamentary secretaries, MPs or local councillors; having a Permanent Commission against Corruption; establishing an independent National Audit Office and an Internal Audit and Investigations Directorate; establishing a Financial Intelligence Analysis Unit; an Act controlling Political Party Financing; enhancing the authority of the Financial Services Authority, particularly related to Money Laundering; enhancing Judicial powers and independency; and enhancing the competencies Police Force related to white collar crime. The above measures have resulted in a number of cases being investigated and criminal charges being made. Moreover, the above measures have fostered a higher degree of scrutiny from sources that influence public opinion, such as a vociferous press and a strong parliamentary opposition, which have also contributed to diminish the tendency of political patronage.

## 5.2 Civil service system and HRM

Table 7 suggests that the public service is not fully impartial and has a relatively low rating for professionalism. The professional basis of the Maltese public service developed whilst Malta was part of the British Empire from 1814 until Malta gained its independence in 1964. The public service was responsible and is credited with the transition of the Maltese economy from a military based to a free market economy, when the Island attained the status of a Republic in 1974 and attained complete freedom from all military bases in 1979. One must keep in mind that the implementation of government policies, no matter what political party is in government, is the responsibility of the public service. The Maltese public service has demonstrated its track record through the process of joining the EU in 2004 and joining the Eurozone in 2008; the way it is supporting the 2017 Presidency of the EU; and by elevating the Maltese economy to unprecedented levels, comparable with the major EU economies.

**Table 7: Malta public service indicators**

Indicator	Value 2012	EU28 rank	Value 2015	EU28 rank	Δ Value	Δ Rank
<b>Impartiality (1-7)</b>	2.71	12	1.88	7	-0.83	+5
Indicator	Value 2012	EU26 rank	Value 2015	EU26 rank	Δ Value	Δ Rank
<b>Professionalism (1-7)</b>	4.25	14	3.69	23	-0.56	-9
<b>Closedness (1-7)</b>	5.08	17	5.00	14	-0.08	+3

**Sources:** *Quality of Government Institute Gothenburg.*

The score and rank regarding public service “closedness” is rather on the high side and basically reflects the typical approach government uses to recruit public servants. Generally, before a public call for applications for senior public service positions is issued, a search is made within the public service but ultimately if a suitable person is not found, an open call for application is normally issued. Therefore, the recruitment process is relatively open for the lower to medium ranked public service posts.

Posts below the position of permanent secretary are through an open call for applications and the entrance level clerks are recruited by an open call for applications that are assessed by an examination and interview. Hence, generally in a vast majority of instances, recruitment and promotions are merit based and politicisation at these levels is relatively low. An open call for applications may be internal or external. However, the decision to issue an external call for applications is based upon an assessment of the availability of suitable persons from within the public service and according to the collective agreement with Unions.

### 5.3 Service delivery and digitalization

The Malta government has invested substantial amounts in ICT facilities through the Malta Information Technology Agency (MITA) over the past decade. eGovernment (and some mGovernment) facilities support numerous applications that provide citizens, the business sector and civil society with effective service delivery. This is confirmed by the data presented in Table 8, which shows that indicators related to pre-filled forms, online service completion, online services and services to businesses have relatively high scores and EU ranking. The percentage of eGovernment users as shown in Table 8 increased significantly between 2013 and 2015 to 21.96%. This suggests that eGovernment penetration rate, although improving is still a concern.

The National Statistics Office (NSO) reported that in 2015, 81.9% of households in Malta (including Gozo) had access to the internet, while regular internet users reached 76.2% of the total population aged between 16 and 74. Furthermore, 55% of internet users in 2015 utilised eGovernment services resulting in approximately 42% that use eGovernment services. This contrasts with the data in Table 8 that shows a lower usage percentage rate. The NSO data also confirms the information in Table 8 that Malta does not have any major barriers to public sector innovation. Research shows that the major barriers to public sector innovation are uncertain acceptance by the users of the services (Malta, 40%); lack of management support (Malta, 0%); lack of incentives for staff and staff resistance (Malta, 0%); and lack of sufficient human or financial resources (Malta, 30%). Therefore, for Malta the major barriers to public sector innovation are mainly related to uncertain acceptance by the users of the services and lack of sufficient human or financial resources. This suggests that the eGovernment penetration rate may be influenced by these two indicators.

**Table 8: Malta service delivery and digitalisation indicators**

Indicator	Value 2013	EU28 rank	Value 2015	EU28 rank	Δ Value	Δ Rank
<b>E-government users (%)</b>	12.93	20	21.96	18	+9.03	+2
<b>Pre-filled forms (%)</b>	88.71	2	92.43	2	+3.72	0
<b>Online service completion (%)</b>	97.14	1	99.86	1	+2.72	0
	Value 2010	EU28 rank	Value 2016	EU28 rank	Δ Value	Δ Rank
<b>Online services (0-1)</b>	0.47	15	0.80	13	+0.33	+2
	Value 2013	EU27 rank				
<b>Barriers to public sector innovation (%)</b>	6.93	27				
			Value 2015	EU28 rank		
<b>Services to businesses (%)</b>			69.50	2		
	Value 2011	EU28 rank	Value 2016	EU28 rank	Δ Value	Δ Rank
<b>Ease of Doing business (0-100)</b>	62.10	27	65.01	28	+2.91	-1

**Sources:** European Commission Digital Economy and Society Index UN e-government Index, EU Scoreboard Public innovation, Eurobarometer num.417, World Bank Ease of Doing Business.

Malta is ranked 76 among 190 economies in the ease of doing business, according to the latest World Bank annual ratings. The rank of Malta improved to 76 in 2016 from 83 in 2015. "Ease of Doing Business" in Malta averaged 78.33 from 2014 until 2016, reaching an all-time high of 83.00 in 2015 and a record low of 76.00 in 2014. Despite the improvement shown by this data, Malta remains the most difficult place to do business in the whole of the EU. The direct outcome of this rating has resulted in having representatives of government departments and entities signing in 2016, a formal declaration of commitment to drastically improve the deadlines and methods of reducing bureaucracy for issuing required permits and licences; and increasing accountability, with the aim of easing the way of doing business in Malta.

#### 5.4 Organization and management of government

The Maltese administration's performance in managing resources, staff and programs and thus ensuring the implementation of programmes across different government organisations is attained through various organisational structures as described in chapter 2. The data presented in Table 9 suggests that the Maltese government made substantial gains in the scores and ranking for all the organisation and management of government indicators, albeit starting from relative low levels. The scores for the strategic planning capacity, inter-ministerial coordination and sustainable governance implementation capacity are still comparatively low despite the organisational coordination structures that have taken place.

**Table 9: Organisation and management of government indicators for Malta**

Indicator	Value 2014	EU28 rank	Value 2016	EU28 rank	Δ Value	Δ Rank
<b>Strategic planning capacity (1-10)</b>	3.00	24	5.50	16	+2.50	+8
<b>Interministerial coordination (1-10)</b>	4.83	24	5.50	21	+0.67	+3
<b>SGI Implementation capacity (1-10)</b>	4.71	24	5.14	21	+0.43	+3
	Value 2012	EU26 rank	Value 2015	EU27 rank	Δ Value	Δ Rank
<b>QOG Implementation capacity (1-7)</b>	5.75	4	6.25	1	+0.50	+3

**Sources:** Bertelsmann Stiftung, Quality of Government Institute Gothenburg.

In relation to the effective implementation of policies indicators (SGI implementation capacity), Malta scores at 5.1 out of 10 which is considered moderately low. When compared with EU member states of a similar population size, Malta has a better rating than Cyprus at 3.1 but worse than Luxembourg at 7.3. On the other hand, in terms of quality of government (QOG) implementation capacity, Malta scores and ranks very high, this is not supported by the other dimensions shown in Table 9. This discrepancy is likely to be attributed to the methodological differences applied in measuring the indicators.

#### 5.5 Policy-making, coordination and regulation

Malta has a specific Ministry for Social Dialogue, Consumer Affairs and Civil Liberties, whose functions include social dialogue; civil liberties; equality; data protection; non-governmental and voluntary organisations; competition and consumer affairs; medicines authority; industrial and employment relations; occupational health and safety; and integration. Furthermore, issues of a contentious nature are typically addressed by a green/white paper and/or by direct public discussion meetings. Additionally, the current administration, through the various Ministers and Parliamentary Secretaries, holds regular public dialogue sessions entitled "The Government that listens".

**Table 10: Policy-making, coordination and regulation of government indicators for Malta**

Indicator	Value 2014	EU28 rank	Value 2016	EU28 rank	Δ Value	Δ Rank
<b>Societal consultation (1-10)</b>	5.00	15	6.00	13	+1.00	+2
<b>Use of evidence based instruments (1-10)</b>	4.33	17	4.33	17	0.00	0
	Value 2010	EU28 rank	Value 2015	EU28 rank	Δ Value	Δ Rank
<b>Regulatory quality (-2.5,+2.5)</b>	1.43	10	1.17	13	-0.26	-3
<b>Rule of law (-2.5,+2.5)</b>	1.44	11	1.15	13	-0.29	-2

**Sources:** Bertelsmann Stiftung, World Bank.

Table 10 provides a number of indicators related to the policy-making, coordination and regulation aspects. The societal consultation score presented in Table 10 is moderately low but shows improvement. The score relating to the use of evidence based instruments is also considered to be low. The 2014 Evidence-based Instruments Report (Bertelsmann Stiftung) suggests that Malta's policy on regulatory impact assessments (RIA) does exist but may not be fully developed and the process of evaluating is also not fully integrated in Maltese policymaking. Thus, the RIA process has been questioned, as it is often seen as only a formality and at times is said to lack substance. On observation, the process of consultation is real but it often depends on the nature and urgency of the legislation. In other words, if the legislation is deemed to have an impact on the business sector (economic or labour issues) then the focus of the consultation process is more concentrated on the relevant sectors.

In terms of regulatory quality and rule of law, these indicators suggest that Malta has not made significant headway regarding these issues and is placed in the middle of the EU Member States. The OECD states that the quality of a country's regulatory system depends to a great extent on how regulations are conceived and made; and that their regulations operate efficiently to boost economic growth, social welfare and environmental standards. Hence, the fact that Malta has one of the highest growth economies in the EU with the lowest unemployment rate may result in an improvement in these indicators in the near future.

Moreover, the key regulatory authorities, particularly the justice system in Malta are fully independent from the government and the public service. In addition, the public service administration and the vast majority of the services it delivers are based on legislation with public service employees having very little discretionary powers regarding when and how they are applied. It is contended that the greatest concerns facing the public service are related to enforcing compliance of laws and regulations; and the lengthy time period required in a variety of judicial processes. These two aspects require substantial effort for their improvement and may explain the low rating in Table 10.

## 5.6 Overall government performance

Table 11 provides four general statistical data regarding trust in government; improvement of public administration; public sector performance; and government effectiveness. It is suggested that the trust in government indicator that was very recently assessed, is reflecting the change in the government administration that took place in 2013, particularly the consequent sizeable improvement in the Maltese economic performance, including the very low unemployment rate.

It is noted that the data regarding the improvement of public administration requires updating since it reflects the situation in 2011, almost six years ago. It is posited that improvement of public administration necessitates the introduction of a process that identifies, establishes, measures and monitors key performance indicators that are to be communicated and analysed to ensure the continuous improvement of the Public Administration in general. The Maltese public administration needs to formulate a

mechanism to improve the process of utilising key performance indicators at departmental level and integrate such a system with pay for performance incentive schemes.

**Table 11: Selected indicators for overall government performance regarding Malta**

Indicator	Value 2010	EU28 rank	Value 2016	EU28 rank	Δ Value	Δ Rank
<b>Trust in government (%)</b>	33.00	12	55.00	1	+22.00	+11
	Value 2011	EU27 rank				
<b>Improvement of PA over last 5 years (%)</b>	12.00	4				
	Value 2010	EU28 rank	Value 2015	EU28 rank	Δ Value	Δ Rank
<b>Public sector performance (1-7)</b>	4.77	14	4.41	13	-0.36	+1
<b>Government effectiveness (-2.5,+2.5)</b>	1.20	13	0.85	20	-0.35	-7

**Sources:** Eurobarometer 85, Eurobarometer 370, World Bank, World Economic Forum.

Table 11 suggests that public sector performance is moderately high, showing some slight improvement during the five year period. However, the score for government effectiveness regarding Malta is relatively low when compared with other EU member states. In fact, the data indicates a slight regression for this indicator from 2010 to 2015.

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