

ADMINISTRATIVE REFORM IN THE MEDITERRANEAN REGION

Summary of Malta



**Lello Esposito, an important contemporary Neapolitan artist, created and donated the cover artwork, which revolves around the colours of the Mediterranean featured in the web site: blue, green, and yellow*

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The views expressed do not imply the expression of any opinion whatsoever on the part of the United Nations and of Italian Department for Public Administration and Formez.

The Republic of Malta's institutional framework is regulated by the Constitution drafted after independence in 1964, and by the substantial amendments made in 1974 (the year Malta became a republic) and in 1987 (when Malta acquired neutral nation status). The Public Service is one of the institutions that are regulated by the (Chapter X) and it is an integral part of the public sector along with authorities, councils and public firms. The need for administrative reform arose in the late 1980's, and included the creation of two special entities - the Public Service Reform Commission and the Operations Review) – that will cease their activities once their mission is accomplished.

Currently, the reform process is being managed by several government units, especially the Office of the Prime Minister, and in particular its Permanent Secretary, who is both the head of the public administration and in charge of internal affairs at the Ministry.

The Permanent Secretary therefore plays a key role, since his office is responsible for both long-range ministerial decisions and for reform initiatives that regard the public administration. A discussion of the reform process must start with the historical context in which this process takes place.

Malta's historical context includes centuries as a colony, during which it enjoyed stability and self-sufficiency, and the sudden emergence of a need to integrate into a wider context.

The key question for Malta during the entire 1980's was whether to join Europe or not. It finally formally applied for membership in July 1990, although this process was not without obstacles. Indeed, the process was interrupted in 1995, when the fiscal reform called for by the agreements with the EU – and in particular, the application of the added value tax – led to a change in the governing majority in the 1996 elections (from the pro-European Nationalist Party to the Labour Party), and the EU application process was frozen. When the Nationalist Party regained power in late 1998, a pro-European government presented its application for membership once again and adopted the EU acquis. Negotiations for EU membership began in 2001 and ended with an agreement signed in Athens on April 16, 2003 that accepted Malta as an EU member starting May 1, 2004. On March 8, 2003, Maltese voters approved entry in the EU with a 53.6% majority during a referendum.

The decision to join Europe was therefore shared by a majority of the population, but also faced significant opposition. It launched a motivational spiral for change and for adapting internal structures to European standards. The public administration is one of the main institutions, in terms of size and complexity, that will have to undergo a radical reform process, which has acquired urgency due to the stagnancy that characterised it for centuries and to the many problems face by the administrative machine (endemic delays, poor service quality, deteriorating infrastructure, corruption and clientelism reaching unsustainable levels).

In 1988, the nationalist government – back in power after 16 years – first launched administrative reform efforts by creating two institutions: the Public Service Reform Commission (PSRC) and the Operations Review. The first was charged with planning overall organisational reform, while the second was responsible for evaluating existing structures and developing an ICT plan.

The measures proposed during that period aimed to re-build the public administration apparatus, establish its organisational capabilities and protect staff rights. The public administration therefore had to be first and foremost a trustworthy institution, especially in light of the negative

experiences of the past and of the government's priority at the time, which was preparing Malta to join the European Union.

In 1990, the preparatory phase for the reform ended, and so did the PSRC's task. Following the preparatory phase, Malta concentrated on implementing the innovations suggested by the PSRC in two different phases: from 1990 to 1995, and from 1996 until today. This division reflects the substantial changes introduced by the Labour government that won the October 1996 elections.

During the first phase (1990-95), planning and technical support for reform initiatives were entrusted to three newly-created "Central Agencies for Change" under the responsibility of the Office of the Prime Minister: the Management System Unit (MSU); the Management and Personnel Office (MPO) and the Staff Development Organisation (SDO).

The results of this first phase are controversial, and public opinion did not support the reforms that affected human resource management, technological innovation and the re-organisation of the state machinery. This led to decreased public support for the government, which culminated in the defeat of the Nationalist Party and the hands of the Labour Party in the 1996 elections, which closed the first phase of administrative reforms.

The second phase therefore began in 1996 and is still ongoing today. The Management Systems Unit (MSU) was divided in two: the consultancy and planning unit was drastically reduced and incorporated into the Prime Minister's Office as the Management Efficiency Unit (MEU), while the ICT unit was transformed into the Malta Information Technology and Training Services Ltd (MITTS). The Staff Development Organisation (SDO), responsible for training, was integrated into the Management and Personnel Office (MPO), responsible for human resource management strategies. The Head of Public Service therefore reassumes responsibility over the reform process and the three Central Agencies for Change answer directly to him. Furthermore, several ministries will be entrusted with political responsibilities over the reform effort. In particular, the Ministry of Justice will be in charge of service quality and e-government; the Ministry of Finance will be in charge of privatisations and will implement government policy on salary negotiations; the Cabinet as a whole is responsible for internal controls.

Current reform initiatives prioritise concrete action plans and the provision of adequate services.

The reform programme arises in part out of the EU application process: it is therefore important to take a closer look at this process, which lasted over thirty years, by providing a chronological overview and identifying the institutions in charge of this process.

The EU application process played a key role in influencing choices and actions.

Particularly significant initiatives within the framework of Malta's reform process include:

- Administrative decentralisation, regarding both the country's economic system and its territorial organisation, signals an important change in a traditionally highly centralised administrative structure;
- Numerous projects aim to build or improve the administration's relationship with the citizenry and the quality of services it provides;
- Numerous initiatives focus on technological innovation, such as e-government and m-government (mobile government), leading tools to promote integration with the global information society.

Decentralisation also affected other public activity management tools. Since independence, the tasks of many important sectors of the public administration have been delegated to external entities, set up as corporations or limited responsibility societies (Ltd). These first included the Central Bank of Malta and the Malta Development Corporation; and eventually Telemalta, Enemalta, the Employment and Training Corporation, the Water Services Corporation, the Malta Maritime Authority and the Environment and Planning Authority also joined the fold.

The creation of a Parliamentary Ombudsman in 1995 was an important step in improving relations with the citizenry, as was the creation of a “Permanent Commission against Corruption” that aims to protect citizens’ rights in their dealings with the public sector. The Quality Service Charter Programme aims to improve the quality of public services by encouraging departments and government offices to maintain specific quality standards, either for the entire array of the services they provide, or for certain sectors. There are currently 38 *Quality Service Charters* through which government departments and other organisations commit themselves in writing to furnish quality services, set quality standards and inform the public on available services.

In terms of computerisation, the Maltese government is aiming to create a first rate information society through achieving three main goals:

- Providing high quality services to the public;
- Encouraging citizen participation in public life (e-democracy);
- Standardising the services provided by public structures and reaching greater efficiency levels.

The system is made up of a government portal that serves as the main entry point for all the information and services related to public activities. Two components that support the entire e-government programme are linked to this portal: the electronic payment grid and a safe registration and authentication mechanism.

Another activity in the e-government field is the development of m-government (mobile government) which exploits the opportunities offered by mobile telephone technology and by the widespread use of cellular telephones (65% of the population owns one).

Planned activities include a more efficient use of resources; it is being implemented thanks to proven instruments such as best practices as well as thanks to newer tools.

In the first case, the application of business planning, introduced over a decade ago, allowed for the successful transition from short-term planning to longer-term planning (3 years). This experience can be considered a best practice and allows ministries and departments to make better predictions on their resource needs, using clear and well-defined parameters.

In terms of internal controls, a central unit, the Internal Audit and Investigations Directorate (IAID), under the leadership of the Office of the Prime Minister, replaced the auditing centres that were part of each ministry, in keeping with the EU’s requests. The National Audit Office (NAO) is responsible for external controls. This unit was re-organised in 1997 with the main task of exerting control over the use and destination of public funds.

Reform efforts aiming to improve financial management include a change in the accounting system that necessitated the creation of an internal task force within the Ministry of Finance.

Another step towards increasing efficiency is the adoption of benchmarking techniques in all ministries. In 2002 the Ministry of Finance, with the assistance of the Management Efficiency Unit, set up a series of training activities in this field and produced a handbook. The positive results achieved so far suggest that the programme could be extended to other areas of government as well.

Newer programmes include a plan that is only starting to be implemented but that could have significant developments: a public-private partnership to improve public services through a use of public resources – including human and technical resources – aiming at achieving their full potential by involving the private sector as well.

The implementation of these projects increasingly necessitates a new normative framework that goes beyond the obsolete 1960's law on public finance that helps consolidate existing reforms and that modernises the management of public finances, especially through reducing inefficiencies and the wasteful use of public funds.

A new piece of legislation, the Public Finance Management Act, will allow the government to operate with the necessary flexibility to reach its medium and long-term goals, including: the gradual change in accounting systems; the management of EU funds that are transferred to Malta; the inclusion of EU directives and regulations in fiscal and budgetary matters into Maltese legislation; and the introduction of electronic transactions as an integral part of e-government.

The reform programme outlined in the late 1980's by the Public Service Reform Commission (PSRC) and by the Operations Review is continuing through the institutions described in this paper, and has not yet been completed. In the introduction to the book "A profile of the Public Service of Malta", Joseph Grima, Head of the Maltese Public Service, states that "administrative reform is a journey rather than a destination, and a long journey at that". Some activities have been completed, others are still being implemented, and others still, such as the privatisation of public services, have been modified by the new government and its different political orientation.

Several noteworthy results must nevertheless be underlined: higher quality public services at a lower cost and in less time; better protection for the rights of public administration customers; stronger structures for policy planning and implementation; limits being placed on the central authorities by local institutions, civil society, and the EU.

Malta's imminent adhesion to the EU permeates the entire reform process. The political community remains polarised with regards to EU membership (as evidenced by the referendum's results). The main reasons for this polarisation are the doubts regarding Malta's economic prospects as an EU member; similar doubts had surfaced 50 years earlier about Malta's future as an independent nation no longer subject to Britain's colonial rule.

Analysts feel that the current reform plan is more equilibrated and complete compared to the original plan. According to these analysts, its potential impact on change depends on the role that institutions will be able to play within this process.