



Parliamentary Reform: Towards a More Productive Parliament

Position Paper

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Contents

1. Introduction	2
2. MEA's Position Papers	2
3. Proposals	4
3.1 Parliament:	4
3.2 Positions of Trust	5
3.3 Party Financing	5
4. Benefits of Reform	6
5. Conclusion	8

1. Introduction

There is no question that the events of the past few months have been the culmination of issues that have been bubbling over the years under what appeared to be a serene democracy, but which have now erupted in a political and moral crisis that is raising many questions about the state of governance and rule of law in our country. The fallout from this crisis has severely damaged Malta's international reputation, and is leading many of our political and business contacts to question previous positive evaluations of our country's standing, with potential adverse impact on our image, investment and jobs. Within our society, there is a general disillusionment in our institutions. Politicians are seen as crooked or incompetent; the business community is perceived as corrupt; our justice system feared as being selective and manipulated. This distrust in our institutions is also eating away at our core values, with many believing that you cannot make headway in life through honest means.

This paper does not have the ambition to address the many facets of this situation, but focuses instead on the need for parliamentary restructuring as a critical means through which other equally important reforms might be implemented to restore a sense of normality and to safeguard against a reoccurrence of the current state of affairs.

2. MEA's Position Papers

The Malta Employers' Association has been highlighting for years the need for parliamentary reform. Some examples:

In its memorandum to political parties in 2012, the Association proposed that: *parliament should be reorganised to allow for fewer members but who would operate*

on a full-time basis and are provided with the necessary tools and resources to carry out their work.

In 2017, MEA reiterated this position: There is a need to reform the parliamentary system into a leaner one with full time members. The salaries of ministers should be increased to match their level of responsibilities. It is evident that the current rates of remuneration will not attract the best persons to fill in these posts, and it is anomalous that there are ministers who currently earn less than their sub-ordinates.

MEA also addressed the financing of political parties:

The financing of political parties requires stricter regulation. Parties need to be more transparent about the provenance of their finances. MEA recognises that political parties need substantial funding to operate effectively. We also believe that political parties should be non-profit organisations and should not enter into business transactions which can create conflicts of interest. However we also understand that having to rely on donations and private financing as their main source of income is in itself an issue that can lead to abuse and also corruption. We thus see the need for an open discussion to giving political parties alternate financing to fund their core and regulated activities which could also be centralised through Government.

MEA also repeatedly warned about the need to regulate the engagement of consultants and persons of trust:

'All consultants engaged with public entities and who have not been employed through a recruitment process should be subject to a periodic audit by an independent board to justify their position. As with any private sector company, they will report on time spent, activities and results achieved.' (MEA Proposals for the National Budget 2017)

'Although it is understandable that any party in government needs to appoint persons in positions of trust, the number of such appointments should be subject to a ceiling. These appointments should not be perceived to be the result of political favours.

- *Members of parliament should not hold positions of trust. This may be in conflict with their duties in parliament*
- *There shall be full public disclosure of contracts, remuneration conditions, including bonuses and perks, of persons occupying positions of trust.*
- *All persons occupying a position of trust with public entities and who have not been employed through a recruitment process should be subject to a periodic audit by an independent board to justify their position. The board shall include representatives from the opposition. As with any private sector company, they will report on time spent, activities and results achieved.*
- *Key positions in Authorities need to be approved by a two thirds majority in parliament’.*

(Memorandum to Political Parties 2017)

These are just a few examples of unheeded warnings. It is a certainty that, if such proposals from MEA and other social partners were given more weight in government decision making, the prevailing situation might not have deteriorated to its current state.

3. Proposals

3.1 Parliament:

- Reduce the number of members of parliament to 45.
- There will be a maximum of 8 ministers.
- MPs post will be full-time, and remunerated at €55k per annum.
- Parliamentary secretaries will be remunerated at €65k per annum plus current perks.
- Ministers will be remunerated at €85k per annum plus current perks.
- The Prime Minister will be remunerated at €110k per annum plus current perks.

- MPs will not hold other positions in government entities, nor have interest in private sector companies which can create a conflict of interest with their duties as MPs.

The amounts mentioned above are considered to be minimum remuneration rates, and based on market rates in the private sector of persons holding positions of equivalent responsibilities.

3.2 Positions of Trust

- Each Ministry shall be allocated a maximum of 3 persons on a position of trust basis.
- There will be full disclosure of who occupies these positions.
- Contracts of persons on a position of trust, including responsibilities and remuneration, will be made public.
- There will be a periodic auditing of performance of persons on a position of trust.
- The principle of equal pay for work of equal value will apply between persons on a position of trust and civil servants.
- Persons on a position of trust will be subject to due diligence, and not have been involved in any cases of corruption.
- All current contracts of positions of trust to be disclosed and reviewed, and terminated where necessary.

3.3 Party Financing

- There will be discussions with MCESD for a transition to a partially state funded political parties. Fund raising will be restricted to individual donations and member subscriptions. Corporate donations and door to door collections will be strictly prohibited.

4. Benefits of Reform

These proposals are in line with the principles of MEA's position papers, as explained previously. They also follow the more recent recommendations by the Venice Commission which state that: *"while it is true that in a country with a small population it may be hard to fill all public positions with appropriate candidates, a solution would be to substantially increase the salaries of the Members of Parliament so that they have a real choice on concentrating on their parliamentary work"*. However, we stress that is regretful and disappointing that constructive proposals by the social partners have been consistently sidelined in the past. Action is being contemplated only because matters have reached boiling point and due to mounting international pressure to remedy the situation. Reform is necessary not just to get the Venice Commission and MoneyVal off our backs, but because we truly believe that we can be a civilised and fair society, irrespective of foreign pressure.

- **Cost:** In spite of the enhanced remuneration, the cost of Parliament should be kept stable as there will be fewer members, and fewer ministers. The reduction in the number of persons of trust will also result in significant savings.
- **Fostering a Culture of Efficiency:** A leaner and more efficient parliament sends a message to the rest of society about the necessity for a proper management of the country's human resources. The exercise could be spread to the entire public sector, with surplus labour being channelled to the private sector. The current drain on human resources from the private to the public sector, especially in skilled and semi-skilled areas, needs to be reversed. This is one of the reasons why many companies have to rely on foreign workers to fill their vacancies.
- **Strengthens Democracy:** The proposals do not only address current MPs. If implemented, it is expected that the enhanced and fair remuneration will attract better qualified and valid persons towards politics as a profession (politikus vs politikant), and thus strengthen our democracy. As things stand today, the risks and sacrifices that the political system imposes on interested

individuals keeps away the best elements who may give the best contribution to the country. Asking an established professional to give up his/her career for a pittance (and for what is generally a thankless task) carries the danger of attracting persons who are in it for ulterior motives, and who, in turn deter honest persons from entering the fray by their presence. A career in politics will invariably entail sacrifice, but such sacrifice should never be confused with masochism.

- **Separation of Powers:** MPs will focus on the legislative aspect of their duties, and no longer be involved in operational activities in the public sector that may conflict with their roles as parliamentarians. The separation of the legislative from the executive is one of the preconditions of good governance. The system will also act to eliminate the unethical involvement of MPs with businesses, thus reducing the temptation to unethical and/or corrupt involvement with businesses.
- **Equity between Government and Opposition MPs:** As things stand today, many government MPs, particularly backbenchers, have the privileged position of an enhanced income through their supposed involvement in government entities. This is clearly a roundabout way of enhancing their income. The proposed reform will be honest, transparent and fair with all members of parliament.
- **Equity between Ministers and Subordinates:** There have been many cases in recent years whereby Ministers are being paid less than their subordinates who, under the pretext of a 'position of trust' have a remuneration package which is not pegged to public sector salary scales. Moreover, some Ministers and MPs who lost their positions ended up financially better off than when they were in parliament. Such situations raise serious suspicions and are a hotbed for corrupt practices. They can only be justified in exceptional circumstances requiring specialised technocrats, rather than party cronies. The proposals will establish a reasonable relativity between a Minister's pay and other occupations.
- **Increased expectations:** Increased and fair remuneration will also raise performance expectations by the general public. MPs will be more likely to

be held to account for their performance by the electorate. Poor conditions will no longer be used to excuse impunity and bad performance.

- **Better utilisation of Backbenchers:** The system of full time MPs will work towards a committed team of backbenchers who will be more directly involved in decision making.
- **Positions of Trust will be based on public trust and merit, not political allegiance:** Appointing a limited number of persons of trust in a transparent manner, and who will be subject to scrutiny will earn them respect from subordinates and the general public. For the most part, they are currently seen to be simply privileged party diehards receiving a 'reward' for their partisan loyalty.
- **Party financing will be credible and transparent:** If partially state funded, political parties will no longer have to resort to shady – possibly corrupt - dealings to finance their activities. Their financial statements will be subject to timely and regular audits which will be made public. Good governance on the part of government has to start with good governance by political parties.

5. Conclusion

These recommendations are meant to contribute to a more comprehensive exercise to restore faith in our institutions by the general public and internationally. Malta's international reputation has suffered serious damage, and the full repercussions are, as yet, unknown. There has to be tangible action and evidence that the country has learnt from its mistakes and is approaching issues in a determined manner, even if radical choices have to be made. Other actions, amongst them constitutional reform, and the strengthening of social dialogue and the MCESD are also required, and the Malta Employers' Association will always be available to contribute towards finding the best solutions in the knowledge that, although there is no perfect system to eliminate corruption, one can improve on existing structures to prevent a relapse into a series of scandals and corrupt practices, which would be catastrophic for Malta.