

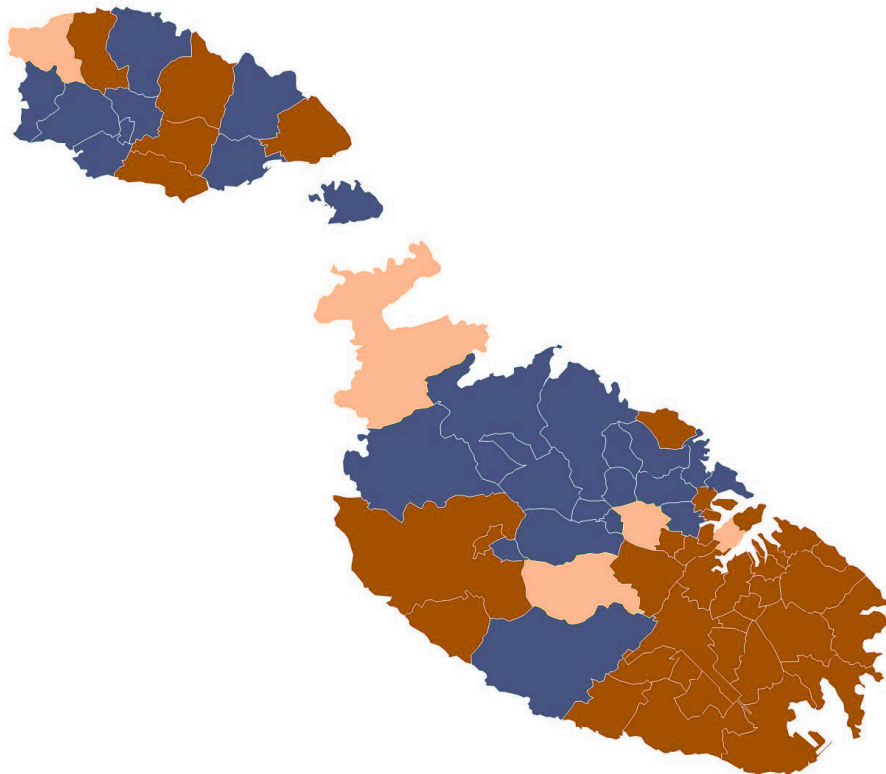


THE MALTA CHAMBER

# ELECTORAL REFORM

## A Modern Framework for Members of Parliament for 2025 & Beyond

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**The Malta Chamber of Commerce, Enterprise and Industry**

**Date:** 30 January 2025



## Foreword



In every thriving democracy, the principles of accountability and transparency serve as the cornerstones of good governance. They are the bedrock upon which trust is built between the sovereign people and those entrusted with the immense responsibility of leadership. Together, these principles empower citizens, foster active participation, and ensure that governments remain responsive to the people they serve.

At the heart of this system are Members of Parliament, the elected representatives who embody the voices of their constituents and play a pivotal role in upholding the democratic values of accountability and transparency. It is through their diligence, independence, and unwavering commitment to the public good that MPs safeguard the integrity of our institutions and ensure that government actions remain subject to scrutiny and oversight.

The Malta Chamber has long been a staunch advocate for strengthening the frameworks that uphold transparency, accountability, and ethical governance. Our commitment to these ideals has driven us to critically assess the systems that underpin our democracy, including the structures governing parliamentary remuneration. This is not merely a question of financial reward; it is a matter of fairness, equity, and ensuring that those who serve in Parliament can do so effectively, independently, and with unwavering integrity.

This policy document, **authored by Mr. David Spiteri Gingell**, builds upon two previous chamber documents: [A Manifesto for Good Governance \(2020\)](#) and The Malta Chamber's 2022 policy document, [A Strong Transparency, Accountability, and Ethical Governance Framework for Members of Parliament](#), the latter also authored by Mr. Gingell. It highlights the necessity for reforms that ensure fair remuneration while maintaining public trust. The document emphasises that reforms to parliamentary conditions should be supported by measures to improve political governance. Without these foundational changes, efforts at reform may compromise the principles they seek to uphold.

Fair and competitive remuneration for Members of Parliament is not merely about attracting competent individuals to public service; it is about safeguarding the integrity of our democracy. By deterring corruption and undue influence, ensuring transparency in the determination of salaries, and upholding the highest standards of governance, we can reinforce public trust in our institutions and reaffirm our collective commitment to democratic values.

The Malta Chamber remains steadfast in its dedication to these principles. As we present this paper, we urge policymakers, stakeholders, and the public to engage in a constructive dialogue on how best to strengthen our political governance framework. Together, we can ensure that our democracy continues to thrive, built on the pillars of accountability, transparency, and ethical leadership.

Chris Vassallo Cesareo

President of The Malta Chamber of Commerce, Enterprise and Industry



## Introduction

In a democratic society, trust in governance is built upon accountability, transparency, and integrity. **The interdependence between accountability and transparency is crucial, as one cannot exist without another.** Accountability ensures that those in power are held responsible for their actions and decisions, while transparency ensures that these actions are visible and accessible to the public. Together, they form the foundation of a well-functioning democracy, fostering public trust and active participation. The electoral system is one of the primary mechanisms through which accountability and transparency are realised. Free and fair elections empower citizens to reaffirm a nation's commitment to democracy, allowing citizens to choose their leaders and hold them accountable for their performance. At the heart of the electoral system are the Members of Parliament (MPs), elected representatives who serve as the people's voice in the legislative process. MPs play a crucial role in ensuring accountability and transparency within the government. Their electors entrust them with representing the interests of their constituents and advocating for policies that reflect their needs and aspirations. MPs scrutinise government actions through oversight, holding authorities accountable for their decisions and expenditures.

**The integrity and independence of MPs are fundamental to their effectiveness in upholding accountability and transparency.** MPs must act honestly and openly, prioritising the public interest over personal or partisan advantages. They are impartial watchdogs of democracy, not spokespersons for special interests. By working in a manner emphasising the power of Parliament, MPs become strong guardians of accountability and transparency, ensuring the government is responsive and held accountable to the people.

Parliamentary remuneration is often discussed in the context of accountability and transparency. The debate over appropriate MP compensation is contentious – locally and in most vibrant democracies, with valid arguments on both sides. **Adequate remuneration is crucial for attracting competent individuals to public service, ensuring Parliament is staffed with dedicated and skilled representatives.** Competitive salaries can also deter corruption by minimising an MP's temptation to seek other income sources illicitly. Conversely, excessive salaries can provoke public outrage and diminish trust in government institutions. High pay for MPs may be seen as wasteful or excessive. Furthermore, overemphasising financial incentives may attract those more interested in personal wealth than public service, compromising the legislature's integrity.

Maintaining the right balance in parliamentary remuneration is vital for government accountability and transparency. Salaries should be fair, reflecting the role's responsibilities and considering factors like the cost of living, economic conditions, and public sector wage structures. **Transparent methods for determining and adjusting parliamentary salaries are essential for building public trust and ensuring fiscal accountability.**

The situation in Malta has been complicated by alleged high-profile cases of corruption and misconduct, leading the Malta Chamber to critically reassess the nation's dedication to accountability, transparency, and governance. **In September 2022, the Malta Chamber, through its Governance Thematic Committee (GTC), published the policy document 'A Strong Transparency, Accountability, and Ethical Governance Framework for Members of Parliament'.** In the policy document, the Chamber underlines that appointing MPs to serve as consultants to government ministries and entities, as well as chairing government quangos, upsets the separation of powers between the legislature and the executive. This, exacerbated by political polarisation and party loyalty, raises significant questions about the independence and efficacy of parliamentary oversight.



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Parliamentary remuneration in Malta has long been a topic of public debate and scrutiny. Concerns about the fairness and transparency of MPs' salaries and benefits have led to public scepticism and mistrust. Improving employment conditions for MPs might not be widely supported by the public. **The Malta Chamber suggests that covertly appointing backbench MPs to other government positions has been a strategy to address these issues. However, addressing these and other concerns requires thoroughly understanding how parliamentary remuneration is determined, emphasising fairness, equity, and accountability.**

The Chamber strongly emphasises that the recommendations within this paper are inextricably linked to those outlined in the previously referenced policy document on transparency, accountability, and ethical governance.

**The Malta Chamber unequivocally opposes any reform of the conditions for constitutional office holders and Members of Parliament unless such reforms are accompanied by the Malta Chamber's and OECD's recommended measures to strengthen the political governance framework.**

**The Malta Chamber believes that a holistic approach is essential to ensure that reforms contribute to a more transparent, accountable, and ethical governance structure.**

Any adjustments to the conditions of office holders should, therefore, be contingent upon the implementation of these foundational governance reforms. **Without these accompanying changes, the Malta Chamber cannot support reforms that might undermine the integrity and efficacy of the political governance system.**

At a broader level, offering market-rate remuneration can act as a deterrent to corruption and undue influence. Insufficient salaries may tempt elected officials to seek additional income through unethical means. Ensuring fair and competitive compensation for MPs can help mitigate the risk of financial pressures compromising the integrity of Malta's elected officials.

**Paying MPs a market-based salary underscores the value that society places on their significant contributions.** Members of Parliament are crucial in crafting legislation, overseeing government actions, and voicing the concerns of their constituents. Their role in ensuring the smooth operation of democracy is invaluable and offering them fair compensation for their efforts and expertise is a direct way of recognising and appreciating their service to the nation.

### Recommendations

The Malta Chamber **emphasises** that its **suggestions** for reforming parliamentary remuneration, as outlined in this document, are proposed within a governance framework that champions transparency, accountability (published), and a comprehensive review of Malta's electoral system and processes (published simultaneously with this paper). The Malta Chamber believes that the recommendations presented in this paper **must only be implemented within the ambit of such reforms**, ensuring that the adjustments in parliamentary remuneration align with broader efforts to enhance the accountability, governance, transparency, integrity and effectiveness of Malta's democratic institutions.



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1. The **role of an MP** should be three-fold:
  - a) Responsibility to the **constituents** who elect them.
  - b) Responsibility to the **House and the principle of separation of power**.
  - c) Responsibility to the **political party** on which they electioneered through being placed by the party on its closed list of candidates.
2. **Quality, Size of Parliament and Districts:**
  - a) The imperative of having MPs in the House who can focus and provide **quality participation and leadership in debating and proposing new legislation**; scrutinising the actions of the government and government departments as members of parliamentary committees; participating in general debates in the Plenary; attending parliamentary party meetings and performing other duties within the parliamentary complex such as Deputy Speaker roles, Chairs of Committees, Chair of delegations; and
  - b) The recommendations presented in the paper titled 'A New Approach to Malta's Election' are that the number of MPs in the House should be 45, **where the size should be reduced to 45 MPs, nine MPs elected from five districts**.
3. **Malta must move to a parliamentary system where the MPs are full-time.**

Today, a Maltese MP is expected to be a 'super-hero MP' – a lawmaker of complicated laws, an examiner of government's efficiency, quality contributor to debates on national issues whilst they are P/T with no resources assigned to them or by the House.

Apart from the recommendation presented above that MPs must be F/T, they are to be supported by the following services:

- a) **Development of a House Parliamentary Research Service** as is present in vibrant democracies and the European Parliament.
  - b) **Research Assistants as staff to MPs.**
  - c) **Media assistance** for creating podcasts / audiovisuals to further strengthen the House's and its MP's connection with the public.
  - d) **Constituency assistance** to MPs in terms of non-taxable grants for a lease of an office outside of political party clubs or owned premises or donors to the party they represent and for the engagement of logistical and secretarial support of a maximum of 20 hours per week.
4. Where an MP is a government official employed as a public officer or with a public entity such as a corporation, agency, or limited liability company where the government is the majority shareholder, the **MP's employment status as a government official is suspended**. On the principle of 'equal pay for equal work', should this person not return as an MP for whatever reason, they will return to a position / grade and remuneration they would have enjoyed in the public service or government had they not served in the House.
  5. The **compensation package for MPs and holders of constitutional offices** of the Prime Minister, Minister, Parliamentary Secretary and Leader of the Opposition should be structured to (a) reflect the basic pay of an MP and (b) the additional pay for assuming a constitutional office.





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6. Whilst this document discusses only the constitutional offices of the Prime Minister, Minister, Parliamentary Secretary, and Leader of the Opposition, the proposals presented relate to the **other constitutional parliamentary offices** such as those of the Speaker of the House, the Deputy Speaker of the House, Chairs of House Committees, Members of House Committees, Shadow Ministers, the Government and Opposition Whips.
7. The **basic pay for an MP should be pegged to Scale Number 3 of the Schedule of Grades of the Public Service**. This pegs an MP's basic salary with the Director-General's grade. In 2024, this stands at €42,582.
8. The **basic pay for an MP is increased should that of the grade of Director-General increase** due to changes in the collective agreement for public officers or any additional cost of living allowances assigned to this grade.

The Table below presents the total compensation package ranges (basic wage and benefits) for Chief Executive Officers in the private sector across different sectors.

**Table 1: Total compensation package for Chief Executive Officers of Private Sector entities in different Economic Sectors<sup>1</sup>**

Sector	Quartile		
	Lower	Median	Upper
	€		
<b>Financial Services</b>	€157,790	€167,770	€168,840
<b>Gaming</b>	€119,000	€150,000	€211,420
<b>IT</b>	€85,500	€127,730	€267,270
<b>Retail and Distribution</b>	€63,250	€100,610	€137,920
<b>Manufacturing</b>	€94,140	€103,480	€119,620
<b>Services</b>	€94,020	€109,750	€144,000

<sup>1</sup> Pg 6, An overview of C-Level remuneration packages, CEO Salary Data, Salaries in Malta.com, January 2024.





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**The basic pay for an MP should be pegged to Scale Number 3 of the Schedule of Grades of the Public Service.**

**Malta must move to a parliamentary system where the MPs are full-time.**





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The Malta Chamber recommends the following pay structures for designated holders of constitutional offices and MPs. These pay structures are based on a % of the median average in Table 1, which is €126,557.

Table 2: Proposed Pay Structure for Designated Holders of Constitutional Offices and Members of Parliament

Position	% of the Average of the Median	Total	Pay Structure	
			Basic salary	Additional pay for the constitutional office / MP
Prime Minister	90%	€114,000	€42,582	€71,419
Minister and Leader of the Opposition	75%	€95,000	€42,582	€52,419
Parliamentary Secretary	65%	€83,000	€42,582	€39,718
MP	Pegged to the basic salary of Scale Number 3 of the Schedule of Grades of the Public Service		€42,582	€0

In terms of salaries The Malta Chamber therefore proposes the following:

- (a) **The salary of the Prime Minister should be established at 90% of the average of the median quartile of the basic salary of CEO positions in the private sector.** The average of the median, as presented in Table 1 is €126,557. 90% of the median is €113,900. Thus, the salary of the PM would be as follows:
  - The basic salary of MP subject increases as discussed in (5) above - €42,582
  - Additional pay for the constitutional office of the Prime Minister: €71,319.
- (b) **The salary of a Minister should be established at 75% of the average of the median quartile of the basic salary of CEO positions in the private sector.** 75% of the median is €94,917. Thus, the salary of a Minister would be as follows:
  - The basic salary of MP subject increases as discussed in (5) above - €42,582
  - Additional pay for the constitutional office of the Minister: €52,336.
- (c) **The Opposition Leader should be established at 75% of the average of the median quartile of the basic salary of CEO positions in the private sector.** 75% of the median is €94,917. Thus, the salary of the Leader of the Opposition would be as follows:
  - The basic salary of MP subject increases as discussed in (5) above - €42,582
  - Additional pay for the constitutional office of Leader of the Opposition: €52,336.



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- (d) **The salary of a Parliamentary Secretary should be established at 65% of the average of the median quartile of the basic salary of CEO positions in the private sector.** 65% of the median is €82,262. Thus, the salary of a Parliamentary Assistant would be as follows:
- The basic salary of MP subject increases as discussed in (5) above - €42,582
  - Additional pay for the constitutional office of Parliamentary Secretary: €39,680.
9. The proposed package for salary adjustments is structured to introduce equal monetary increments over a five-year period. **Specifically, the recommendations for increasing the basic salary of Members of Parliament and the additional remuneration for holders of constitutional executive offices will be implemented gradually.** Each year, an equal portion of the total proposed increase will be phased in, ensuring a balanced and consistent adjustment throughout the full five-year term. This approach allows for a more measured and sustainable introduction of the salary adjustments, spreading the financial impact evenly across the period and aligning with the broader goal of gradual reform.
10. Holders of constitutional political offices and MPs would **benefit from allowances** presented in Table 3 below.

**Table 3: Benefits to Holders of Political Offices**

Office	Benefits		
<b>Prime Minister</b>	Cash benefit for home Internet and communications of €6,500	Official car.  Secretarial Staff and Official driver for government business.	
<b>Minister</b>	Cash benefit for home Internet and communications of €6,000	Official car.  Secretarial Staff and Official driver for government business.	Allowance to lease an office in the constituency of the electoral division they represent.
<b>Parliamentary Secretary</b>	Cash benefit for home Internet and communications of €5,500	Official car.  Secretarial Staff and Official driver for government business.	Allowance to lease an office in the constituency of the electoral division they represent.
<b>Leader of the Opposition</b>	Cash benefit for home Internet and communications of €5,000	Official car.  Official driver for government business.	Allowance to lease an office in the constituency of the electoral division they represent.
<b>Member of Parliament</b>	Cash benefit for home Internet and communications of €4,000		Allowance to employ a Research Assistant.  Allowance to employ a P/T (20 hours) of Secretarial Assistance to support an MP's constituency work.  Allowance to lease an office in the constituency of the electoral division they represent.



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11. The benefits relating to (a) engagement of constituency secretarial assistance and (b) lease of a constituency office to a Minister and Parliamentary Secretary are based on the **principle of differentiating their executive role from their constituency role**, with work relating to the latter to take place outside of official premises relating to their executive role.
12. To ensure that holders of constitutional offices and Members of Parliament (MPs) receive fair and equitable compensation packages that accurately reflect current economic conditions and societal realities, it is essential to prevent the recurrence of stagnation that has persisted since the controversial Gonzi pay increase debacle of the late 2000s. **The lack of regular review and adjustment of these compensation packages has led to a disconnect between the financial realities faced by public officials and the demands of their roles. This Commission would operate under the auspices of the President of Malta, a role that continues to command bipartisan respect and confidence since Malta's transition to a Republic in 1974.** This institutional respect has been further solidified by recent reforms, which now require a two-thirds majority in Parliament for the appointment of the President. **The President would establish the Commission within three months following each general election.** The Commission's mandate would be to review and assess the existing compensation structure and provide recommendations on whether adjustments are necessary to align with the evolving socio-economic landscape. These recommendations would be submitted to the President within six months of the Commission's formation. The President's decision, based on the Commission's findings, would be final.
13. The Malta Chamber believes all individuals, including Parliament members, should **receive the same state pension outlined in the Social Security Act.** Any additional pension schemes should be treated as Service Pensions under the Act. **A transitional process should be established for MPs and constitutional office holders, where part of the pension income is based on previous entitlement conditions and part on the Maximum Pension Income post-reform.** New MPs would have their pension calculated based on the Maximum Pension Income.
14. Responsibility for designing and reviewing a **transitional allowance and revolving door framework should rest with the Commissioner for Standards.** The transitional allowance and revolving door framework should be **placed in the public domain.** Actions activated under such a framework should be published for public scrutiny the same day it is affected. The transitional allowance framework should:
  - a) Be designed as a single inclusive terminal benefit expressed in a lump sum.
  - b) Establish unequivocal governing conditions of how and when it is activated.
  - c) Exclude political office holders forced to resign due to a public scandal or a sanction affected by the Committee for Standards in Public Life.
15. The lump-sum **compensation package and the cooling-off period in a former political holder's afterlife should be proportionate** to one another and reflect the tenure period in the political office/s held.
16. To secure complete transparency, **a transitional allowance package should exclude any non-financial compensation – such as a car and a driver** (other than that for a former Prime Minister), **offices, diplomatic passports, any form of allowances to their spouse.** A transitional allowance framework **should not be tailored for the former political office holder, including the Prime Minister.**



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*This document has been written by Mr David Spiteri Gingell, commissioned by The Malta Chamber of Commerce, Enterprise and Industry.*

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