

BASIC SOCIO-ECONOMIC INDICATORS

Income group - **HIGH INCOME: NON-OECD** Local currency - **Euro (EUR)**

POPULATION AND GEOGRAPHY

AREA: **316** km²

POPULATION: **0.427** million inhabitants (2014), an increase of 0.77 per year (2010-14)

DENSITY: **1 352** inhabitants/km²

URBAN POPULATION: **95.3%** of national population

CAPITAL CITY: **Valletta** (45.9% of national population)

Sources: Eurostat, OECD, World Bank, UNDP, ILO

ECONOMIC DATA

GDP: **12.50** billion (current PPP international dollars) i.e. 29 246 dollars per inhabitant (2013)

REAL GDP GROWTH: **3.7%** (2014 vs 2013)

UNEMPLOYMENT RATE: **5.9%** (2014)

FOREIGN DIRECT INVESTMENT, NET INFLOWS (FDI): **-12.9** (BoP, current USD millions, 2014)

GROSS FIXED CAPITAL FORMATION (GFCF): **18%** of GDP (2014)

HUMAN DEVELOPMENT INDEX: **0.839** (very high), rank **37**

TERRITORIAL ORGANISATION AND SUBNATIONAL GOVERNMENT RESPONSIBILITIES

MUNICIPAL LEVEL	INTERMEDIATE LEVEL	REGIONAL OR STATE LEVEL	TOTAL NUMBER OF SNGs
68 68 LOCAL COUNCILS (KUNSILLI LOKALI) AVERAGE MUNICIPAL SIZE: 6 285 INHABITANTS	-	-	68

MAIN FEATURES OF TERRITORIAL ORGANISATION. Malta is the smallest EU Member State both in terms of area and population, although it is the most densely populated. It is an archipelago of seven islands but only the three largest are inhabited: Malta, Gozo and Comino. Malta has a one-tier local government system, established in 1993 via the approval of the Local Councils Act and entrenched in the Maltese Constitution in 2001 through an amendment. There are 54 local councils in Malta and 14 in Gozo. The Local Councils Act was substantially revised in 1999, in 2005 and in 2009 by Act No. XVI as part of the 2009 Local Government Reform. This reform introduced several changes: further division of local councils into "communities" (hamlets) run by an administrative committee directly elected by the residents of each community. At the upper level, 5 regions were created, run by a regional committee composed of mayors of the local councils located in the region. Their responsibilities are delegated by the central government and the local council.

MAIN SUBNATIONAL GOVERNMENTS RESPONSIBILITIES. Since 1993, local responsibilities have been gradually extended over time but they remain relatively limited. According to the Local Councils Act, local councils are responsible for street cleaning and maintenance, waste disposal, parks, leisure facilities and playgrounds, libraries and sport facilities. Decentralised services also include the administration of property, enforcement of regulations in several sectors and the provision of e-government services.

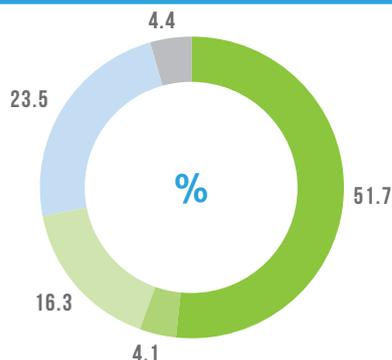
SUBNATIONAL GOVERNMENT FINANCE

EXPENDITURE	% GDP	% GENERAL GOVERNMENT (same expenditure category)	% SUBNATIONAL GOVERNMENT
TOTAL EXPENDITURE (2013)	0.7%	1.7%	100%
CURRENT EXPENDITURE	0.5%	-	71.1%
STAFF EXPENDITURE	0.1%	3.9%	13.0%
INVESTMENT	0.2%	7.0%	28.9%

Malta is the EU country in which the share of SNG expenditure in GDP and total public expenditure is the lowest. Local councils have very few spending responsibilities, which is also reflected in a low level of staff expenditure. Investment accounts for a large share of local expenditure, above the EU average (29% vs 10%). However, local investment remains very limited as a share of public investment and GDP.

EXPENDITURE BY FUNCTION

% SUBNATIONAL GOVERNMENT EXPENDITURE



The main category of spending is general public services, followed by environmental protection (notably waste management) and economic affairs and transport.

REVENUE BY TYPE	% GDP	% GENERAL GOVERNMENT (same revenue category)	% SUBNATIONAL GOVERNMENT
TOTAL REVENUE (2013)	0.7%	1.7%	100%
TAX REVENUE	0.0%	0.0%	0.0%
GRANTS AND SUBSIDIES	0.6%	-	94.4%
OTHER REVENUES	0.0%	-	5.6%

The lion's share of local revenue (94%) comes from central government transfers as local councils are not able to raise any taxes, according to the Local Councils Act.

TAX REVENUE. Local councils have no tax revenue (neither own-source nor shared).

GRANTS AND SUBSIDIES. Central government transfers to local councils are organised under Article 55 of the Local Councils Act. The Minister of Finance allocates funds annually for the exercise of local council functions. The amount appropriated is based on a complex formula based on councils characteristics (e.g. the number of properties within the council, the number of councillors, the length of roads, park areas, etc.) and on estimations of current costs for the delivery of 16 statutory functions.

The 2009 local council reforms also resulted in an increase of the number of earmarked grants.

OTHER REVENUES. Local councils have the power to levy fines, under Article 36 of the Local Councils Act and by virtue of delegated powers to collect penalties by agreement under Article 33 of the Act. They can also charge fees for municipal services, a right which has been reinforced by the 2009 reform.

OUTSTANDING DEBT	% GDP	% GENERAL GOVERNMENT
OUTSTANDING DEBT (2013)	0.3%	0.4%

According to the Local Councils Act, local councils cannot borrow without the authorisation of central authorities. In fact, the Local Councils Act prohibits any works with a cost which exceeds the annual provision allotted for each financial year except if the project has been explicitly accepted by the central government. When authorised, funding is supposed to be done by the allocation of supplementary funds by central government, not by borrowing. It explains a very low level of local financial debt (16% of total debt; the remaining 84% is made up of "other accounts payable") which is entirely composed of loans.

A joint- study of:



Sources: Eurostat (Government Finance Statistics) • National Statistics Office of Malta (2015), Malta in Figures 2014 • Ángel Manuel Moreno (2012), Local Government in the Member States of the European Union: A Comparative Legal Perspective, INAP • Council of Europe, Congress of Local and Regional Authorities (2011), Local democracy in Malta • Ministry for Justice, Culture and Local Government (2009), presentation made by Mr. Natalino Attard on Challenges and Developments for Local Government in Malta • The Local Government Reform 2009, CDLR workshop St Gallen - Government of Malta (2009), Malta Policy for local governance.