

# Caritas Cares Malta Report November 2015

## What this report is about

This report describes the main challenges related to poverty and social inclusion in Malta and provides recommendations for policy makers to address these challenges. The recommendations are based on an analysis of the grass-roots experience of Caritas Malta, which is compared to official data.

## About Caritas Malta

Caritas Malta aims to alleviate poverty and promote human development and social justice, providing a range of services, such as rehabilitation of persons with drug abuse problems (the NEW HOPE Foundation), helping persons with epilepsy and their families (Caritas Malta Epilepsy Association); The Foundation for Victims of Usury; prevention education awareness; counselling and social work, research and advocacy, community outreach and a help-for-the-aged unit for the elderly.

In 2014, the organisation reached a total of 492 beneficiaries through its Counselling and Social Work Unit. Of these, 62% were male and 38% were female, and 275 were aged between 30 and 40 years old, 22% between 40 and 50, and 23% between 51 and 64. With regards to their profile, 13% were families with difficulties, 23% were individuals with relational problems or family breakdown, 16% had financial and usury problems, and 7% had mental health problems.

### Recent publications by Caritas Malta:

Caritas Report 2015, Questionnaire: A tool to meet people. A Study of the Social Situation in the Parish Areas, July 2015.

Child Poverty in Malta, by Dr. M.A. Farruggia, Caritas Malta, 2013-2014.

A Minimum Budget for a Decent Living. A research study by Caritas Malta, by McKay, March 2012.

Caritas Malta Reflections on "A Framework for Poverty Reduction and for Social Inclusion 2014 – 2024", a Green Paper by the Ministry for the Family and Social Solidarity.

#### **Institutional representative:**

Leonid McKay  
Director  
leonid.mckay@caritasmalta.org  
0035625906600

#### **Contact:**

Dr Maria Adele Farruggia  
Research and Advocacy Officer  
maria.adele.farruggia@caritasmalta.org  
00356 25906600

Although recent reforms are having a positive impact, especially in the areas of equality, education and healthcare, more efforts need to be put into areas related to employment and a decent income

## Malta's main challenges related to poverty and social exclusion:

- ❖ **Long-term unemployment and a lack of adequate income support schemes are putting many groups at greater risk of poverty and social exclusion**

This is especially worrying in the case of single parents, migrants and refugees as well as homeless people, especially when their education level is low, which hinders their probability of finding employment or accessing a decent salary.

- ❖ **An significant number of workers have to face situations of employment exploitation due to precarious and unstable working conditions and an inadequate statutory minimum wage**

This is becoming a serious issue, which is causing many people to develop low self-esteem and which prevents them from being motivated to develop their careers and therefore have a better quality of life.

- ❖ **Malta has the largest employment gender gap rate in the EU**

Recent measures to promote the employment of women are contributing towards improving this situation; however, more policies aimed at increasing the employment rate of women and reducing the gender gap in wages and career progression are required.

## Policy recommendations for the National Government:

### **Adequate income support:**

1. Set an adequate statutory minimum wage.
2. Establish adequate minimum income schemes that cover at least 60 per cent of the national median income based on empirical benchmarks and on reference budgets, complemented by adequate support measures that ensure a gradual transition from dependency to independency via the world of employment, in particular for the long-term unemployed.

### **Inclusive labour markets:**

3. Promote the access of women into the labour market and to career development as well as reinforcing measures that ensure a reduction in wage inequality between women and men.

# 1. Poverty and social exclusion in Malta: the reality behind the data

## The problems of most concern in Malta

- ❖ Poverty and ill-health
- ❖ Long-term unemployment

### Poverty and ill-health

A Caritas study of the Social Situation in the Parish Areas,<sup>1</sup> carried out in the village of St. Julian, identified that families experiencing poverty, especially material deprivation, are mainly composed of widows with low income or elderly couples; in many cases these individuals have health or mental health problems.

The study shows that “people suffering, for example, from obesity, disability, wheelchair bound, mental health or facing a combination of medical problems experience difficulties related to employment and consequently financial and pension issues. Moreover they are unable to be self-sufficient since they may be unable to walk or have access to all amenities.”.

*“I am a widow and I only receive a small pension which just about covers my basic needs but I am unable to pay for other key needs such as more medicine, support, helpers, cleaners, maintenance and personal care.”*

Testimony from the Caritas Malta 2015 Report “Questionnaire: A tool to meet people. A Study of the Social Situation in the Parish Areas.”

*“Poverty is not only an economic issue, financial difficulties are an important factor but it is a combination of many other problems: not having been able to continue with my education further than primary school; this disables me from developing my competences and skills and therefore access to better employment. This happened because I started to work at a young age where I didn't need the many skills that I require now, which is affecting my self-esteem.”*

Testimony from the Caritas Malta 2015 Report “Questionnaire: A tool to meet people. A Study of the Social Situation in the Parish Areas.”

### Long-term unemployment

During the interviews carried out for the recent Study of Caritas Malta in St. Julian's parish area, some families declared that their poverty is caused by long-term

---

<sup>1</sup> Caritas, 2015. Report 2015, Questionnaire: A tool to meet people. A Study of the Social Situation in the Parish Areas, July 2015.

unemployment, especially in cases where the man, who is generally the breadwinner, has been unemployed for a long time and the wife has never worked.

Some interviewees declared that poverty was not only an economic issue, even if it resulted from lack of sufficient finances, but also arose from a combination of other realities. These included a lack of education giving rise to lack of competency and skills and consequently job opportunities/careers. Many people had only primary school education, some were illiterate and declared that they had started working at a young age, with the majority obtaining unskilled jobs. This reality has created a situation in which individuals have low self-esteem, preventing them from advancing in their careers and acquiring a better quality of life.<sup>2</sup>

“The combination of being long-term unemployed and having medical/mental health problems is too challenging for me and doesn’t allow me to access a ‘normal’ working and personal life. Although I receive income support it is insufficient to cover my daily basic needs.”

Testimony from the Caritas Malta 2015 Report “Questionnaire: A tool to meet people. A Study of the Social Situation in the Parish Areas.”

Data provided by the Employment and Training Corporation (ETC)<sup>3</sup> for June 2015 indicated a decrease among persons who had been registered for more than one year (in June 2014 there were 3,189 and in June 2015 there were 2,423 such people) and a decrease of 1,579 persons registered under Part 1 when compared to the data of June 2014, as confirmed by the National Statistics Office.<sup>4</sup>

The national long-term unemployment rate in 2014 stood at 2.8% against the EU28 rate of 5%.<sup>5</sup>

## Groups at risk of poverty with the highest need for political action in Malta

- ❖ Homeless people
- ❖ Single parents
- ❖ Migrants and refugees

### Homeless people

Long-term unemployment and inadequate access to income support schemes (generally inadequate non-contributory social welfare benefits) are the major problems of homeless people. In addition, they face problems in various social policy fields, including health, education, housing and insecure employment.

<sup>2</sup>Ibid.

<sup>3</sup><http://etc.gov.mt/Category/5/22/Research-and-Reports.aspx>.

<sup>4</sup>National Statistics Office, 2015, Key Indicators on the Labour Market: 2005-2014, 138/2015. 24 July 2015:

<sup>5</sup>National Statistics Office, 2015, Key Indicators on the Labour Market: 2005-2014, 124/2015. 3 July 2015:

[https://nso.gov.mt/en/News\\_Releases/View\\_by\\_Unit/Unit\\_C2/Labour\\_Market\\_Statistics/Documents/2015/News2015\\_124.pdf](https://nso.gov.mt/en/News_Releases/View_by_Unit/Unit_C2/Labour_Market_Statistics/Documents/2015/News2015_124.pdf)

## Single Parents

Long-term unemployment and inadequate access to income support schemes are also two of the main problems for single parents or separated people with dependent children, especially when their education level is low, which hinders their probability of finding employment or accessing a decent salary. It is frequent that Caritas beneficiaries in situations of family breakdown often prefer to continue co-habiting in the matrimonial home due to the financial difficulties creating barriers to living independent lives and therefore have difficulties in re-starting their lives, especially when they have dependent children.

This causes serious emotional and psychological distress that is often hard to cope with and affects their ability and capacity to focus on seeking employment or training. Women often have the responsibility of caring for the children, even in cases of joint custody, which increases the risk of not finding employment.

*“As a women I felt it was normal to be a housewife and therefore never invested time in education or training to develop my competences and skills. If I get a divorce I am scared I will not be able to find a job in order to live an independent life.”*

Testimony from the Caritas Malta 2015 Report “Questionnaire: A tool to meet people. A Study of the Social Situation in the Parish Areas.”

## Migrants and refugees

The number of the non-Maltese population is increasing every year and consequently, so too are the problems of inclusion, discrimination at work and the increase in the poverty rate. The total population of Malta reached 429,344 people at the end of 2014, an increase of 0.9% compared to 2013. The population increase was mainly due to net migration (immigration less emigration).

**Table 1. Population increase of the Maltese and non-Maltese population between 2013 and 2014**

	2014	2013
Maltese population	401,868	400,404
Non-Maltese population	27,476	24,980
Total	429,344	425,384

Source: National Statistic Office, 2015<sup>6</sup>

The Maltese Government is working on an integration policy which should lead to a reduction in the difficulties posed by social exclusion, while also improving the relationship between the Maltese and foreign communities. In June 2015, the

<sup>6</sup>National Statistics Office, 2015, 129/2015, “World Population Day: 11 July 2015”.

Ministry for Social Dialogue, Consumer Affairs and Civil Liberties launched the framework document “Towards a National Migrant Integration Strategy, 2015-2020”.<sup>7</sup>

## The challenges in achieving active inclusion in Malta

- ❖ Adequate income support
- ❖ Inclusive labour markets
- ❖ Access to quality services

### Adequate income support

In Malta, minimum income schemes are inadequate in covering basic living needs, as their amount is too low and they do not always take into account that there are a number of people who cannot work, not because of a lack of desire to do so, but because they face several genuine issues that put them in such a position. This includes: sickness, disability, mental health problems and also those who are full-time carers of other people. It is therefore necessary to ensure that minimum income schemes can guarantee a decent income for families who cannot earn their living through work, so as to live a life in dignity and to fully participate in society.

In the study “A Minimum Budget for a Decent Living”,<sup>8</sup> published by Caritas Malta in 2012, it concluded that the minimum essential budget for a household in Malta of two adults and two children is estimated at €10,634 a year, a single parent and two children at €8,581 a year, and for two older persons at €6,328 a year.

### Inclusive labour markets

The labour market in Malta is not becoming more inclusive. On the one hand, Malta has to face problems related to employment precariousness and instability. The statutory minimum wage is inadequate and many workers face situations of employment exploitation. In 2014, the in-work at-risk-of-poverty rate reached 5.7%.<sup>9</sup>

On the other hand, Malta has the largest employment gender gap in the EU: in 2014, the employment rate of men was 80.3% whilst it was 51.9% for women, a gap of almost 30 percentage points (the EU average that year was 11.5 p.p.). At the same time, the number of inactive women remained very high: in 2013 the rate was 60.2%, which corresponds to 106,767 inactive females.<sup>10</sup> In addition, in 2013 the gender pay gap was 5.1%.<sup>11</sup> Recent measures to promote employment of women,

<sup>7</sup> <https://socialdialogue.gov.mt/en/Tenders/Documents/Public%20Consultation%20Document.pdf>.

<sup>8</sup> <http://www.caritas.eu/news/caritas-malta-study-a-minimum-budget-for-a-decent-living>.

<sup>9</sup> Eurostat, In-work At-Risk-of-Poverty Rate. Accessed at:

<http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=tesov110&plugin=1>.

<sup>10</sup> National Statistics Office of Malta, 2014. Malta in Figures 2014. Accessed at:

[https://nso.gov.mt/en/publicatons/Publications\\_by\\_Unit/Documents/D2\\_External\\_Cooperation\\_and\\_Communication/Malta\\_in\\_Figures\\_2014.pdf](https://nso.gov.mt/en/publicatons/Publications_by_Unit/Documents/D2_External_Cooperation_and_Communication/Malta_in_Figures_2014.pdf).

<sup>11</sup> Eurostat, Gender Pay Gap in Unadjusted Form. Accessed at:

<http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=tsdsc340&plugin=1>.

such as tax incentives and free childcare services, are contributing towards improving this situation; however, additional policies and measures are required to address this critical issue, especially in two key areas: increasing the employment rate of women and reducing the gender gap in wages and career development.

## Access to quality services

In recent years, access to services has improved. In Malta, health and education services are available free of charge. Since April 2014, all Child Care Centres have been free of charge, thus giving more opportunities to parents to work and to rely less on the country's social benefits.

## 2. How effective are Malta's policies to fight poverty and social exclusion?

The European Commission's Country Report for Malta<sup>12</sup> reflects the main problems and reality of poverty and social exclusion in the country. At the same time, the National Reform Programme,<sup>13</sup> published by the Government of Malta, also reflects the main problems and reality of poverty and social exclusion in the country.

In December 2014, the Ministry for the Family and Social Solidarity launched its National Strategic Policy for Poverty Reduction and Social Inclusion 2014-2024. This is intended to make further contributions to the already-committed national headcount poverty reduction target. The Malta National Target remains the same as it was in 2013: to lift around 6,500 people out of the risk of poverty and exclusion by 2020. This target, however, needs to be revised. "The Strategy presents a series of policy priorities which focus upon the modernisation and effectiveness of social services; more student engagement and the attainment of higher and further education; improved training and vocational opportunities leading to more quality jobs; strengthening of primary health care and the promotion of healthy life styles and the deepening of cultural awareness"— as declared by the Minister for the Family & Social Solidarity.<sup>14</sup>

In general, it can be said that the current policies implemented in Malta address the problems related to poverty and social exclusion although they have been only partly effective in solving the problems, as reforms are on-going.

## What policies are needed to address poverty and social exclusion more effectively?

---

<sup>12</sup> European Commission, 2015. Country Report Malta 2015. Accessed at: [http://ec.europa.eu/europe2020/pdf/csr2015/cr2015\\_malta\\_en.pdf](http://ec.europa.eu/europe2020/pdf/csr2015/cr2015_malta_en.pdf).

<sup>13</sup> Government of Malta, 2015. National Reform Programme Malta 2015. Accessed at: [http://ec.europa.eu/europe2020/pdf/csr2015/nrp2015\\_malta\\_en.pdf](http://ec.europa.eu/europe2020/pdf/csr2015/nrp2015_malta_en.pdf).

<sup>14</sup> Accessed at: <http://mfss.gov.mt/en/Documents/Poverty%20Strategy%202014%20English%20Version.pdf>. Pp 8-9.

As of 2014, a series of policy initiatives have been introduced or planned in order to increase labour participation (2015 National Reform Programme):

- The continuation of free childcare centres
- Child supplement for families with dependent children
- Youth Guarantee Scheme
- Housing schemes offered by the Housing Authority
- Tax exemption for women who access the labour market
- Reduction in the income tax rate
- The National Strategic Policy for Active Ageing 2014-2020
- New planned measures for elderly and disabled people and families.

The above actions have already had a positive impact on the labour market, especially in light of improving the access of women to the labour market. Some progress in work–family balance is required, for instance by promoting more flexible working arrangements, though the rates remain below the European average.

## The impact of social protection system reforms

### **Social protection system reforms & modernisation in Malta**

Reforms are having a positive impact and are going in the right direction but they need more implementation and dissemination within society, as it is still all too frequent to find people that are not well informed about their rights or benefit entitlements.

Malta has always endeavoured to increase social services through various reforms, such as childcare centres, free medicine for people in need, and free access to health services for Maltese citizens.

The Maltese Government has implemented several measures to improve the labour participation rate, such as the extension of free childcare service, the reduction of the income tax rate, social security reform, the introduction of In-Work Benefits, the introduction of tax exemptions for women joining the labour market, and maternity leave reform.

***An example of an effective policy or programme related to the active inclusion pillar of inclusive labour markets.***

An example of a policy measure with a positive impact on the reduction of poverty and social exclusion is the adoption of the Free Child Care Centres, a measure implemented by the Ministry for the Family & Social Solidarity.

The opening of these new Childcare Centres, along with the Free Childcare Scheme (available since April 2014), has contributed to improving the labour-market participation of women.

However, more needs to be done to answer the demand and to extend the opening hours of the child care centres to accommodate parents with irregular working hours. It is also desirable that the access to free care centres is guaranteed not only for attested working/training hours.

Finally, public Childcare Centres in Gozo are required.

### 3. The response of Caritas: initiatives that have been effective when addressing poverty and social exclusion

The following initiatives run by Caritas Malta have been demonstrated to be contributing to the reduction of poverty in Malta:

#### **DRUG ADDICTION REHABILITATION AND SUPPORT**

<http://www.caritasmalta.org/new-hope-foundation>

#### **Project “New Hope – Rehabilitation from Drug Abuse”**

##### **Description**

---

NEW HOPE is the Caritas Malta Foundation for the Rehabilitation of Persons with Drug Abuse Problems. The Foundation offers professional and competent rehabilitation, based on long-term experience in the drug rehabilitation, prevention and education fields.

##### **Problem addressed**

---

This project addresses a challenge related to the social inclusion and rehabilitation of persons with drug abuse problems and its impact on their families.

##### **Results**

---

Caritas has been offering this project for the past 28 years with very good results. For instance, 73% of those who sought treatment in 2012 continued following the programmes that had been drawn up for them.<sup>15</sup>

##### **Innovative features & success factors**

---

Caritas Malta’s team welcomes persons with serious drug-related issues (drug users,

---

<sup>15</sup>Times of Malta, 27 June 2013. [Financial Problems Threaten Caritas Drug Rehabilitation Programmes, Msgr Victor Grech Warns.](#)

---

family members and significant others) and orientates users towards further holistic and integrated rehabilitation. The Family Service offers support to families of drug users in order to encourage their involvement in the rehabilitation process and to promote favorable outcomes for all concerned.

#### **ACTIVE INCLUSION OF VULNERABLE GROUPS**

<http://www.caritasmalta.org/wp-content/uploads/2015/07/REPORT-QUESTIONNAIRE-in-St-Julian.pdf>

#### **Project “Questionnaire: A tool to meet people. A Study of the Social Situation in the Parish Areas”**

##### **Description**

---

Caritas Malta prepared a questionnaire aimed at monitoring changes in social realities in the Maltese parishes. From July 2014 to July 2015 project members interviewed people in the village of St. Julian, visiting them in their homes and dedicating time to hearing about their quality of life, their needs, their hopes, their fears and concerns. Many interviewees considered the meeting an opportunity to ask for assistance while others saw it as an opportunity to be heard and to break their sense of unwanted solitude and isolation. All those who requested assistance were referred to professionals. The Parish of St. Julian was the first parish that agreed to participate in this project, as a pilot project.

##### **Problem addressed**

---

This project addressed the difficulty in identifying the quality of life of people and their needs (material deprivation, beliefs, opinions and hopes) by reaching out to them through an exploratory study.

##### **Results**

---

As a pilot project, the Study focused on the Maltese population of approximately 6,000 people in the parish area of St. Julian, chosen by random sampling of the population. We reached out to 200 families in the Village of St Julian and 105 agreed to be interviewed.

From the analysis of data, it is interesting to highlight that families are no longer large in number (mainly 2 or 3 members) and the number of children is relatively low compared with the number of elderly members. (Out of 105 households only 16 had dependent children.) Loneliness is the major problem of elderly people in the village, followed by low incomes of families some of whom experience poverty or material deprivation.

##### **Innovative features & success factors**

---

Interviewing people in their homes allowed us develop a personal relationship with them. Only by meeting people could we take a snapshot of the situation in the parish. The aim of the questionnaire was to explore the quality of life of people and their needs by reaching out to them. For this reason, volunteers from the parishes

---

went to knock on the doors of people to interview them at home.

## 4. Recommendations to address the described problems

### **Recommendation 1: set an adequate statutory minimum wage**

- **Problem addressed if implemented:** To set an adequate statutory minimum wage substantially higher than that of the minimum income schemes would address the problem of inadequate wages. For Caritas Malta, decent employment with decent working conditions should be a basic right.
- **Governmental department that could lead this measure:** The Ministry for Finance.
- **Policy framework:** The EC Recommendation on the active inclusion of people excluded from the labour market.

### **Recommendation 2: establish adequate minimum income schemes that cover at least 60% of the national median income, based on empirical benchmarks and based on reference budgets, complemented by adequate support measures that ensure a gradual transition from dependency to independency via the world of employment, in particular for the long-term unemployed**

- **Problem addressed if implemented:** This will ensure that people who are unable to work have access to a minimum income that allows them to live a life of dignity and to fully participate in society.
- **Governmental department that could lead this measure:** The Minister for Social Dialogue, Consumer Affairs and Civil Liberties.
- **Policy framework:** The EC Recommendation on the active inclusion of people excluded from the labour market.
- **How the European Commission could support this measure:** By developing a common EU base regarding minimum income schemes, according to the poverty threshold in every EU Member State.

**Recommendation 3: Promote the access of women to the labour market and to career development, as well as reinforcing measures that ensure a reduction in wage inequality between women and men**

Investing in measures that promote work–family balance could be prioritised, for instance by promoting more flexible working arrangements.

- **Problem addressed if implemented:** The gender and pension wage gap as well as the gender employment gap.
- **Governmental department that could lead this measure:** The Minister for Social Dialogue, Consumer Affairs and Civil Liberties.
- **Policy framework:** The EC Recommendation on the active inclusion of people excluded from the labour market.



*This publication has received financial support from the European Union Programme for Employment and Social Innovation "EaSI" (2014-2020). For further information please consult: <http://ec.europa.eu/social/easi>*