

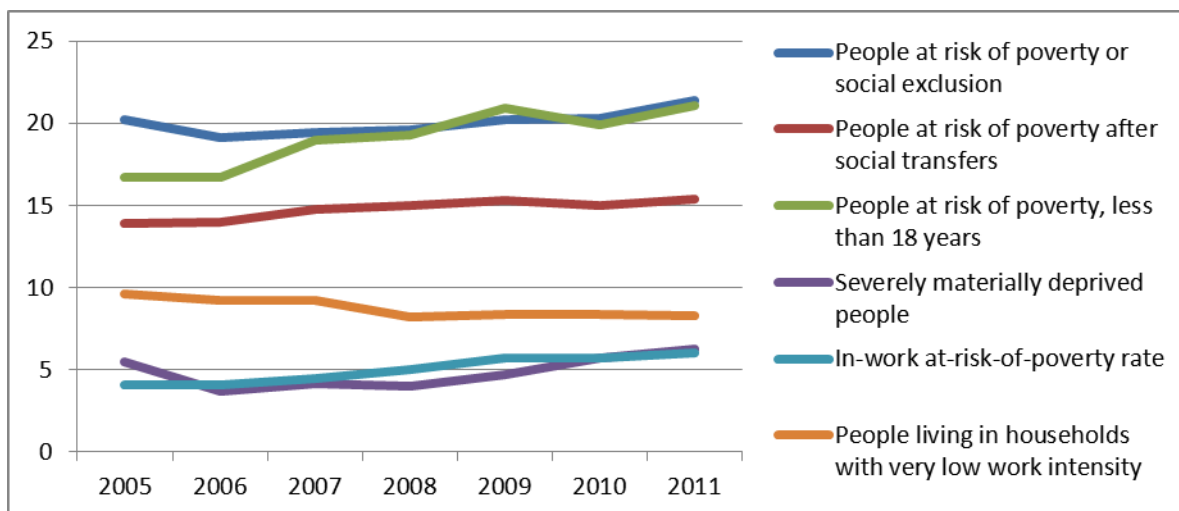
1. POVERTY

1.1. Recent trends

Developments of poverty and social exclusion in Malta based on Eurostat:

- The **rate of people at risk of poverty or social exclusion** rose from 19.6% in 2008 to 22.2% in 2012, nevertheless remained below EU average (24.8% in 2012).
- It can be noted that all poverty indicators, with the exception of child poverty, remain below EU average. **Child poverty** rose from 19.3% in 2008 to 29.7% in 2012 (EU average in 2012:28.1%), putting this age group **at highest risk of poverty**, followed by people older than 65 (21.9% in 2012).
- A worrying trend can be observed in the **rate of severe material deprivation**, which rose by twice reaching 8%) during the 2008-2012 period.
- **In-work-poverty** is affecting a considerably larger share of men (7.2% in 2012) than women (4.3%). This is due to the fact that Malta has a very low female participation in the labour market. In fact, the number of women at work also remains very low (46.8% in 2012 - Eurostat).

Poverty trends in Malta (% of population):



The above data presented reflects the reality of poverty and social exclusion in Malta. Compared to other EU Countries, it has to be noted that poverty in Malta is not very evident but exists, especially among particular groups of the population, such as **single parent households**, persons living in households with low work intensity, **unemployed people (especially women)**, **elderly people (especially women)**, persons with mental health issues, **immigrants** - third country nationals but also from EU and East European nationals, as well as **children**. There are particular areas in Malta where it is more likely to have a concentration of poverty. These are the **inner harbour region**, the **south of the island** and other locations in the traditionally affluent **northern region** (that is now inhabited by many different nationalities). Some of the many causes of poverty are unemployment, early school leaving, low-pay jobs, gender differences in the labour market participation and in the wages.

Through the parishes, **Caritas Malta** is involved in distributing food to poor people assessed by the National Department of Social Security. **29,600 people benefit from the European Food Aid Programme** run by the Diaconia Commissions in the Maltese parishes.

In addition to the above data, a recently report, published by the Malta National Statistics Office¹, focuses on the living conditions of children and elderly people and provides further information on the poverty situation in Malta:

- In 2011, the **at-risk-of-poverty rate for persons** aged 65 and over stood at 18%, while the at-risk-of-poverty or social exclusion rate for the same age group reached 22%. 71% of persons aged 65 and over who were at-risk-of-poverty owned their own home, while 62% lived in households composed of two persons.
- A share of **11% of households with children answered they could not afford to eat a meal with meat, chicken, fish or a vegetarian equivalent every other day**, while 30% could not afford to face unexpected financial expenses. In addition, 17% could not afford to keep their home adequately warm in winter. 5% of households with children had been in arrears on mortgage or rent payments at least once over the previous 12 months.
- When considering the replies of those aged 65 and over, 48% reported they **could not afford to pay for one week's annual holiday away from home**. Another 8% could not afford to eat a meal with meat, chicken, fish or a vegetarian equivalent every other day, 23% could not afford to face unexpected financial expenses and 17% could not afford to keep their home adequately home in winter. A similar pattern was also observed when considering persons aged 65 and over who were at-risk-of-poverty.
- Unfortunately, there are **25,961** persons living in households that **are severely materially deprived in Malta**. Out of them the rate per age is the following: age 0-17: 7.0%; age 18-59: 6.7%; age 60+: 4.6%; age 65+: 4.6%; age70+: 4.4%.

1.2. Recent policy developments

Since last year the following policy developments have been registered:

This year's NRP states that the Government is committed to securing the wellbeing of all persons in its policies while also continuing to give particular attention to those groups that are being targeted, namely children, the elderly and persons living in households with low-work intensity. It builds upon the measures found in Malta's National Reform Programmes of 2011 and 2012 respectively, which focused, amongst others, on **enhancing the employability of vulnerable groups, a better provision of support services for jobless households and revisions of pensions and supplementary allowances**. Malta will continue to expand on these measures.

There are two initiatives to promote social inclusion, in particular through the reduction of poverty and combating child poverty: 1) **provision of training to lone parents**; 2) **a study to analyse the situation of lone parenthood** and propose measures aimed at lifting single parent family out of the risk of poverty. This study should be finalised by March 2014 by the University of Malta.

Regarding the **Training Programme for Employees Earning the Minimum Wage**, 41 applications were received and processed between January and December 2012. **Training allowance of 25 euro per week** is provided to employees who earn less than the national average wage. This initiative may help to increase the participation rate in trainings of this client group

While these measures are expected to have a positive impact, **more measures and programmes addressing poverty and social exclusion for asylum seekers/immigrants are needed**.

Assessment of Malta's NRP and policies it refers to:

In addition to the above-mentioned measures, the NRP further states that, in order to improve the housing quality of the most vulnerable, the Government is giving priority to social housing and therefore plans to launch a **subsidised rental scheme**. Other schemes such as the **Independent Living in the Community Scheme** have been launched with the intent of enhancing vulnerable persons' ability to live independently in order to reintegrate them as much as possible within the fabric of society.

¹ National Statistics Office Malta, 2013, *SILC 2011: Focus on children and the elderly*. URL: http://www.nso.gov.mt/statdoc/document_file.aspx?id=3632

Furthermore, the Government plans to launch the **Out of Home Care Programme** for those children who cannot live with their families or who are not accommodated with mainstream fostering or residential facilities.

The planned **Gender Balance in Decision-Making** project aims at increasing the number of women in decision-making positions, by empowering them to take up these positions and providing advice to policy makers on gender-balance in decision-making.

The measures proposed in the 2013 NRP are moving in the right direction in addressing poverty and social exclusion; however, more needs to be done. Malta has set a national target of lifting 6,560 persons out of risk of poverty and social exclusion by 2020. Caritas Malta has remarked that the Government could have aspired for more.

Assessment of Malta's Country Specific Recommendations (CSRs) adopted in 2013:

CSR 3 is considered adequate among the proposed CSRs for addressing the problem of poverty and social exclusion in Malta but more effort is desirable. CSR 3 refers to reducing the high rate of early school leaving and pursuing policy efforts in the education system to match the skills required by the labour market as well as enhancing the provision and affordability of more childcare and out-of-school centres with the aim of reducing the gender employment gap.

In addition to the above recommendation, Caritas Malta highlights that **Malta needs to make the best possible use of its greatest asset – human capital**. The country however has one of the lowest employment rates in the EU (63.1%). Malta still has a very high number of early school leavers (22.6%), while the number of students attaining tertiary education is relatively low (22.4%). The number of women at work also remains very low (46.8%). Malta should therefore continue to take measures to **address skill gaps and facilitate the integration of women in the labour market by providing affordable child-minding facilities** while promoting gender equality at all levels.

1.3. Recommendations

- The 2020 poverty target should be revised upwards.
- Take action to combat child poverty and support elderly people (especially women).
- Raise the statutory minimum wage.
- Promote female labour market participation.
- Insist on enhancing the employability of vulnerable groups.
- Address with urgency the financial situation of lone parent families and the persons living in households with low work intensity (especially women).
- Strengthen the social security benefits for people who earn less than the Minimum Essential Budget for their household type and who cannot participate in the labour market. Allowances should be increased so that no person's income is below this level.
- Develop a public system to step in and pay at least the social contributions for those whose income falls below the Minimum Essential Budgets.
- Reinforce projects about youth, schools and youth access to the labour market.
- Introduce measures and programmes addressing poverty and social exclusion for asylum seekers and immigrants.
- Simplify the bureaucratic system where migrants are concerned.
- Combat fiscal/tax evasion and promote fiscal facilities and reductions for the vulnerable groups.
- Monitor the effects of gambling on the increase of family poverty.

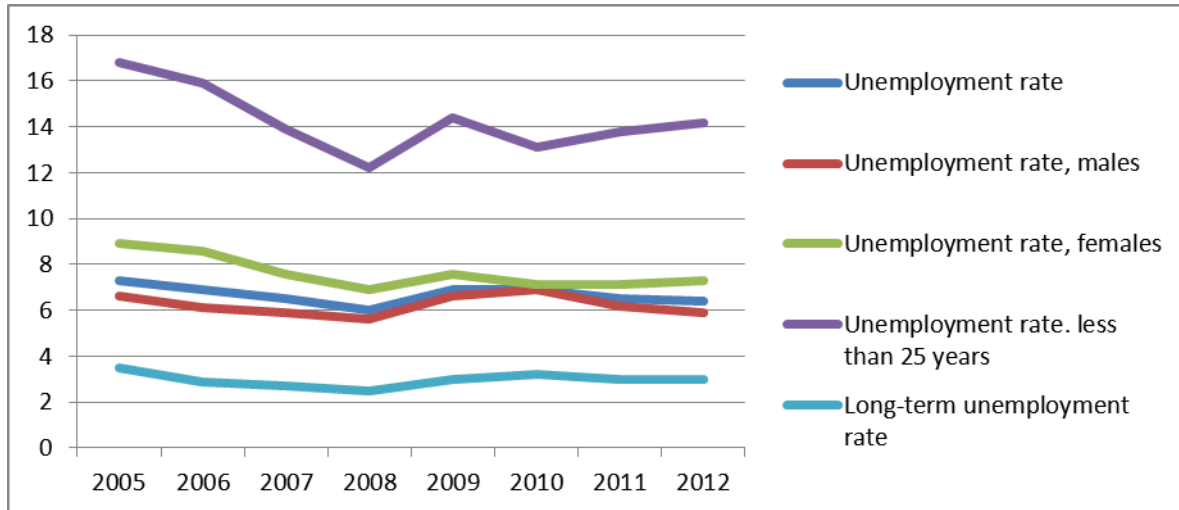
2. EMPLOYMENT

2.1. Recent trends

Developments of the employment situation in Malta:

- **Both employment and unemployment rose between 2008 and 2012.** It can be noted that all indicators remain below EU average. The **sharpest increase occurred in the female employment rate from 39.3% in 2008 to 46.80% in 2012** but this rate remains among the lowest in the EU. (EU female average in 2012 is 62.4%). The employment rate in Malta increased to 63.1% but remains very low on the EU scale (EU average in 2012 68.5%).
- The **highest proportional increase occurred in the long-term unemployment rate**, which rose from 2.5% in 2008 to 3% in 2012.

Employment trends in Malta (% of population):



The above Eurostat data reflects the reality of the situation in our country:

- The National Statistics Office of Malta² confirms Eurostat data concerning employment and unemployment rates. Further reports³ highlight Malta's **very low female participation in labour market**.
- Furthermore, low-wage trends remain the same in Malta. Low-wage earners are defined by Eurostat as those employees earning two-thirds or less of the national median hourly earnings. For Malta, the average pay per hour in 2010 stood at 7.5 euro. Those earning less than 5 euro an hour are defined as being in the low-wage bracket. In 2010, **Malta's proportion of low-wage earners was 18.3%** (EU average 17%), representing an **increase of 3.9 p.p.** since 2006, (EU increase 0.2 p.p. since 2006).⁴
- There are **sizeable differences between men and women** when it comes to **earnings and the proportion of low-wage earners**. In 2010, in the EU, 21.2 % of women were low-wage earners against 13.3 % for men, in Malta 22.4 women and 15.6 men⁵.

2.2. Recent policy developments

Since last year the following policy developments have been registered:

The proposed measures within the NRP 2013 **support the active inclusion of particular vulnerable groups**. However, **Caritas Malta** claims that certain population groups **cannot enter into the labour market due to different health, social and/or family reasons**.

In addition, incentives to increase female participation in the labour market such as tax incentives and

² National Statistics Office Malta, 2013. URL: http://www.nso.gov.mt/statdoc/document_file.aspx?id=3647 and http://www.nso.gov.mt/statdoc/document_file.aspx?id=3627

³ National Statistics Office Malta, 2012, Malta in Figures 2012. URL: http://www.nso.gov.mt/statdoc/document_file.aspx?id=3453

⁴ Eusebio Bezzina, 2012, *Population and social conditions*. Eurostat Statistics in Focus, 48/2012. URL: http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-SF-12-048/EN/KS-SF-12-048-EN.PDF

⁵ See footnote 4

opening of new childcare centre started in 2010 with the creation of the **National Childcare Unit** within the Foundation for Educational Services. To date, there are 12 **active centres and 39 private/church childcare centres**. All childcare centres have to follow the National Standards for Child Day Care Facilities (2006) and the Occupational Standards (2012). The childcare centre coordinators work closely with other professionals and with the families to help improve the families' situation.

The **Job Bridge programme** aims to provide specialised training for disabled persons and assists them in building their competences and the necessary skills to adapt to the job market. The first intake took place in February 2013 and will continue until January 2014

Development of a **Youth Entrepreneurship Strategy**, including an **Action Plan for Malta 2013-2018** is being implemented for the promotion and support of entrepreneurship in the younger generation.

Assessment of Malta's NRP and policies it refers to:

Economic growth, safeguarding employment and the creation of jobs are key priorities in this Government's economic strategy. These targets will be reached through a **labour policy that rests on two pillars**. Firstly, an economic policy that is calculated to create work opportunities in diversified and sustainable sectors. Secondly, a labour market policy that focuses on the individual and his/her need for adequate quality work, capable of satisfying his/her legitimate aspirations and those of their families.

The Government is aiming for the consolidation and expansion of Malta's economic sectors through the creation of a stable and transparent economic climate, a package of incentives that facilitate entrepreneurship and investment. All these efforts, together with the investment Government intends to make in the fields of education and training, in health and social welfare to ensure that no one is marginalised or left to lag behind, should continue to encourage and **stimulate local and foreign investment in the economy for the creation of jobs for all who wish to enter the labour market**.

The proposed measures within the NRP 2013 support the active inclusion of particular vulnerable groups. However, Caritas Malta claims that particular categories cannot enter into the labour market due to various health, social and/or family reasons.

Considering that the very low employment rate in Malta 63.1% (2012 EU average: 68.5%), especially among women (46.80%), Caritas Malta remarks that the **national employment target of 62.9% should have been greater**. Furthermore, it is **necessary to adopt a national strategy to reduce the gender employment gap** and to raise female wages in order to achieve gender equality. More could be done to combat the undeclared and/or underpaid work. More needs to be done for migrants and social/labour market inclusion.

Assessment of Malta's Country Specific Recommendations (CSRs) adopted in 2013:

CSR 3 is considered adequate among the proposed CSRs for improving the employment situation in Malta (*see Poverty chapter*).

2.3. Recommendations

- The 2020 employment target (62.9%) should be revised upwards to at least 70%.
- Adopt a national strategy to reduce the gender employment gap.
- Promote/facilitate female labour market participation.
- Raise the statutory minimum wage.
- Raise female wages for gender equality.
- Enhance the employability of vulnerable groups.
- Adopt a national strategy with the aim to harmonise family life (including for single parents) and the labour market/work life.
- Facilitate the access to the labour market for migrants.
- Combat undeclared and/or underpaid work.