



COUNTRY
REPORT
FOR
MALTA

A photograph of a woman holding a young child, walking on a sidewalk next to a brick building. The entire image is overlaid with a semi-transparent red filter. The woman is looking down at the child, and the child is looking towards the camera. The background shows a brick wall and a metal railing.

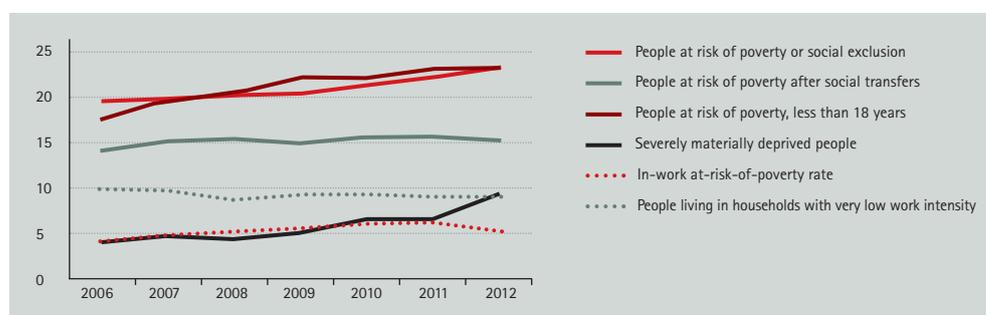
EUROPE 2020
SHADOW REPORT 2014

PROPOSALS FOR THE ANNUAL GROWTH SURVEY,
COUNTRY SPECIFIC RECOMMENDATIONS AND NATIONAL POLICIES.
CARITAS RECOMMENDATIONS FOR EUROPE 2020 MID-TERM REVIEW.

01 Poverty

1.1 Recent trends

Eurostat (% of population)	2009			2010			2011			2012			EU average
	M	F	T	M	F	T	M	F	T	M	F	T	
Malta													
POVERTY													
People at risk of poverty or social exclusion	-	-	20.3	-	-	21.2	-	-	22.1	-	-	23.1	24.8
People at risk of poverty after social transfers	14.3	15.5	14.9	14.3	15.5	14.9	15	16.1	15.6	14.4	15.8	15.1	17.0
People at risk of poverty, less than 18 years of age	-	-	22.1	-	-	22.1	-	-	23.0	-	-	23.1	20.8
Severely materially deprived people	-	-	5	-	-	6.5	-	-	6.6	-	-	9.2	9.9
In-work at-risk-of-poverty rate	6.8	2.6	5.4	7	3.7	5.9	7.4	3.6	6.1	6.5	3	5.2	9.2
People living in households with very low work intensity	-	-	9.2	-	-	9.2	-	-	8.9	-	-	9.0	10.3



Development of poverty and social exclusion indicators in Malta (2009-2012) based on Eurostat:

- ➔ The rate of people at risk of poverty or social exclusion rose from 20.3% in 2009 to 23.1% in 2012, although it remained below the EU average (24.8% in 2012). This means that in 2009 there were 82,000 people at risk of poverty or social exclusion, and the number increased to 94,000 in 2012 out of a population of circa 400,000 people in Malta. This is a dramatic situation.
- ➔ It can be noted that all poverty indicators, with the exception of child poverty, remain below the EU average. Child poverty rose to 23.1% in 2012, putting this age group at highest risk of poverty.
- ➔ A worrying trend can be observed in the rate of severe material deprivation, with the highest relative and absolute increase: it rose by 4.2 p.p. between 2009 and 2012, reaching 9.2%. The in-work-poverty rate has been on the rise since 2009 but data shows that this trend could

be reversing as the rate decreased between 2011 (7.4%) and 2012 (6.5%) by almost 1 p.p. It is worth noting that in-work poverty affects a considerably larger share of men (6.5% in 2012) than women (3%). This is likely due to the fact that Malta has a very low female participation in the labour market. In fact, the **employment rate of women**, aged from 15 to 64 years, is **one of the lowest in the EU** (47.0% in 2013) and below the EU average (58.8% in 2013 - EU-28 Countries).

Additional national data shows the severity of the problems reflected by the above Eurostat data:

- ➔ In Malta, poverty especially effects particular categories in the substratum of the population, such as single parent households, persons living in households with low work intensity, the unemployed (especially women), elderly people (especially women), persons with mental health issues and third-country nationals and immigrants (especially asylum seekers) but also migrants from other European countries; as well as children. A recent trend shows an influx of people from other EU countries coming to Malta who are looking for work and better living conditions.
- ➔ A recent study conducted by Caritas Malta¹ found that households with dependent children are more at risk of poverty than households without dependent children. In fact, out of **61,689 persons living below the poverty threshold, 37,302 were households with dependent children.**
- ➔ Comparing the data of various poverty indicators of poverty it was found that households with the highest rates are the **single parent households** with one or more dependent children: their at-risk-of-poverty rate is 47.6%; the at-risk-of-poverty or social exclusion rate is 66.3%; the material deprivation rate is 44.1% and the severe material deprivation rate is 36.6%.² In the majority of cases, single parents are female.
- ➔ There are particular areas in Malta that are more likely to have elevated levels of poverty: the inner harbour region, the south of the island and in another locations in the traditionally affluent northern region (that is now inhabited by many different nationalities). Overall, poor people are everywhere in Malta, but they are often invisible.
- ➔ Generally in Malta, poverty is not evident because people are not begging on the streets but the National Statistics Office (NSO) of Malta data confirms the above data of EUROSTAT: the number of **persons at-risk-of-poverty or social exclusion has reached 93,783 and 22,801 (a rate of 30.9%) of them are minors (-18) while 14,282 are persons aged 65 and over (rate 22.3%).** With regard to persons aged 65 and over, the at-risk-of-poverty rate was calculated at 17.3 per cent equal to 11,061 persons and the rate related to minors stood at 23.1%, corresponding to 16,992 minors.
- ➔ According to responses received from households in a recent survey, 16.6 per cent of children were living in households that could not afford to eat a meal with meat, chicken, fish, or a vegetarian equivalent every other day. Such a proportion was estimated at 9.2 per cent for the population segment aged 65 and over. Additionally, 27.2 per cent of children were living in households that could not afford unexpected financial expenses, compared to 23.8 per cent of people aged 65 and over. Another material deprivation indicator is the ability to keep one's home adequately warm in winter. Based on perceptions that emerged from the same survey, nearly 22 per cent of children but also of the elderly were living in households that faced difficulties in affording such amenities.³
- ➔ Child poverty is an area of particular concern. Statistical data of the National Statistical Office of Malta (NSO) does not include children living in institutional homes. Unfortunately, neither data relating to migrants are part of the statistical data if they are residing in 'Open Centres' and/or other institutional households; in fact, the statistics on Income and Living conditions (SILC) survey is "an annual enquiry conducted by the National Statistics Office (NSO) among persons residing in private households in Malta and Gozo".⁴
- ➔ In 2013, different migrant people, also from European Countries, came to look for help at Caritas Malta.

¹ Caritas Malta, "Poverty. Child poverty in Malta", Dr. Farruggia, 2013/2014 (Caritas Malta website: <http://www.caritasmalta.org/?m=services&id=2>)

² See also: NSO, SILC 2012, Main Dwelling and Material Deprivation

³ Source: SILC 2012: Focus on Children and the Elderly, NSO, News release 11 June 2014, 110/2014 - <http://www.nso.gov.mt/site/page.aspx>

⁴ Statistics on Income and Living Conditions 2012: Salient Indicators, NSO, News Release 6 November 2014, 214/2013 - <http://www.nso.gov.mt/site/page.aspx>

1.2

Recent policy developments

This year's NRP states that the Government is still committed to securing the wellbeing of all persons in its policies, with particular attention to children, youth, elderly, disabled and families. In fact, "the issue of poverty and social inclusion is a growing and important concept within the political, cultural, social and economic developments of Malta. Malta's target is to lift around 6,560 people out of risk of poverty and exclusion by 2020". This target remains the same as last year and needs to be revised up in order to alleviate and reduce poverty and social exclusion.

"Poverty reduction is one of the political priorities of the administration. In this regard, Government has sustained a number of specific programmes over the past twelve months whilst launching a series of initiatives, chief among which are the pledge to reform social security in the Budget for 2014 and the Green Paper for Poverty Reduction and for Social Inclusion published in February 2014". Combating child poverty is one of the linchpins of Government's poverty strategy.

In this regard, a number of initiatives were launched including: **Helping Single Parents Enrol into Education**, the introduction of **free Child Care Centres – free as from April 2014**, the **'Breakfast Club' programme** to help working and studying parents, opening schools earlier, and **The Afternoon school programmes** providing afterschool care services.

In 2014, a supplement was introduced which will be paid to parents who earn less than €11,000 a year or single parents who earn less than €9,000 p.a. The supplement will be tied to school attendance, regular medical check-ups and the child's participation in sport and cultural activities. The aim of the programme is that it will improve quality of life for about 22,000 children.

Government will also be embarking on a programme of support to youth through the measure Residential Homes for Youth, so that they will be provided not only with temporary residential homes but also with a permanent residential home, while at the same time acquiring the necessary aid required in the transitional phase of this process.

Regarding families, the government is investing in social housing, subsidising rent for privately rented residences, regenerating and maintaining housing estates and to support first time buyers with one-time tax exemption on the property bought.

Disabled Persons: After Budget for 2014, the tax on transfer "causa mortis" for disabled persons has been eliminated and is expected to facilitate succession procedures for children with special needs.

The elderly are the object of the ongoing pension reform process.

While these measures are expected to have a positive impact, more measures and programmes addressing poverty and social exclusion for asylum seekers/immigrants and migrants from other EU Countries are needed, including more focused measures addressing child poverty, women and the elderly.

Social investment package: investing in children⁵

ASSESSMENT OF PROGRESS

The Maltese Government has started implementing the Commission's recommendation through several measures:

➔ **With regards to providing for adequate living standards through a combination of benefits**

The Government is supporting the labour market participation of parents, especially females, through the introduction of free Child Care Centres – free as from April 2014 – to help working and studying parents, opening schools earlier through the 'Breakfast Club' programme, providing afterschool care services with the Afternoon school programmes, extending parents' income tax computation to parents with children under 23 who are still in tertiary education, and extending tax deductions for parents sending their children to private childcare centres. The Government is also promoting other friendly measures such as flexible hours, teleworking and job sharing.

➔ **As for the reduction of inequality at a young age by investing in early childhood education and care as well as the improvement of the education system's impact on equal opportunities**

The Government established a new strategy: Framework for the Education Strategy for Malta 2014-2024: sustaining foundations, creating alternatives, increasing employability. The Ministry for Education and Employment is proposing a strategy for lifelong learning opportunities from early childhood education and care to adult learning to ensure that all children, young people and adults have the opportunity to obtain the necessary skills and attitudes to be active citizens and to succeed at work and in society. This should not be hindered by differences in socio-economic, cultural, racial, ethnic, religious, gender and sexual status. While acknowledging that out-of-school factors like poverty and social exclusion affect student achievement, the Ministry seeks to improve students' learning experiences by encouraging creativity, critical literacy, entrepreneurship and innovation at all levels.

The Ministry for Education and Employment recently also published the Strategic Plan for the Prevention of Early School Leaving, the National Employment Policy and The National Literacy Strategy for all in Malta and Gozo. This National Youth Policy, which will cover the period 2015-2020, and is aimed at supporting young people in the 13 to 30 age group, is another of these policy initiatives⁶.

⁵ European Commission, 2013, Recommendation Investing in Children: Breaking the Cycle of Disadvantage 2013/112/EU approved under the Framework of the Social Investment Package

⁶ Draft National Youth Policy Framework 2015-2020 Discussion Document, Documentation: A Shared Vision for the Future of Young People, Draft National Youth Policy Framework - 2015-2020. Published by The Parliamentary Secretariat for Research, Innovation, Youth and Sport, 2014. Source: <http://education.gov.mt/en/resources/News/Documents/Draft%20National%20Youth%20Policy%20Framework%202015-2020%20Discussion%20Document.pdf>

Innovative services or programmes implemented by Caritas Malta

DESCRIPTION OF THE SERVICE OR PROGRAMME

Caritas Malta is developing relations with the parishes all over Malta through its Diaconia (Outreach) Unit to be in contact with, and on the side of, people in the villages and to support them. At the end of 2013, Caritas Malta prepared a questionnaire to assess the social situation in the villages. In June 2014, it started as a pilot project in the Parish of St. Julian's in Malta. The questionnaire is a tool to gather information and to develop human contact, as volunteers from the parish meet the people in their own homes. This is already a positive step against solitude and loneliness as they reach out to people according to their needs, especially if they are poor.

Assessment of Malta's Country Specific Recommendations (CSRs) adopted in 2014:

- ➔ In general, CSR 3 on reducing early school leaving and improving labour-market participation of women is considered to have a positive impact on the situation of poverty and social exclusion in Malta. However, it may also have a negative one:

CSRs that could have a negative impact	Observations
<ul style="list-style-type: none">➔ CSR 3 on reducing early school leaving and improving labour-market participation of women.	<ul style="list-style-type: none">➔ CSR 3 does not directly address child and elderly poverty, support for asylum seekers and migrants and guaranteeing social justice.

1.3 Recommendations

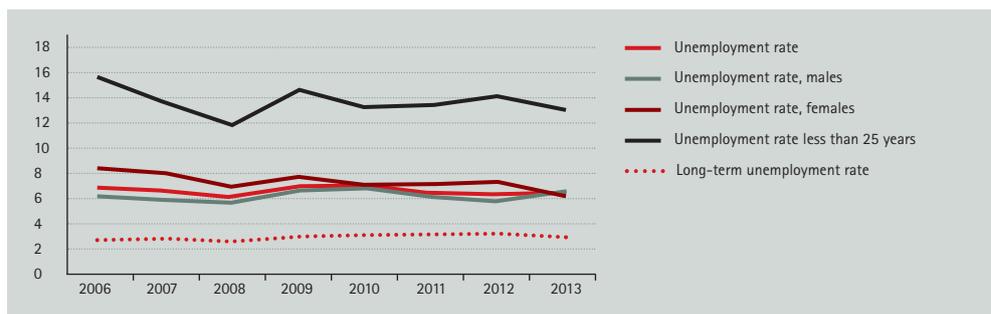
Given the above assessments, Caritas recommends the following policy measures be introduced in order to address the challenges related to poverty and social exclusion:

- ➔ 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.
- ➔ Raise female wages for gender equality.
- ➔ Raise elderly pensions (especially of women).
- ➔ Promote and develop female labour market participation.
- ➔ on enhancing the employability of vulnerable groups.
- ➔ Address with urgency the financial situation of lone parent families and persons living in households with low work intensity (especially women).
- ➔ Develop a public system to step in and pay at least the social contributions for those whose income falls below the poverty line.
- ➔ 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 and migrants also from other EU Countries.
- ➔ Simplify the bureaucratic system where migrants are concerned.
- ➔ Promote and develop measures in favour of social justice.
- ➔ Combat fiscal/tax evasion and promote fiscal facilities and reductions for vulnerable groups.
- ➔ Monitor the effects of gambling on the increase of family poverty.
- ➔ Monitor the effects of divorce/separation on the increase of family poverty.

02 Employment

2.1 Recent trends

Eurostat (% of population)	2009			2010			2011			2012			2013			EU average
	M	F	T	M	F	T	M	F	T	M	F	T	M	F	T	
Malta																
EMPLOYMENT																
Employment rate	77.5	40.0	59.0	78.2	41.6	60.1	79.0	43.8	61.6	79.2	46.6	63.1	79.4	49.8	64.8	68.4
Unemployment rate	6.5	7.6	6.9	6.7	7.1	6.9	6	7.1	6.4	5.7	7.3	6.3	6.5	6.3	6.4	10.8
Unemployment rate, under 25 years of age	-	-	14.5	-	-	13.2	-	-	13.3	-	-	14.1	-	-	13	23.5
Long-term unemployment rate	3.1	2.4	2.9	3.3	2.5	3.1	3.3	2.5	3.1	3.3	2.7	3.1	3.4	2.5	2.9	5.1



Developments of employment indicators in Malta (2009-2013) based on Eurostat:

All employment indicators have improved or remained at similar levels across the observed period:

- ➔ The employment rate increased by 5.8 p.p. reaching 64.8% in 2013, compared to 59% in 2009, although still below the EU average of 68.4%. However, the employment gap between men and women has been decreasing since 2009, although Malta maintains the largest gender gap in the EU: in 2013 the female employment rate was 49.8% and the male employment rate was 79.4% with a difference of 29.6 p.p. (EU average: 11.7 p.p.).
- ➔ The unemployment rate remained at similar levels during the observed period, with a minor decrease between 2009 (6.9%) and 2013 (6.4%), well below the EU average of 10.8%.
- ➔ The unemployment rate of people under 25 years of age decreased by almost 1 p.p. reaching a rate of 13.0%, well below the EU average of 23.5%.
- ➔ Long-term unemployment also remained at similar levels during the observed period: in 2009 and in 2013 registering a rate of 2.9%, well below the EU average of 5.1%.

Additional national data shows the severity of the problems reflected by the above Eurostat data:

- ➔ The National Statistics Office of Malta, confirms the Eurostat's data concerning employment and unemployment rates. The employment rate increased from 46.1%, equal to 160,771 people, in 2009 to 48.2%, equal to 172,701 people, in 2012; and the unemployment rate decreased from 3.4% in 2009 to 3.3% in 2012.
- ➔ **Malta has the largest gender gap rate in the EU:** in 2012 the female employment rate was 34.8% and the male employment rate was 62.0% **with a difference of 27.2% p.p. (EU average: 11.7 p.p.)**. The number of **women inactive** remains very high: in 2012 the rate was 62.5%, equal to 112,988 females inactive.⁷ In 2013, the male Employment Rate was 74.1% and the female employment rate was 46.6%, confirming the trend.
- ➔ Interesting to note is that the employment rate is changing in relation to people's civil status: in 2013, it stood at 60.4 per cent for single persons (64.2% male; 55.7% female) and 62.0 per cent for persons who were married. The latter rate varied greatly when disaggregated by sex, differing from 82.7 per cent among married men to 42.4 per cent for married women. Worse is the rate relating to the widowed: 51 per cent among men to 18.5 per cent for women, and if we consider the activity rate only 22% of widowed women are active.⁸

2.2

Recent policy developments

With the proposed measures within the NRP 2014, the Malta Government's goal is to increase the employment rate by facilitating the reintegration of the unemployed into the labour market and raising the labour force participation rate particularly for females and older workers. In this report, Government is revising upwards its target for the employment rate (among 20 to 64 year-olds) to 70% by 2020. The employment rate stood at 63.1% in 2012, which exceeded the previous national target of 62.9%.

The Government is strengthening the incentive to work, including by making work pay, through the following initiatives: the introduction of free childcare centres from April 2014; initiatives to open schools earlier; support to after-school care services; reduction of income tax for the use of childcare centres for parents who send their children to childcare centres against payment; tax exemption for females joining the labour market; reduction in the income tax rate at which income up to €60,000 is taxed from the current 32% to 29%; promotion of labour activation programmes.

With reference to the incentives to increase female participation in the labour market, the opening of new **Childcare Centres** started in 2010 with the creation of the National Childcare Unit within the Foundation for Educational Services (FES), and has been improved through the **Free Childcare Scheme**, available since April 2014. Practically all childcare centres in Malta and Gozo have signed up to the new government scheme. To date, there are 12 FES Childcare Centres, making a **total of 72 Childcare Centres** – including government and non-government centres – that are **registered in the Scheme**.⁹

⁷ Source "Malta in Figures 2013" by the National Statistic Office of Malta.

⁸ Source: NSO, 090/204 14 May 2014, International Day of Families: 2014

⁹ <http://education.gov.mt/en/Pages/Public%20Consultations/Early-Childhood-Years-White-Paper.aspx>

Government is also committed to strengthening job creation and flexibility in working arrangements. The long-term needs of the labour market will be monitored and addressed by ongoing active labour market policy particularly through the implementation of the Jobs+ Strategy. The Strategy for job creation is implementing the "making work pay" agenda, which amongst other programmes, includes the **Youth Guarantee programme**, launched in March 2014. The '**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. Moreover, the Government is encouraging older workers to remain in the labour market, also as part of its '**Active Ageing Strategy**'. In this context, the retirement age is set to increase gradually to 65 years following the pension reform enacted in 2006.

Caritas Malta reiterates that it appreciates every measure and incentive the Government adopts so as to assure that every category of people participates actively in the labour market, most especially young people who are inactive in the labour market and who are under 25 years of age, single fathers and single mothers, the elderly, and women who are older than 40.¹⁰

Assessment of Malta's Country Specific Recommendations (CSRs) adopted in 2014:

CSR 3 on reducing early school leaving and improving labour-market participation of women is considered to have a positive impact on the employment situation in Malta.

2.3 Recommendations

Given the above assessments, Caritas recommends the following policy measures be introduced in order to address the challenges related to the employment situation:

- ➔ The 2020 employment target (62.9%) should be revised upwards to at least 75% of the population aged 20-64 to be employed as per the European target.
- ➔ 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 of harmonising family life (including for single parents) and the labour market/work life.
- ➔ Facilitate access to the labour market for migrants.
- ➔ Facilitate access to the labour market for young people.
- ➔ Combat undeclared and/or underpaid work.

¹⁰ Caritas Malta Reflections on "A Framework for Poverty Reduction and for Social Inclusion 2014 - 2024 Green Paper" by the Ministry for the Family and Social Solidarity.

Caritas Europa

Rue de Pascale, 4
1040 Brussels - Belgium
Tel. +32 (0)2 280 02 80
Fax +32 (0)2 230 16 58

info@caritas.eu
www.caritas.eu



This report is supported by the European Union Programme for
Employment and Social Solidarity – PROGRESS (2007-2013).