



NATIONAL STRATEGIC POLICY FOR POVERTY REDUCTION & FOR SOCIAL INCLUSION

MALTA 2014-2024



MINISTRY FOR THE FAMILY
AND SOCIAL SOLIDARITY





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LIST OF ABBREVIATIONS

AROPE At-Risk-of-Poverty or Social Exclusion Rate

ARP At-Risk-of-Poverty Rate

CPS Child Protection Services

DES Directorate Educational Services

DQSE Directorate for Quality and Standards in Education

EaSI Employment and Social Innovation

ERDF European Regional Development Fund

ESF European Social Fund

ESL Early School Leavers

EU European Union

EURES European Employment Services

FEAD Fund for European Aid to the Most Deprived

FSWS Foundation for Social Welfare Services

GDP Gross Domestic Product

IT Information Technology

KNPD National Commission for Persons with Disability

LWI Low Work Intensity

MCESD Malta Council for Economic and Social Development

MD Material Deprivation

MDR Material Deprivation Rate

MDH Mater Dei Hospital

MEDE Ministry for Education and Employment

MFSS Ministry for the Family and Social Solidarity

NEI National Equivalised Income

NRP National Reform Programme

NSO National Statistics Office

PIRLS Progress in International Reading Literacy Study

PISA Programme for International Student Assessment

PROGRESS Community Programme for Employment and Social Solidarity

R&D Research and Development

SILC Survey on Income and Living Conditions

TIMSS Trends in International Mathematics and Science Study

WHO World Health Organisation

WI Work Intensity

Foreword by the Prime Minister



This Government is guided by values and principles of social justice. It is an administration that is committed to pursuing political and economic policies which provide for the weak and vulnerable members of its society. In recent years we have witnessed a resurgence of poverty in our country. Statistics show that between 2008 and 2013 the number of persons unable to afford basic necessities has doubled. Those living at risk of poverty have risen by 20,000 to reach nearly 100,000.

Here, we are not speaking of just numbers but human beings. For us this is not a perception; it is a problem that needs to be duly acknowledged before it can be addressed.

This Government has started implementing concrete measures. Decisions are based upon opportunities, not dependencies. We are strengthening the economy and generating wealth that can be distributed justly. We have increased families' disposable income through a reduction in energy bills and the exemption of income tax for minimum wage earners. Today we are taking another step.

The erosion of living standards cannot be ignored, hence this Government is launching a policy against poverty and social exclusion. It is a multidisciplinary strategy founded on solidarity, dignity and equality that will provide direction for the next ten years. No one is spared from the possibility of falling into poverty, be it visible or hidden, as circumstances change. The highest risk lies among the elderly, unemployed persons, workers employed in precarious conditions and children who, I believe, should receive the highest priority in our fight against poverty.

At the end of this scholastic year, 22,000 children coming from 9,000 low income families, will start to benefit from a new supplement provided they have attended 95% of their schooling days. This is because we believe that education is the best means for reducing poverty and increasing prospects for a better life.



The measures that we are undertaking speak for themselves. We have increased expenditure on education by 10% and are delivering more modern schools. We are implementing the tablet initiative so as to enhance children's learning and granting of one year sabbaticals for teacher training. We have given out free software to thousands of students and raised stipends.

We are committed to implement further positive changes. Education is the answer to social mobility. When children acquire the necessary skills and right attitudes they develop both on a social and personal level and are better placed to progress into quality jobs. Work is another essential tool in the fight against poverty.

This Government is moving people living on social benefits into the labour market using innovative schemes. An important measure, which I am convinced will yield positive results, is the in-work benefit payable every year for each child whose parents are both in low paid work.

This, together with free childcare services for all and the youth guarantee, means that families will be able to enjoy an improved standard of living. There is still much to be done for us to strengthen social inclusion. We need to ensure that our social protection system is effective and reaches out to all those who need it. In this regard, it is our intention to continue to challenge the status quo. We will change practices, ensuring full respect for people's fundamental rights while maximising the potential of our hardworking families. The result will be a stronger and more just society that benefits all.

Joseph Muscat
Prime Minister



Foreword by the Minister for the Family & Social Solidarity



The reduction of poverty requires a multi dimensional approach. While direct transfer payments contribute to reducing hardships these may not be sufficient to alleviate poverty and social exclusion.

An effective and holistic strategy to address poverty thus requires a multi-faceted approach that takes into consideration the essential roles of income and social benefits, employment, education, health and environment, social services and culture.

Malta's social protection spending, comprising health, education, housing and transfer payments, amounts to over 25% of GDP. Out of

a total expenditure budget of €2.8 billion, the Government is spending €1.2 billion on social security payments, €490 million on health and €480 million on education, thus bringing the total to over €2 billion. Income in kind thus constitutes a key pillar in Malta Government's commitment for combating poverty and promoting general well being.

The Government provides free universal health care and education, as well as social housing for approximately 9,000 households with direct housing subsidies to another 1,240 households. It is estimated that such housing subsidies assist lower income families by about €2,000 annually.

The recent introduction of free childcare services for working parents and the reduction in energy bills have been beneficial to families. Besides enhancing the effectiveness and efficiency of Malta's social protection spending, the policy actions presented in this strategy further commit government to improve the quality of life for all, particularly those with low income.

The 2015 Budget measures announced on 17 November 2014 continue to confirm Government's commitment towards the reduction of poverty and the promotion of a



more inclusive society. A new child supplement is being introduced to all households with an annual income that does not exceed €11,900. This supplement will pay out €400 per annum for each of the first three children and €200 annually for each subsequent child. Moreover, Government will continue to strengthen the concept of “making work pay” by introducing an in-work benefit scheme for low-to-medium income families where both spouses are in employment and have dependent children up to 23 years of age.

Such households will receive up to a maximum of €1,000 per annum for each child, whereas single parent households will get up to a maximum of €1,200 per child yearly. Besides these measures, in order to create opportunities rather than dependency, the tapering of social security benefits is being widened so as to provide pathways to increase households’ income and employment. We also know that the free childcare services introduced in 2014 are a form of an income in-kind equivalent to €4,000 per child.

As for our senior citizens, the €300 yearly grant for those above the age of 75 is now in its second year. Furthermore, an additional payment of either €100 or €200 depending on the national insurance payment record, shall be paid out to persons who have attained retirement age, mostly women, who are presently not in receipt of a social security pension. Workers who are nearing retirement age and have missing social security contributions are being offered the possibility to pay social security contribution arrears that will guarantee them a national minimum pension.

This 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. These strategic actions are expected to contribute towards improving the various sectors that directly or indirectly impinge upon poverty reduction, and in so doing should eventually enhance economic prosperity for all.

Michael Farrugia
Minister for the Family & Social Solidarity





Executive Summary

This strategic policy reflects Malta's ongoing commitment to reduce poverty and social exclusion by promoting the well-being and improving the quality of life for all. Poverty is multifaceted and is increasingly becoming more complex in view of evolving trends and realities.

This document recognises three overarching challenges that underpin Malta's success in effectively addressing poverty and social exclusion, namely:

- Increasing national sustainable development,
- Promoting empowerment and social solidarity, and
- Consolidating social services.

Whilst acknowledging that no person is spared from the possibility of falling into risk of poverty and social exclusion, the strategy focuses on four population groups: (i) children, (ii) elderly, (iii) unemployed, and (iv) working poor. This strategic policy focuses on six key dimensions that can determine or alleviate poverty and social exclusion, namely (a) income and social benefits, (b) employment, (c) education, (d) health and environment, (e) social services, and (f) culture. The document proposes various strategic policy actions that should be undertaken under each of these dimensions with a view to enhance prospects for all citizens in general and for vulnerable groups in particular.

These proposals range, amongst others, from enhancing social protection systems and promoting activation measures, to creating more employment opportunities and facilitating mobility and de-segmentation in the labour market, to addressing educational inequalities, ensuring equal access to quality healthcare, promoting an environmental health friendly approach, decentralising and integrating social services at community level, developing evidence-based policies and practices that address emerging needs and





challenges, and enhancing the potential for equality and social inclusion through everyday culture.

In order to benchmark, monitor and evaluate the progress achieved towards reducing poverty and promoting social inclusion, this strategy recommends the setting up of a national structure that is made up of representatives from various ministries, departments, governmental and non-governmental entities. Developments in the six dimensions of well-being presented in this strategy will, along with the general poverty indicators, be measured through trends emanating from data that is regularly compiled by NSO on the basis of such indicators as:

- Income inequality
- Activity rate
- In-work ARP
- Participation rate in education and training
- School absenteeism
- Unmet need for medical examination or treatment
- ARP before and after social transfers and after old age benefits
- Share of households that complain of pollution, grime or other environmental problems
- Share of households that find their housing cost too much of a burden
- Participation in cultural activities

This national structure will complement local action groups that promote social inclusion and better standards of living as well as the President's Foundation for the Wellbeing of Society.



Mission Statement

To provide a policy framework that promotes the well-being and improves the quality of life for all, particularly for persons at risk of poverty or social exclusion, based on the values of solidarity, equality, dignity and respect for fundamental human rights and social justice.





1. Preamble

Poverty comes in many forms. In the past, it was epitomized by beggars on the streets. Today, poverty is more hidden and can be found among pensioners whose income has not kept up with the cost of living; less skilled and low paid workers; large families; households experiencing physical and/or mental health challenges; children of single parents or the unemployed; and among those who feel marginalised and disempowered due to class, gender or ethnicity.

To establish a better understanding of poverty, this strategic policy document sets out to present the key indicators of poverty¹, namely:

- absolute poverty;
- relative poverty;
- at-risk-of-poverty rate (ARP);
- material deprivation rate (MDR);
- low work intensity and;
- at-risk-of-poverty or social exclusion rate (AROPE).

¹Malta adopts the commonly agreed Eurostat indicators.

²Where not otherwise stated in this document, Eurostat data is used.



1. 1. Definition of Poverty

1.1.1. Absolute Poverty

Absolute or subsistence poverty is defined as a lack of basic human needs, such as adequate and nutritious food, clothing, housing, clean water and health services. It is synonymous with destitution and occurs when people lack adequate resources or a minimum level of physical health. The use of the absolute poverty indicator to define poverty has its advantages, namely that of providing a fixed and clear universal threshold of poverty. Simultaneously, it poses disadvantages which include the difficulties in applying a single measure of basic needs since these are relative and vary with socio demographic characteristics and cultural practices.

1.1.2. Relative Poverty

Relative poverty entails having fewer resources or less income than others within a society or country, or compared to worldwide averages. Relative deprivation concerns a state where people have insufficient resources or capabilities to participate in the customs of the society in which they live.

Thus, relative deprivation has an objective financial dimension as well as a subjective and psychological dimension. Though a person may not be considered poor, one may still feel materially deprived, with consequential impact on one's psychological and social well-being.

1.1.2.1. At-Risk-of-Poverty Rate (ARP)

The main relative poverty indicator is the 'at-risk-of-poverty rate' (ARP), defined as the share of persons with an equivalised disposable income below the poverty line – that is below 60% of the median national equivalised income (NEI). The equivalised disposable income is defined as the household's total disposable income divided by its equivalent size which is presently 1.0 for the head of household (irrespective of gender), 0.5 for any other household member aged 15 or over, and 0.3 for each family member aged 14 and under





1.1.2.2. Material Deprivation (MD)

The material deprivation rate (MDR), as adopted by the National Statistics Office (NSO), is defined as the number of persons living in households who are not able to afford at least three of the following nine deprivation items:

- unexpected financial expenses;
- one week's annual holiday away from home;
- mortgage or rent, utility bills, hire purchase instalments or other loan payments;
- a meal with meat, chicken, fish or vegetarian equivalent every second day;
- to keep their home adequately warm in winter;
- a washing machine;
- a colour TV;
- a telephone (including mobile phone);
- a car.

Persons living in households that are not able to afford at least four of the items listed above are considered to be severely materially deprived.

1.1.2.3. Social Exclusion

Social exclusion is considered as lack of access to support networks that help people participate in educational, employment, cultural and other social activities. Consequently, social exclusion is social disadvantage and relegation to the fringes of society as it is the process in which individuals or entire communities are systematically blocked from rights, opportunities and resources. Moreover, it can be described as cumulative marginalisation and disempowerment from production, consumption, social networks, decision making and an adequate quality of life.

²Where not otherwise stated in this document, Eurostat data is used.



1.1.2.4. At-Risk-of-Poverty or Social Exclusion Rate (AROPE)

The at-risk-of-poverty or social exclusion rate combines income poverty as well as social exclusion using three main indicators:

“(i) The ‘at-risk-of-poverty rate’ which measures the number of people living with a household income less than 60% of the median income in the society... (ii) severe material deprivation... and (iii) the number of people in households with low work intensity , i.e. the households where adults work less than 20% of the time they could theoretically work in a year” (Andor, 2013, p. 4).

Thus while the ARP indicator takes into consideration the monetary side, the AROPE takes into consideration the monetary, material and work aspects of poverty. For this purpose, this national strategic policy is adopting AROPE as its benchmark.

1.2. Statistical clarification

The statistics relating to these definitions capture persons who have been living in private households for six months or more. Residents in institutions (such as elderly and people with mental and physical challenges); persons in correctional facilities, children in out-of-home-care, persons experiencing domestic violence living in shelters/ homeless, adults and children asylum seekers in detention and open centres as well as asylum seekers who have not reached the six month residency requirement are not accounted for by the NSO.

1.3. Strategy’s Working Definition of Poverty

Having given weight to the varying indicators of poverty and Malta’s social realities identified during recent public consultations, this strategic policy adopts the following as its working definition of poverty and social exclusion:

³The Work Intensity (WI) of the household refers to the number of months that all working-age household members (i.e. persons aged 18-64 who do not fall under the definition of dependent children or retired) have been working during the income reference year (full-time equivalent) as a proportion of the total number of





People are living in poverty if their financial, material, social and personal resources preclude them from having a standard of living that is generally regarded as the average norm by Maltese society.

Average norm is considered as having the opportunity to exercise the right of:

- developing one's potential and capacity through education, vocational training and stable and quality employment;
- accessing basic medical services in an equitable manner and enjoying a healthy environment, both of which contribute to a good quality of life;
- accessing quality and sustainable social welfare services particularly social security benefits, social assistance and housing; and
- participating actively in the socio-cultural life of the community.

1.4. Methodology

This national strategic policy has been preceded by months of extensive consultations, aimed at creating national awareness and, promoting a nationwide appraisal of poverty and social exclusion to identify the challenges ahead. Consultations were undertaken with a wide range of stakeholders including government entities, private and voluntary service providers, service users and people experiencing poverty and social exclusion.

The process embraced three tiers of consultation on the goals, measures and mechanisms aimed at reducing poverty and increasing social inclusion, culminating in the publication of a 'Green Paper: A Framework for Poverty Reduction and for Social Inclusion 2014-2024', which called on the general public, particularly civil society, to further air their views and table recommendations.

months that could theoretically be worked within the household. Individuals are classified into work intensity categories that range from WI=0 (jobless household) to WI=1 (full work intensity, i.e. all working age household members worked during the whole income reference year) (NSO, 2013 November 6, p. 6).

⁴NSO (2014) defines a private household as person/s residing in the household for a period of at least six months and sharing income and expenditure with the rest of the household.





This policy is construed as a public involvement continuum that ranges from information gathering and sharing to dialogue, engagement and partnership in the decision-making process. This strategic policy therefore stems from a widespread consultative approach which entailed:

- Stakeholder sessions:
 - Meetings with various intra- and inter-ministerial policy makers, trade unions, and the Parliamentary Permanent Committee on Social Affairs;
 - Engagement with civil society through 5 round table consultative sessions with over 120 organisations; local councils, voluntary organizations, church and other charities and research bodies;

- Consultative outreach:
 - Eight public meetings (involving local organisations) in July 2013 and a week of artistic and cultural activities with a focus on Children and Poverty in September 2013;
 - A number of site visits to various social welfare service providers including Voluntary Organisations.
 - An analysis of the suggestions and proposals emerging from the consultation processes;
 - Prioritisation of these suggestions and their translation into strategic policy actions;
 - Public consultation through the Green Paper at a national level.

In this context, this national strategic policy explores Malta's socio-economic and demographic realities, identifies the main vulnerable groups and outlines the resultant challenges to provide a framework that will guide the national commitment towards poverty reduction and the promotion of social inclusion.





The development of this strategy is based on a comprehensive, long-term, results-oriented, participatory and partnership approach towards poverty reduction and the promotion of social inclusion. It is guided by the following principles:

- An active inclusion approach which requires an integrated policy framework that combines adequate income, inclusive labour markets and access to quality social services;
- A human rights approach based on equality, diversity and social justice.
- A life-course approach which connects more directly with people's needs as they change throughout their lives.





2. Background

2.1. Poverty and Social Exclusion in the EU and beyond

The gap between the 'haves' and the 'have-nots' has widened over the past three decades, with increasing inequality between the poorest and richest people and countries in the world. However, growing inequality is not only between advanced and emerging economies⁵ but also within advanced industrial economies. Indeed, income inequality has increased over the past 25 years in the EU (Bonesmo Fredrickson, 2012).

Globalisation has increased vulnerability to social risks such as work insecurity, unemployment and engagement in the informal economy. Other trends such as demographic changes arising from an ageing population and international migration are also leading to greater vulnerabilities. While, an ageing population represents a sign of human progress, it also presents substantial socio-economic and social protection challenges.

In order to address these challenges and to reduce the negative effects of the financial crisis, in 2010, the EU endorsed the Europe 2020 strategy to ensure smart, sustainable and inclusive growth through greater coordination of national and European policy.





The Europe 2020 strategy endorses five main headline targets in the area of employment, education, environment, research and innovation, and poverty reduction and social inclusion, namely:

- Promoting employment: 75% of the population aged 20-64 to be employed;
- Improving education levels by reducing school drop-outs rates below 10%, and having at least 40% of youths completing tertiary education;
- Increasing the share of renewable energy in final consumption to 20%;
- Improving the conditions for innovation: 3% of the EU's GDP to be invested in Research and Development (R&D); and
- Promoting social inclusion in particular through the reduction of poverty by reducing at least 20 million people at risk of poverty or social exclusion.



On a national level, Malta endorses these targets by undertaking to:

- Promote employment to 70% of the population aged 20-64 years;
- Reduce early school leaving rates to 10% and having at least 33% of the population aged 30-34 years with a completed tertiary education;
- Raise the share of energy from renewable sources in gross final energy consumption to 10%;
- Improve the conditions for innovation: 2% of Malta's GDP to be invested in R&D; and
- Lift around 6,560 people out of risk of poverty or social exclusion.



⁵The GDP of the 41 heavily indebted poor countries is less than the aggregate wealth of the world's 7 richest people, such that about 0.13% of the world's population controlled 25% of the world's financial assets in 2004. Furthermore, a conservative estimate for 2010 suggests that at least a third of all private financial wealth, and nearly half of all offshore wealth is now owned by the world's richest 91,000 people, which constitute just 0.001% of the world's population (Shah, 2013).





2.2. Poverty and Social Exclusion in Malta

Malta is witnessing a number of trends in various areas, including the transition to a post-industrial and service economy, inequalities and concentrations of wealth, demographic change as well as changes in values. These trends pose increasing challenges related to equal opportunities, the changing nature of work, an ageing society, social mobility, quality of life, and diversity and multiculturalism. These trends call for different approaches so as to ensure better interaction between macro-economic and social protection systems.

Such challenges are counterbalanced by the fact that Malta, characterised by a social fabric which still values strong community and family ties, upholds a strongly entrenched social welfare system that actively protects those at risk-of-poverty. The social protection system in fact plays a very important role in preventing people from falling into at-risk-of-poverty or social exclusion, as can be observed from the at risk of poverty rates before and after social transfers. In 2013, the at-risk-of-poverty rate in Malta before all social transfers stood at 38.4% for the total population (EU27 (2012): 44.2%), whereas it stood at 15.7% (EU27 (2012): 16.9%) after all social transfers. It is pertinent to note that these social transfers do not include the several in-kind benefits such as free healthcare, medicines and education made available under Malta's social protection network.

Nevertheless, the number of persons at-risk-of-poverty or social exclusion has exhibited an incremental increase of 26.9% in the last seven years, from 78,000 in 2006 to 99,020 in 2013, representing 24.0% of persons living in Maltese households.

In 2013, as illustrated in Table 1, the 'material deprivation rate' (MDR) of Maltese households stood at 19.4% (EU27 (2012): 19.6%), while the 'severe material deprivation rate' stood at 9.5% (EU27 (2012): 9.9%). Severe material deprivation rose steeply especially among persons living in single parent households from 21.2% in 2005 to 28.2% in 2013 and from 23.9% to 33.1%⁶ during the same years for the unemployed.

⁶UNEMPLOYED REFERS TO THE MOST FREQUENT ACTIVITY STATUS. PERSONS WITH MOST FREQUENT ACTIVITY STATUS 'UNEMPLOYED' HAVE SPENT AT LEAST 6 MONTHS OF THE PREVIOUS YEARS AS UNEMPLOYED (EXTERNAL COOPERATION AND COMMUNICATION UNIT, NATIONAL STATISTICS OFFICE, 2013 JUNE 11).





Following from the definition of at-risk-of-poverty or social exclusion, material deprivation is one of its drivers. 52.5% of persons (52,015) at-risk-of-poverty or social exclusion tend to be materially deprived while 39.6% of persons (39,253) at risk-of-poverty or social exclusion end up being severely materially deprived.

Table 1: Persons In/Out of being at-Risk-of-Poverty or Social Exclusion by Material Deprivation 2013

| Material deprivation | Not at-risk-of-poverty or social exclusion | | At-risk-of-poverty or social exclusion | | Total | |
|----------------------------------|--|---------|--|---------|---------|-------|
| | Number | % total | Number | % Total | Number | Total |
| Not materially deprived | 285,334 | 91.0 | 47,004 | .5 | 332,338 | 80.6 |
| Materially deprived | 28,180 | 9.0 | 52,015 | .5 | 80,196 | 19.4 |
| Not severely materially deprived | 313,514 | 100.0 | 59,766 | .4 | 373,281 | 90.5 |
| Severely materially deprived | - | - | 39,253 | .6 | 39,253 | 9.5 |
| Total | 313,514 | 100.0 | 99,020 | 0.0 | 412,534 | 100.0 |

As explained in Section 1.2, NSO data is private household-based, and therefore does not fully capture all people living in conditions of at-risk-of-poverty or social exclusion since it excludes persons residing in institutions. These include a number of vulnerable groups such as children in out-of-home care, elderly persons living in residential homes, people with mental and physical challenges living in institutions, persons in correctional facilities, asylum seekers and immigrants residing in closed or open centres. Also excluded from the NSO household data are vulnerable groups residing in specialized care settings, such as shelters for homeless people and for persons experiencing domestic violence or some other form of abuse.

⁷ A Minimum Budget for a Decent Living: A research study by Caritas Malta focusing on three low income household categories (March, 2012).

⁸To reach these conclusions, Caritas used a stringent budget for a minimum standard of living where a basket of eight categories includes: food; clothing; personal care; health; household goods, maintenance and services; education and leisure; transport; and housing. They considered, for instance, basic needs such as the cost of children's school uniforms and public transport. They assumed that a child's uniform is functional for two years and that public transport is efficient and accessible.



A poverty survey conducted by Caritas Malta in 2011 using the 'Budget Standard Approach' to calculate the minimum income necessary to cover essential needs⁷, estimated that for a minimum standard of living:

- families with two adults and two dependent children need an income of €10,634 a year;
- a lone parent with two dependent children needs €8,581 a year and;
- an elderly couple needs €6,328 a year⁸.

Taking into consideration Malta's median gross annual salary of €14,400 in 2013 and the high rate of inflation, it may be construed that Malta has a relatively high cost of living. Making ends meet is a challenge for a number of households, particularly for those with children, those with outstanding debts such as home loans, or those having some form of special need which demands additional costs. Moreover, Malta lags behind in terms of opportunities for socio-economic mobility, thus calling for more effective social inclusion and protection systems.

Increased attention has been given to active inclusion policies in the past decade, but a greater impetus is needed. Malta's commitment to improve conditions for those at risk of poverty or social exclusion is ongoing and innovative. To this end, Malta aims to increase labour mobility and activation rates, and participation in education and training.

2.3. Socio-demographic trends

Malta's socio-demographic trends are quite similar to those of its European counterparts, characterised by demographic ageing, low fertility rate, diverse family forms (increased incidence of single parent families, and reconstituted families and cohabitation), higher incidence of births outside marriage, and immigration flows. Such trends are influencing the family's composition, dynamics, opportunities and risks. In addition, as women have become an increasingly important component of the work force, families are certainly redefining gender roles.





Significant changes are taking place in marriage and childbearing. The age at first marriage in 1970 was between the ages of 20 and 24. By 2012 this bracket rose to between 25 and 29 years. The average number of years that a couple has been married before having the first child has also widened. Unavoidably, this has brought about a decrease in the fertility rate which has fallen steeply from 3.62 in 1960 to 1.4 in 2012 (NSO, 2011, p. 111; NSO, August 2013a). Low fertility rate below the natural replacement level of 2.1 children per couple is likely to remain during the coming years. Expanding opportunities for higher education, careers and economic independence as well as increased life expectancy and the possibility of having children safely at a later age, seem to be postponing the onset of marriage and childbirth.

Another trend concerns the increase in the number of births outside wedlock. The live births outside marriage increased eightfold from 1980 to 2000 and more than doubled between 2000 and 2012. Live births outside marriage in all age groups stood at 59 in 1980, 464 in 2000 (NSO, 2002, p. 109), and 1,039 in 2013 (NSO, 2014). Other emerging realities concern single parenthood and teenage pregnancy, which in 2013 respectively stood at 10, 206 and 164 in 2013. An overall lower birth rate is being compensated for by a higher life expectancy which has seen an upward trend. The life expectancy at birth for both sexes recorded during 2013 was estimated at 78.9 years for males and 83.2 years for females. These demographic trends are resulting in an older population. In fact, it is anticipated that by the year 2050, elderly persons (65+) would constitute 26.5% of the total Malta population, a sharp increase over the 15.7 % registered in 2010.

In terms of population size, the lower birth rate is being partly compensated by immigration flows. Thousands of Maltese emigrated during the 1950's and 1960s, while few emigrants returned to Malta during those decades. The trend was generally reversed in the 1980s and 1990s with more people returning than emigrating. In these last years, Malta has also experienced increased immigration arising from asylum seekers from North African and Sub-Saharan countries¹⁰, as well as greater mobility across both EU and non-EU countries.

These immigration trends and mobility patterns have led to greater multiculturalism. Indeed, in recent years, Malta has witnessed an increase in the rate of mixed marriages. The percentage of marriages where both partners were Maltese decreased from 80.3% in 1995 to 56.2% in 2013, such that in 2013, 43.8% of all marriages comprised at least one non-Maltese partner.





Despite these life-expectancy and inward migration trends, the percentage of natural population growth is expected to slow down to almost zero in the coming years. The changes in the socio-demographic structure that the Maltese population will experience are compounded by the fact that the population will increasingly age as it decreases. In fact, the main implication of a declining fertility rate and a longer life expectancy is that the population will increasingly have an older profile. In response to these evolving trends, the need for reforms to adequately support solidarity between generations and people of different nationalities has become crucial.

2.4. Geographical Distribution of Poverty

The at-risk-of-poverty or social exclusion rate tends to be disproportionately distributed across the six geographical regions that make up the Maltese Islands. As illustrated in Table 2 below, the highest rate of at-risk-of-poverty or social exclusion is within the Southern Harbour Region where one in three (33.3%) residents is at risk, while the highest number of people at-risk-of-poverty or social exclusion (29,002) reside in the Northern Harbour region where one in four (24.5%) residents is at-risk-of-poverty or social exclusion. Nonetheless disadvantaged communities are spread across all geographical areas, as evidenced by the uptake of supplementary benefits (Figure 1).

9 LESS THAN A THIRD OF SINGLE PARENT FAMILIES (3,114) RECEIVE SOCIAL ASSISTANCE BENEFITS FOR WHICH ONE WAS ELIGIBLE IF ONE EARNS LESS THAN €48.12 PER WEEK UP TO A MAXIMUM OF JUST €90.78 A WEEK FOR A PARENT AND CHILD RAISED BY €8.15 PER WEEK FOR EACH ADDITIONAL CHILD (MALTA TODAY, 2013, JULY 1).

10 AN ESTIMATED TOTAL OF 7,111 PERSONS IMMIGRATED DURING 2012, OF WHOM 4,136 (58%) WERE MALES. 25% WERE RETURNED MIGRANTS (IMMIGRANTS WITH MALTESE CITIZENSHIP), 35% WERE CITIZENS OF ANOTHER EUROPEAN UNION COUNTRY, WHILE 40% WERE THIRD-COUNTRY NATIONALS. AN ESTIMATED TOTAL OF 4,005 PERSONS EMIGRATED DURING 2012, BRINGING THE NET MIGRATION TO 3,106. NEARLY 59% OF THE EMIGRANTS WERE MALES, AND A QUARTER WERE LESS THAN 25 YEARS OLD. 27% OF THE EMIGRANTS HAD MALTESE CITIZENSHIP, WHILE 40% WERE CITIZENS OF ANOTHER EU COUNTRY. THE REMAINING 33% WERE THIRD-COUNTRY NATIONALS.

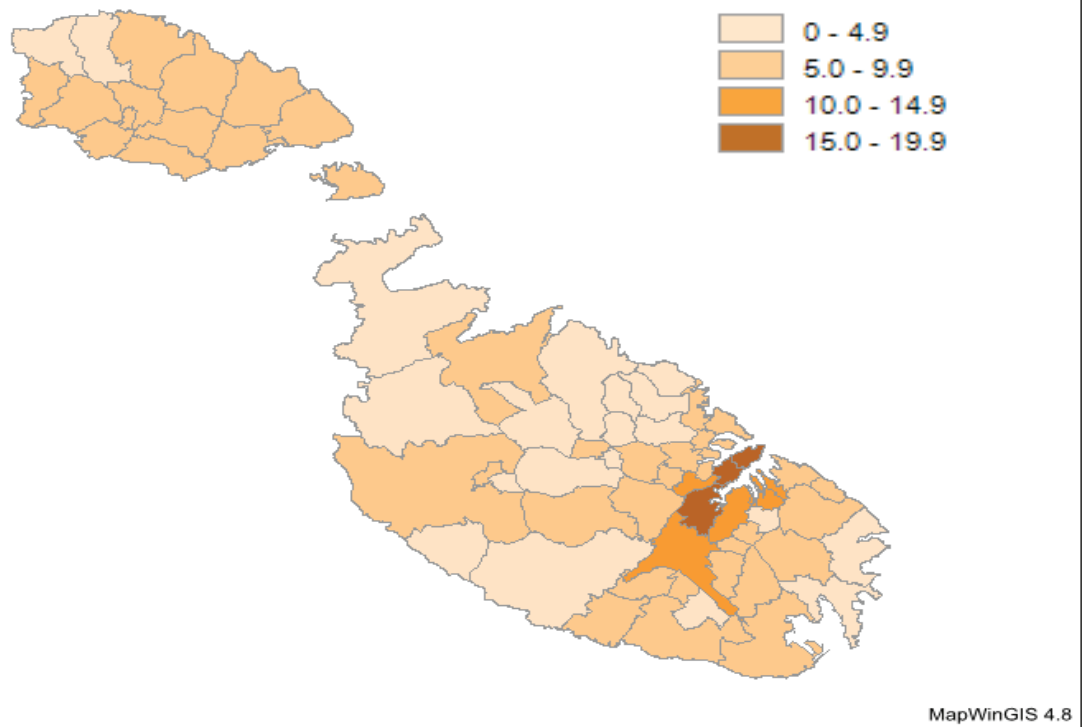


Table 2: At-Risk-of-Poverty or Social Exclusion Rate by Sex and District 2013

| Region | At-risk-of-poverty or social exclusion rate (%) | | | Number of persons at-risk-of-poverty or social exclusion | | | Total population | | |
|------------------|---|-------------|-------------|--|---------------|---------------|------------------|----------------|----------------|
| | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| Southern Harbour | 30.8 | 35.8 | 33.3 | 12,332 | 13,673 | 26,006 | 39,984 | 38,181 | 78,165 |
| Northern Harbour | 23.9 | 25.1 | 24.5 | 13,924 | 15,078 | 29,002 | 58,368 | 60,148 | 118,516 |
| South Eastern | 20.8 | 19.8 | 20.3 | 6,627 | 6,347 | 12,974 | 31,884 | 32,041 | 63,925 |
| Western | 21.1 | 23.6 | 22.3 | 6,036 | 6,306 | 12,342 | 28,639 | 26,686 | 55,325 |
| Northern | 18.8 | 20.2 | 19.5 | 5,936 | 6,809 | 12,745 | 31,594 | 33,646 | 65,240 |
| Gozo & Comino | 18.2 | 19.7 | 19.0 | 2,822 | 3,129 | 5,951 | 15,496 | 15,867 | 31,363 |
| Total | 23.1 | 24.9 | 24.0 | 47,677 | 51,343 | 99,020 | 205,695 | 206,569 | 412,534 |

Source: SILC 2013 (NSO, 2014).

Figure 1: Rate of Uptake of Supplementary Benefits in the Maltese Islands 2012



Source: National Statistics Office (August, 2013b).



2.5. Main Vulnerable Groups

Although no one is entirely safe from falling into poverty or social exclusion, certain individuals and groups are more exposed to this risk due to their vulnerability or life circumstances. This probability may arise from various factors which include:

- socio-demographic characteristics,
- economic status and structural inequalities
- physical and/or mental health difficulties,
- lifestyle patterns, and
- social shocks.

In 2012, Malta's 'at-risk-of-poverty or social exclusion rate' stood at 23.1% (21.9% for males and 24.3% for females) which compares to the EU average of 24.8% (23.8% for males and 25.7% for females) in the same year. For 2013, Malta's AROPE stood at 24.0% (23.1% for males and 24.9% for females). Similarly, in Malta as in other EU Member States, the AROPE for children, elderly people and other vulnerable groups, particularly those who are unemployed or living in jobless households, tends to be higher than that of the general population.

Consistent with Malta's priorities to combat child poverty, promote active ageing and boost quality employment, this strategy addresses these key target groups:

- children and young people;
- elderly people;
- the unemployed, and;
- the working poor.



Apart from these categories, other social groups have been identified to be at greater risk of poverty or social exclusion. These include:

- persons with physical and/or mental health challenges;
- persons experiencing violence and other forms of abuse;
- asylum seekers and immigrants;
- persons with addictive behaviour;
- persons who lack life skills; and
- persons experiencing discrimination.

Notwithstanding these groupings, it is worth noting that persons falling within the same vulnerable group are not homogenous and may experience multiple forms of deprivation, thus requiring individualised social inclusion attention.

2.5.1. Children and Young Persons

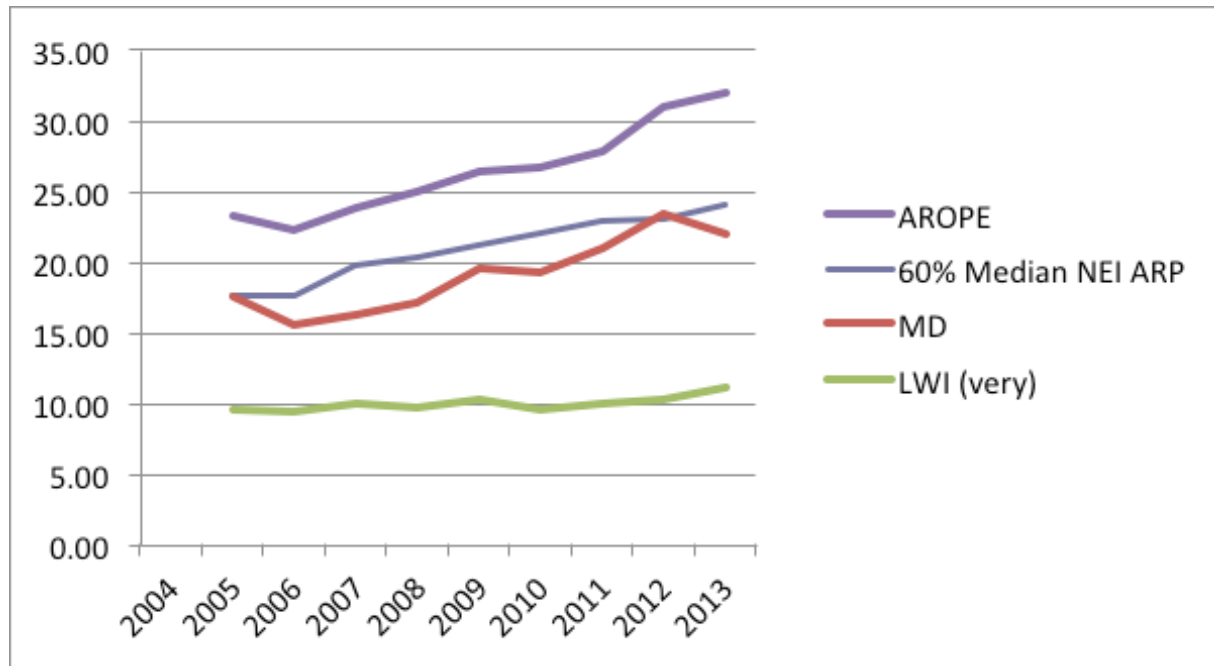
2.5.1.1. Children

The number of children (0-17 years) in households at-risk-of-poverty or social exclusion increased from 19,000 (22.2%) in 2006 to 24,300 (32.0%) in 2013, which translates into one in every three children. The majority of these children lived with families whose median equivalised disposable income was below the poverty threshold (€7,256 yearly). Since work intensity is one of the components of the risk of poverty or social exclusion, persons living in jobless households with dependent children are all at risk. In particular, Malta experienced a steep rise in the percentage of children living in households that are materially deprived from 15.5% in 2006 to 22.0% in 2013, as well as an increase in severe material deprivation from 4.9% in 2006 to 11.8% in 2013¹¹.

¹¹ These figures exclude children in out-of-home care and migrant children in open centres who as at May 2014 totalled around 700, of which 174 were migrant children.



Figure 2: Children Aged 0-17 Years At-Risk-of-Poverty or Social Exclusion: 2005-2013



Definition: Very LWI is work intensity ranging between 0 and 0.2.

Note: Fluctuations in the rates representing MD and SMD fall within their margins of error.

Source: EU SILC 2005-2013.



The causes of poverty and social exclusion among children mainly emanate from the fact that they either belong to large families or single parent households or whose parents are working poor or jobless. Single parent households with dependent children and households with two adults and three or more dependent children experience the highest AROPE among all other types of households, with 60.0% (9,131 persons) and 39.8% (6,673 persons) respectively in 2013. Conversely, households without dependent children experience a much lower AROPE (19.8%).

2.5.1.2. Young Persons

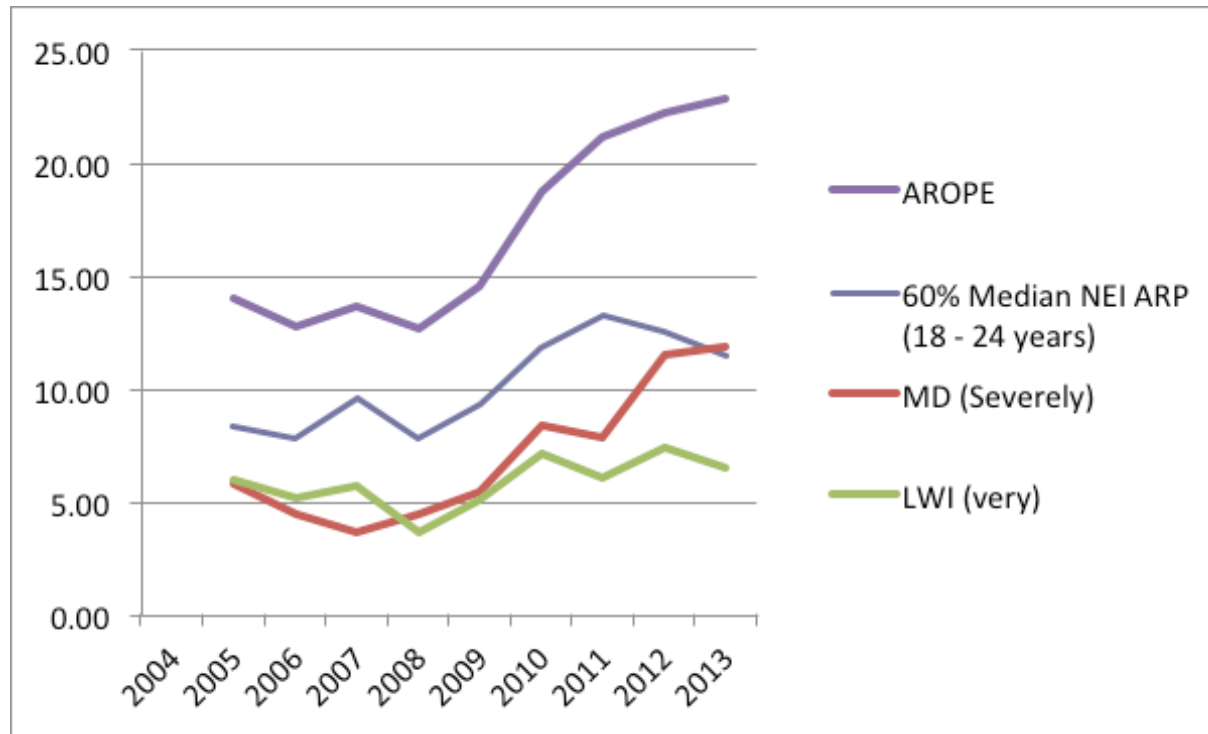
The number of young people (18-24 years) living in households at-risk-of-poverty or social exclusion increased from 5,000 (12.7%) in 2006 to 9,103 (22.8%) in 2013, while those facing material deprivation and severe material deprivation rose from 13.7% to 22.7% and from 4.4% to 11.9% respectively.

A higher at-risk-of-poverty or social exclusion among young people derives from high school absenteeism, early school leaving and lack of vocational training leading to inappropriate or insufficient skills to enter the labour market. The negative effects of inter-generational poverty and other structural factors compound disadvantages for some young people, increasing their alienation. Addictive and/or sedentary behaviour, such as that arising from terrestrial and online gaming, also distances some youth from the labour market.

There is a much higher risk of poverty or social exclusion for children and young people living in the densely populated harbour regions characterised by substandard housing.



Figure 3: Youth Aged 18-24 Years At-Risk-of-Poverty or Social Exclusion: 2005-2013



Definition: Very LWI is work intensity ranging between 0 and 0.2.

Source: EU SILC 2005-2013.



2.5.2. Elderly Persons

Although the ever growing elderly population constitutes one of the key vulnerable groups in Malta, the AROPE dropped from 25.71% (13,275 persons) in 2006 to 20.8% (14,018 persons) in 2013. Notwithstanding this decline, Malta still fares slightly above the EU27 average which in 2012 stood at 19.2%. In terms of material deprivation, in 2013, around one in six (16.9%) of Malta's elderly population was materially deprived. This rate is also slightly higher than the 15.8% recorded in the EU27 for the year 2012.

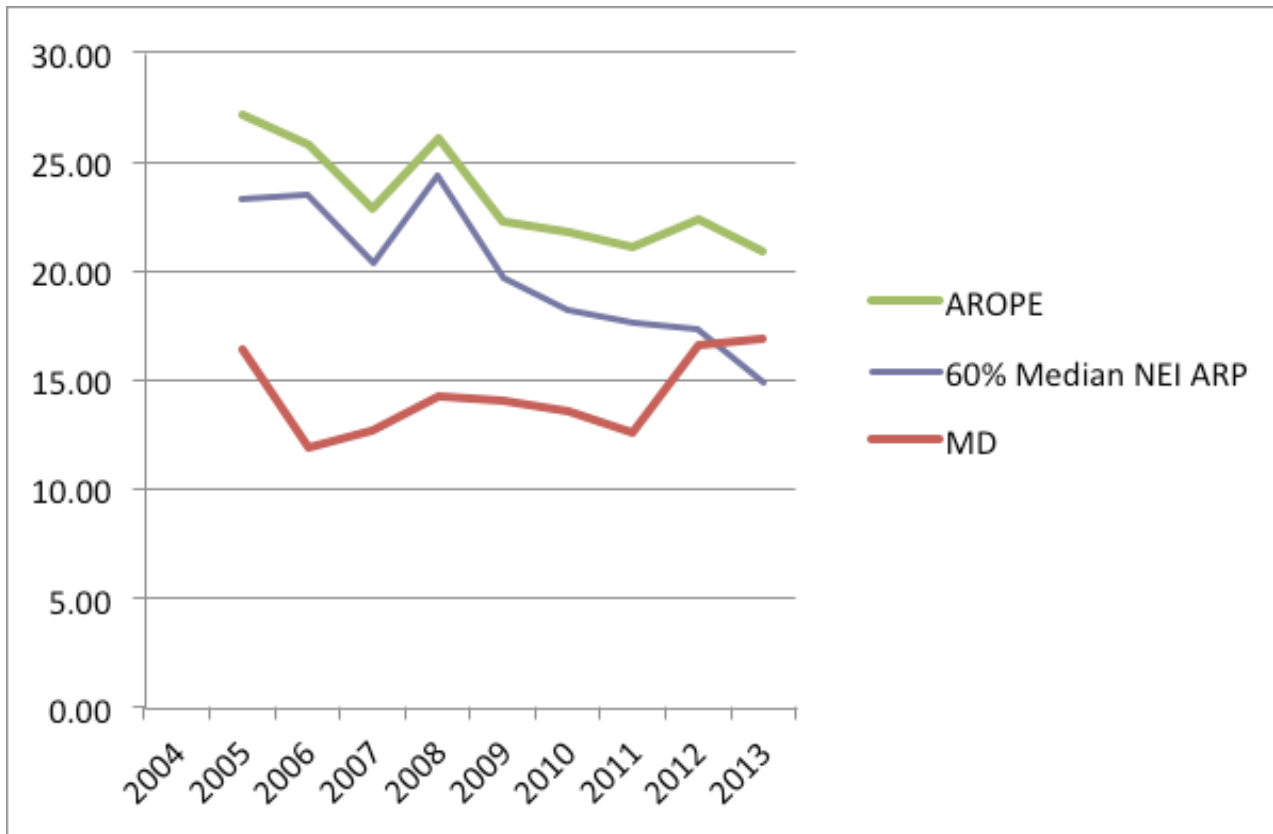
The main underlying factors of the higher at-risk-of-poverty or social exclusion among elderly people include: the inadequacy of the pension system, the age and gender structure of the elderly population and the need for more active participation in all spheres of life.

As noted in Section 1.2, national statistics do not include persons who do not live in private households such as the 4,716 older persons who left their own home and are living in residential care (June 2014).





Figure 4: Elderly (65 Years and Older) At-Risk-of-Poverty or Social Exclusion: 2005-2013



Source: EU SILC 2005-2013



2.5.3. Unemployed Persons

Notwithstanding greater labour force participation and a higher activation rate among women, unemployment remains a reality for those people who for various reasons fail to access the labour market. While across the EU27, the unemployment rate for persons aged 15 to 74 years increased by 1.2 percentage points from 9.6% in 2010 to 10.8% in 2013, Malta's unemployment rate decreased by 0.5 percentage points from 6.9% in 2010 to 6.4% in 2013.

Unemployed and those living in jobless households face a higher chance of being at-risk-of-poverty or social exclusion. The at-risk-of-poverty or social exclusion rate for unemployed persons aged 18 and over stood at 70.0% in 2013, a sharp rise from 53.1% in 2008. Jobless households with dependent children experienced a high risk of poverty at 70.8% in 2013, while 54.2% of households with dependent children with less than 50% work intensity were at risk of poverty. Besides, unemployment and social assistance benefits were not fully adjusted for rises in the cost of living.

Apart from instances of undeclared work and reluctance to enter the labour market, various causes underlie situations of unemployment. These include low skills, skills and aspirations that mismatch labour market requirements as well as personal and family health circumstances which impede persons from entering the labour market.



²² As yet, there is no standard definition for 'precarious employment'. The International Labour Organization (2011) defines precarious employment conditions as involving: "i) Low wage; ii) Poor protection from termination of employment; iii) Lack of access to social protection and benefits usually associated with full-time standard employment; iv) Lack of or limited access of workers to exercise their rights at work" (Policies and Regulations to Combat Precarious Employment, p.10).



The majority of unemployed persons experience a decline in their living standards and are worse off out of work. Therefore, rising unemployment can also lead to higher incidence of poverty and social deprivation with significant repercussions on the welfare system of a country. People who are unskilled/low-skilled or who are skilled but without the necessary experience may find certain barriers to enter or remain in the labour market. Unemployment is intrinsically related to poverty and social exclusion and thus measures aimed at increasing job opportunities and curtailing unemployment should be prioritised and pursued tirelessly.

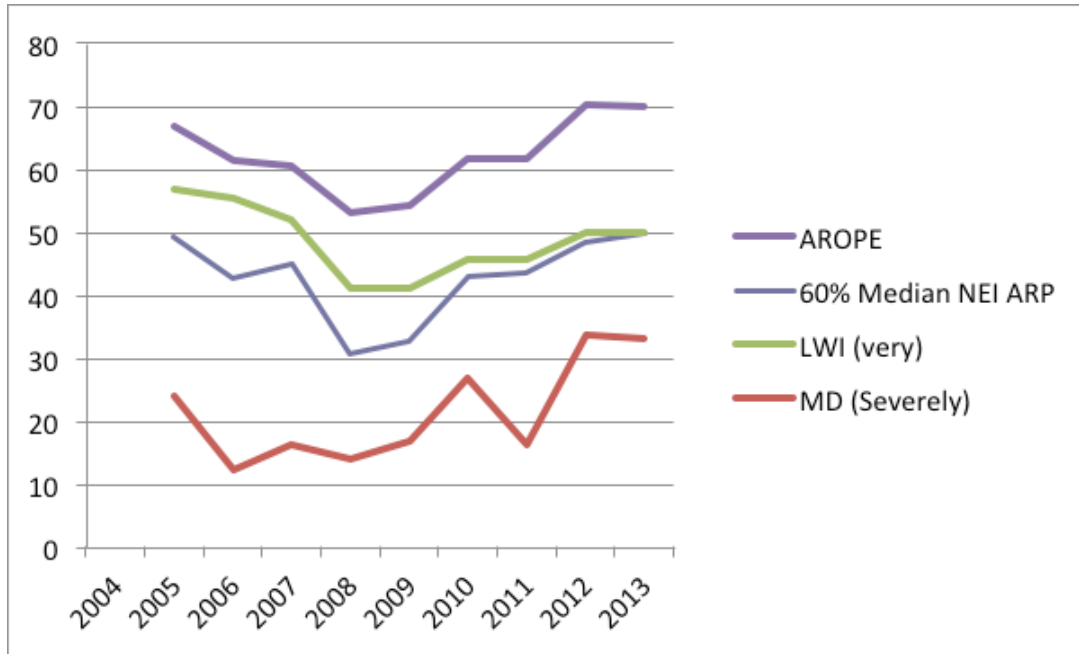
Low wages could also lead to increases in unemployment, as may be the case with precarious employment. Persons may be discouraged from taking up work if there is little or no difference between minimum wage and unemployment benefits. Making work pay is vital if more people are to be attracted to the labour market.

It is well documented that the longer people remain unemployed, the more difficult it becomes for them to enter or re-enter the labour market. Skills and experience are thus lost to the detriment of the country's economic and human capital. This situation can cause severe hardship and stress to the individual, as well as his family, and lead to one's gradual loss of self confidence and social realisation.

The difficulty of older workers to enter the labour market has always been a challenge for various reasons, not least the fact that certain jobs may require good physical health and strength and thus would be more appropriate for younger workers. Besides, the labour market is becoming ever more challenging and competitive as the demand for knowledge and skills continuously grow and change. Although life-long learning opportunities exist, older workers may find it difficult to comprehend new methods and practices and adjust to changing work environments. It is important that new work processes are adopted to render work places more accessible to older workers.

Increasing employability prospects through skilling, re-skilling and life-long-learning helps people, particularly those who do not have the necessary skills or are more vulnerable in society, to overcome their difficulties in life and unlock their potential to contribute to growth and well-being.

Figure 5: Unemployment and the AROPE: 2005-2013



Definition: Very LWI is work intensity ranging between 0 and 0.2.

Note: Fluctuations in the rates representing MD and SMD fall within their margins of error.

Source: EU SILC 2005-2013.



2.5.4. Persons Experiencing In-Work Poverty

In 2012, it was estimated that around 18,800 workers were employed precariously (General Workers' Union, 2013). In 2013, 9,703 persons or 5.9% of the labour force experienced in-work poverty compared to 9.1% in the EU27 (2012). Precarious employment conditions together with low pay, involuntary part-time work and low skills are key factors contributing toward in-work poverty. Figure 6 below shows how the in-work ARP compares for all persons as against those living in households with low work intensity (LWI). The percentage of people with LWI who were in-work at-risk-of-poverty increased from 20.1% in 2005 to 33.4% in 2012.

Moreover, the number of people who are in permanent and/or full-time employment but are low paid is relatively higher in Malta when compared to other countries (Eurostat, EU-SILC as cited by European Commission, DG Employment, Social Affairs and Inclusion, 2013, p. 12). Men are more likely to fall under the category of the working poor than women and Malta has one of the highest gender differences in the EU27 in this regard¹⁴. The tendency for men to be in more low-skilled jobs and women to be in clerical/administrative jobs may be an explaining factor.

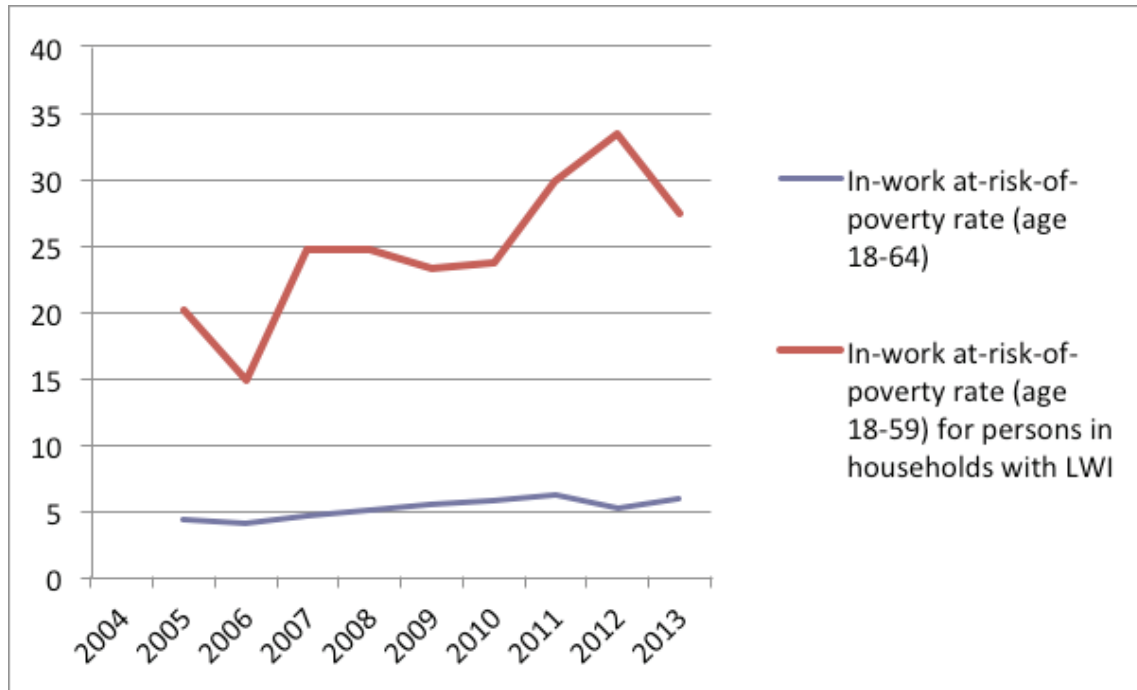
Vulnerable groups who are exposed to high risks of social exclusion tend to be more disadvantaged in accessing the labour market and if engaged, are more likely to be offered low pay and precarious conditions.

¹³ 'Individuals who are classified as 'employed' (distinguishing between 'wage and salary employment plus self-employment' and 'wage and salary employment' only) and who are at risk of poverty. This indicator needs to be analysed according to personal, job and household characteristics. It should also be analysed in comparison with the poverty risk faced by the unemployed and the inactive.' (European Commission, 2009, p.11)

¹⁴ In 2012, 6.5% male and 3% female workers aged 18-64 years were among the working poor.



Figure 6: In-work ARP: 2005 -2012



Definition: LWI refers to work intensity greater than 0.2 but less than 0.45.

Source: EU SILC 2005-2012.



2.5.5. Other Vulnerable Groups

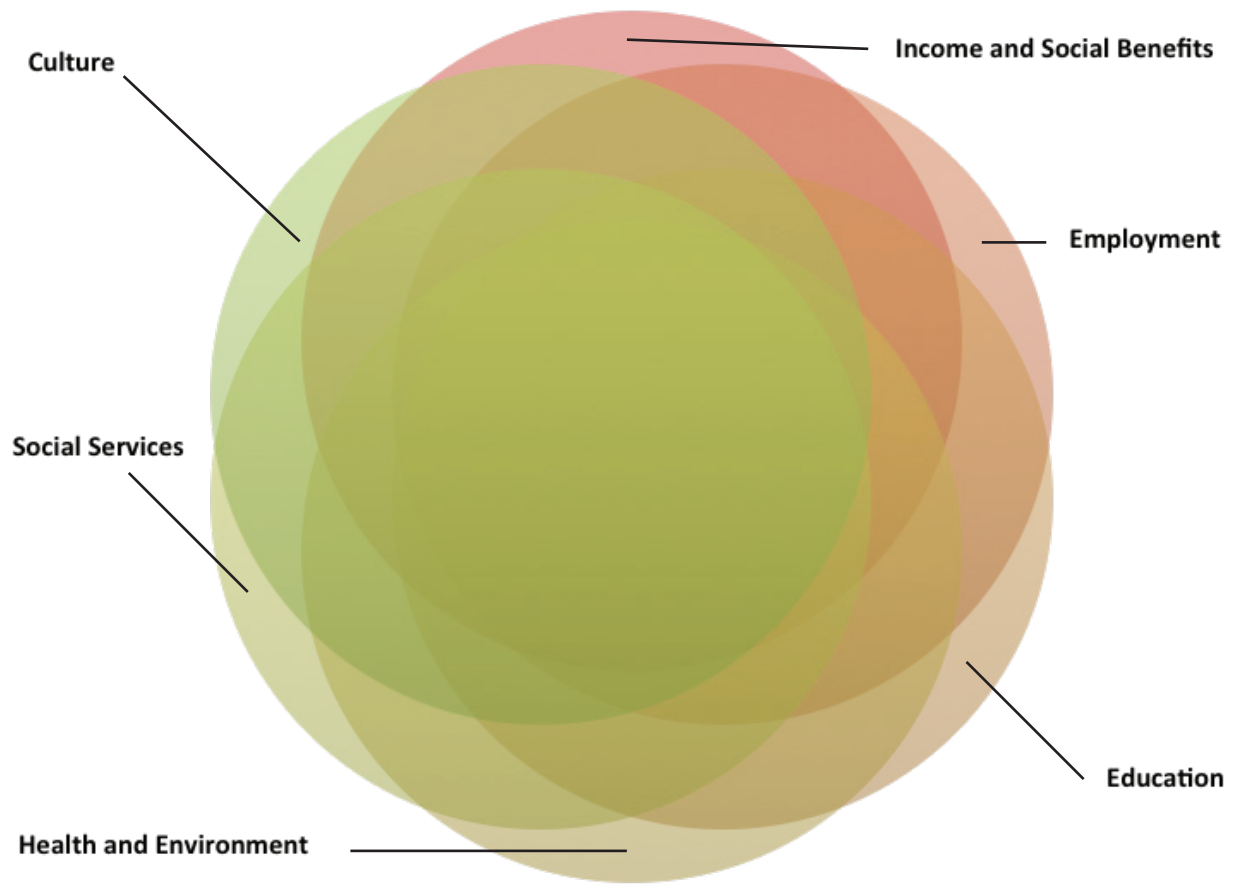
Although this strategic policy primarily focuses on the four target populations discussed above, yet it cuts across the entire lifecycle and therefore comprehensively addresses all those persons who are mostly exposed to falling at-risk-of-poverty or social exclusion. In addressing children, elderly, the unemployed and the working poor, the strategy not only captures both genders but also people with disability, those with mental health challenges, people experiencing abuse, asylum seekers, persons with addictive behaviour, those lacking life skills as well as people experiencing discrimination.

2.6. Main Challenges

The challenges to reduce poverty and social exclusion are evidently multiple. The main objective of this national strategy is to tackle these needs and imbalances through the promotion of adequate income and high quality social services within the six dimensions of well-being. As can be noted in Figure 6, these six dimensions overlap, reflecting the complexity and interrelationship among the various spheres of well-being.



Figure 7: Six Dimensions of Well-being





Malta shall seek to promote equality and diversity whilst reducing the inter-generational transmission of poverty and social exclusion by:

- increasing Malta's sustainable development
 - Increasing the activation rate with particular focus on women and vulnerable groups;
 - Making work pay through quality employment opportunities;
 - Improving educational and training services;
 - Facilitating greater socio-economic mobility;
 - Ensuring environment-friendly development;

- promoting empowerment and social solidarity
 - Curtailing fraud in social benefits and taxes;
 - Addressing regional and geographical-based imbalances and disadvantages by promoting community regeneration;
 - Promoting active ageing;
 - Promoting a more inclusive cultural framework and active cultural participation;

- Consolidating social services
 - Greater availability of adequate and affordable housing;
 - Improving access, quality, adequacy and sustainability of social welfare, health and long-term care, and;
 - Promoting a 'rights-based' rather than a 'charity-based' approach to service provision.

To address these challenges Malta plans to complement national funding by making maximum use of such EU funding instruments as: European Social Fund (ESF); European Regional Development Fund (ERDF); European Programme for Employment and Social Innovation (EaSI); European Fund for the Integration of third-country nationals and the European Refugee Fund; Daphne Programme; Erasmus Plus; Rights and Citizenship Programme; and Fund for European Aid to the Most Deprived 2014-2020 (FEAD).





3. Actions and Policy Recommendations

Poverty and social exclusion negatively impact a person's quality of life and are also likely to hinder one's prospects for a better future. However, poverty is not homogenous and is often characterised by various factors that include unemployment, high school dropout rates, low-status, low-skill jobs, and poor physical and mental health.

In view of this complex reality, this strategy adopts a range of diverse yet co-ordinated actions through the six dimensions of well-being (income and benefits, employment, education, health and environment, social services, and culture) which are central to this National Strategic Policy for Poverty Reduction and Social Inclusion (2014-2024).

A common thread that underpins this strategic policy is the bottom-up approach aimed at promoting the effectiveness and synergy of the delivery of services. Sustainable development, empowerment and social solidarity, and the enhancement of social services depend not only on government initiatives but also on local and voluntary organisations working together to ensure that every resident has a decent life.



Indeed, the Government's commitment to engage with and empower local communities is evidenced by a number of initiatives. An example in the Southern Harbour region is the Cospicua (Bormla) Community Forum composed of both public service and non-governmental entities, which focuses on poverty reduction and social inclusion of the key target groups: **children and young persons, the elderly, the unemployed and the working poor**. This is being achieved by facilitating joint actions among the various services at community level that relate to the six dimensions of well-being.

Furthermore, through this structure, local communities are empowered to influence and shape initiatives thus ensuring that these attain the desired impact. This approach encourages and enables local communities to be pro active and more cohesive.

The policy priorities and initiatives presented in this strategic policy need to be developed and implemented using citizens' consultation platforms to empower vulnerable persons and improve service provision.





3.1. Income and Social Benefits



“Malta has an extensive and well-established social safety net designed to curb poverty and social inequality by enabling people to not only meet their basic needs but to also enjoy a decent life through the provision amongst others of an adequate income.” (Hon. Dr. Michael Farrugia, Minister for the Family and Social Solidarity, EPSCO, Council of Ministers’ Meeting, 2014 June 19).

Inadequate income and benefits determine a person’s lifestyle, prospects, and choices thus impacting one’s well-being and general quality of life. Income effects are inherently multi-dimensional and multi-generational.

This strategy upholds the provision of adequate and fair income as one of its main pillars and advocates the setting of timeframes for the combined effect of minimum income schemes and other policy measures that would significantly contribute towards lifting persons out of poverty.

In the course of the extensive consultation process, members of the public urged the retention and the improvement of the universal welfare system. They felt that people out of work due to physical or mental challenges should be given priority and guaranteed a decent living. Furthermore they called for wages to be significantly better than unemployment benefits so as to incentivize employment and for working people to be guaranteed an income above the minimum wage (2014: €165.68/week).

It was also proposed that remuneration should rise with productivity, and that further efforts should be undertaken to facilitate social entrepreneurship among the vulnerable. A higher level of labour market participation for young people, single parents, women and people who are experiencing physical and/or mental health challenges was widely recommended.

¹⁵ The social security system is based on three pillars: social insurance, means-tested assistance and universal benefits.

¹⁶ This includes housing and community amenities, health, education and social protection.

¹⁷ This supplement is subject to a number of eligibility (including yearly income of parent/s) and conditional criteria (such as regular school attendance, necessary medical visits and participation in sports and cultural activities). If these conditions are not met, the benefit is deposited in a bank account on behalf of the child to be utilised for education and training purposes. The supplement is granted until the child reaches the age of 23. For the first three children, the supplement will be given in full (€400), and for every subsequent child, the supplement will be halved (€200).

¹⁸ The beneficiary will retain 65% of the benefit in the first year, 45% in the second year and 25% in the third year and the employer will receive 25% of the benefit while the remainder shall go to training funds.





Notwithstanding the ongoing upgrades of Malta's social security system, complemented by activation measures and anti-poverty initiatives, poverty and social exclusion persist. In fact, although Malta's social protection expenditure as a percentage of GDP increased from 25.6% in 2009 to 26.7% in 2012 (COFOG), the social security system still needs to be continuously enhanced to adequately keep pace with the changing realities of society.

A rough indicator of deprivation in Malta is the high number of claimants for the EU's 'Food Aid Programme'. Besides the elderly, many claimants come from larger families or households where the breadwinner, predominantly male, is over 45 years and cannot work due to ill health. Their pensions, unemployment, or sickness benefits are not sufficient to make ends meet and to keep up with increasing household expenses.

A recent report on Environmental Health Inequalities in Malta (EHIS) has repeatedly identified low income as a major determinant of a number of hazardous environmental exposures:



"Low income plays a large role in inequalities with respect to lack of flush toilet, bath/shower for sole use of household, overcrowding and dampness in the home. Those at risk of poverty are more often unable to keep the dwelling warm in winter and cool in summer. Low income also affects exposure to noise and second hand smoke at home. In addition, the unemployed and disabled are more exposed to second hand smoke at home." (EHIS, 2013, p.37)

Low income impacts another dimension of well-being: education. Children tend to do much better if their parents enjoy higher income and educational levels (Levin, 2007). This trend is also visible in Malta where education attainment and socio-economic status are significantly related (PISA 2009+, MEDE, R&D Department, 2013a, p. x). On the other hand educational outcomes in financially depressed households are often lacking. Statistics confirm that even at international level, countries facing greater income inequalities lag behind in educational attainment.



Ensuring adequate income is crucial to having a good quality of life, in which one's rights and responsibilities can be accessed, exercised and enjoyed. This strategy acknowledges the challenges that low income households face and recognises the importance of specific interventions for disadvantaged groups coupled with targeted and universal actions to improve income. The introduction of the child benefit supplement in 2015, is a specific intervention that will help larger families move out of poverty while giving their children a better chance to succeed.

Measures are being taken to raise disposable income through adequate yearly cost of living adjustments (COLA) to compensate for the rise in the cost of living, through reductions in utility tariffs and availability of free childcare services. Reforms in the income tax system are expected to contribute towards improving the situation of the vulnerable. In fact, the 2014 Budget provided for the removal of income tax for those whose only income is the minimum wage.

Broad incentives for income improvement through increased employment include the widening of parents' tax bands, the extension of the preferential income tax rate for part-time workers (including self-employed), and the tapering of social security benefits for those unemployed or economically inactive persons who have been in receipt of social security assistance for two years or more and take up employment that does not pay less than the national minimum wage. A targeted approach includes the increase in disposable income through a reduction in income tax for unemployed women over 40 years who take up employment, and through the provision of tax credits for single parents who take up vocational courses and/or full-time education.

Complementary to activation measures, further efforts are focused on the curtailment of social benefit fraud and tax evasion.

Improvements in real income are set against a background of sustainable development with increased investment in leading economic sectors including eco and cultural tourism, mindful of the generative force of the multiplier effect and the importance of increased opportunities for those in the poverty trap to have a decent living.



Strategic Policy Actions: Income and Social Benefits

Adequate Income, either provided through social benefit provisions or fairly remunerated employment, is the backbone of poverty reduction and well being. In order to promote an adequate income for all, this strategic policy proposes the following priorities to:

Ensure Social Protection Systems adequately reflect changing socio-economic realities by:

- considering developing new indicators of poverty to help the Government to promote evidence-based policies;
- continuing the revisions of social benefits guided by principles of fairness, social justice and making work pay;
- introducing a payment in arrears scheme for people who have not made adequate social security payments towards a pension;
- gradually introducing a national minimum pension for all pensioners like that guaranteed for pensioners born in 1962 or after;
- considering the equal distribution of contributory pensions between married partners;
- undertaking a comprehensive cost-benefit analysis, comparing universal and means-tested social security provisions.



Promote activation measures whilst enhancing the safety net by:

- continuing measures to incentivise people on social benefits to work while helping those who cannot participate in the labour market due to disability and ill-health;
- increasing and transforming unemployment benefits into active jobseekers benefits accompanied by activation measures and incentives for employers to raise wages of workers in the lower income brackets in relationship with productivity levels.

Increase disposable income and safeguard citizens' quality of life by:

- furthering tax exemptions for the low-income earners;
- empowering consumers, particularly vulnerable groups, to be more aware of their rights and take action, particularly through promoting financial literacy;
- protecting citizens, from abuses such as usury, rental violations, and fraud.

Ensure vulnerable groups' capability needs are met by:

- enhancing income support for people experiencing physical and/or mental health challenges and those on invalidity benefits when possible by combining income from such benefits with income from work;
- investing in the primary care-givers of home-based persons experiencing social, physical and/or mental health challenges;
- enhancing the quality of life of asylum seekers and promoting their overall integration prospects.



3.2. Employment



“Inclusive growth means building a cohesive society in which people are empowered to anticipate and manage change and consequently to actively participate in society and the economy.” (Official Journal of the European Union, 2010, November 24)

Employment is a major determinant of income: wages, salaries and most pensions. Work is the driver of the whole economy – private and public. On an individual level, employment determines relative poverty or wealth. Fulfilling work also promotes well-being and self-development. Conversely, there is a significant correlation between unemployment, social exclusion and ill health. One’s employment, or lack of it, is an important part of one’s identity and consumption patterns. Adequate pay for all workers drives productivity, growth and innovation across many sectors and boosts consumer demand.

In a fast changing world, mobility, flexibility and skills’ upgrading come at a premium. Instability arising out of such a volatile labour market leads to a higher risk of poverty and social exclusion. The need to facilitate workforce change and job mobility has become more urgent. Public education, training and income support are intrinsic to a more seamless process.

In this context, The National Employment Policy (MEDE, May 2014) seeks to address labour market frictions. Taking into consideration both the economic and social aspects, the Employment Policy proposes measures and initiatives driven by the concept of making work pay and designed to upgrade the skills of the Maltese workforce. It further aims to facilitate the greater participation of women and persons with disability in the labour market and extend the number of years spent in employment by older persons.



Malta's priority is to increase quality work opportunities so that 70% of the population between the ages of 20 and 64 would be in employment by 2020. Inroads have already been made with labour force participation rising from 62.2% in 2008 to 64.8% in 2013. The emphasis is on quality and value added, since productivity gains have been low in Malta during the past decade amounting to 0.5% (compared to say 1.3% in Denmark and 1.5% in the Netherlands). Value added is four-dimensional: economic, financial, social and environmental. Quality human capital and efficient, empowering organisation lead to quality output. Moreover, higher productivity should lead to higher remuneration.

Malta's workforce is highly regarded for its industriousness, dedication and flexibility. It is renowned for its efficiency and quick turnaround rate. However, the competitiveness and upward mobility of the workforce must be sharpened and enhanced through more effective investment in skills, education, teamwork and innovative work practices. Organisations that add more to long term economic development, social inclusion and environmental health have a crucial role to play in this trajectory. The National Employment Policy was anticipated by a series of measures designed to encourage new entrants, especially females, into the labour market and to strengthen support to parents who are in education and/or employment as well as older workers.

A lynchpin of these supply-side policy initiatives has been the successful introduction in the second quarter of 2014 of free childcare to encourage females to enter the labour market or continue to pursue their studies. The launch has been complemented by the earlier opening hours of schools through the introduction of breakfast clubs and by the provision of after-school care services; and by a re-affirmation of the Government's commitment to family-friendly measures such as parental leave, flexi-hours and tele-working.

Tax exemptions have been made available to females over 40 years wishing to re-enter the labour market. Similarly, tax deductions have also been offered to companies participating in an incentive scheme to train and employ persons aged between 45 and 65 years.



Inspired by active labour market supply-side models Malta has adopted a Jobs Plus programme to provide information and job placement services to the unemployed actively seeking work and to provide training and education for the enhancement of workers' skills. Furthermore, partial wage subsidies and tax deductions have been put at the disposal of private firms to encourage the employment of targeted groups.

To address the benefit trap, measures have been introduced to reduce long-term dependence on welfare benefits, including the gradual tapering of social benefits for beneficiaries entering employment. In line with this, a top-up for low income earners is being contemplated with a view to keep them in employment indefinitely. Concurrently, the commitment to reduce social security abuses and induce greater labour market participation has been reinforced.

The retention of older workers in the labour market is one of the priorities of Malta's Active Ageing Strategy launched in 2013. In this context, the retirement age will continue to gradually increase up to a maximum of 65 years by 2027, in line with the 2007 enacted changes. In recent years, legislation has been enacted to enable persons of pensionable age to work without losing their pension entitlements, irrespective of their earnings. As of 2014, pensioners who are self-employed on a part-time basis may now benefit from the 15% tax rate as long as their earnings do not exceed a certain threshold.

At the other end of the labour market spectrum, measures have been initiated to absorb young people into the labour market. This includes the activation of a Youth Guarantee Programme which seeks to enhance the employability of young people by increasing the number of youth who continue to study after the compulsory age and also by improving their capabilities through relevant training.



“In line with the EU's 2020 strategy for sustainable growth and jobs, Malta is committed to step up its efforts to green the economy and in this regard, it is in the process of drawing up an action plan designed to create new job opportunities based on EU best practices” (NRP, 2014, p.25).





Young people wanting to start their own business can now seek support and guidance through the Youth Entrepreneurship Scheme which is designed to promote entrepreneurship among the younger generation.

Furthermore, in seeking inclusive growth, Malta plans for active participation of all marginalised persons in the workforce using various employment incentives, work-based learning, cooperatives and other social enterprises. The employment of marginalised persons is set to rise by expanding and promoting work opportunities through increased support for self employment, small-medium enterprises and social enterprises including cooperatives through micro-loans and tax advantages that promote this relatively small sector whilst encouraging movement out of unemployment, precarious work and the hidden economy.

Increased trade union membership would help safeguard workers' rights, reduce fear, isolation and insecurity and help develop good collective agreements based on the cooperative model of respect and participation. The Employment Commission, along with Malta Enterprise and the Malta Council for Economic and Social Development (MCESD), is considering the celebration of the most progressive workplaces and the development of new legislation against precarious employment, whilst monitoring and evaluating work conditions.

Strategic Policy Actions: Employment



This national strategic policy endorses productive investments that are based on the principles of fairness and value added. In order to promote quality employment, this strategic policy proposes the following priorities to:





Create employment opportunities that render a stable and adequate income by:

- ensuring work pays by providing incentives for profit-sharing, shared responsibility and evaluating possibilities of incentivising employers to increase the wages of workers in low income brackets;
- introducing Value Added measurements within the government tendering process;
- strengthening the Youth Guarantee Scheme and ensuring monitoring and assessment of outcomes;
- expanding the provision of free high quality child care centres or working parents;
- maximising absorption of EU funds, such as the 'PROGRESS, EURES and Microfinance and Social Entrepreneurship axes of the Employment and Social Innovation programme (EaSI) to increase seed money for productive and long-term investments.

Ensure a more targeted strategy for investment and job creation for vulnerable groups by:

- promoting private-public-social partnerships and cooperatives including social enterprises;
- promoting community regeneration projects and local economic development to enhance reintegration prospects for vulnerable groups;
- facilitating workplaces to foster a mental health protective environment, particularly in the design of work practices and the allocation of duties.



Enhance structures that protect and empower employees by:

- consolidating legislative structures to fight precarious work conditions, labour market exploitation and any threats to the employees' personal development, without making the labour market too rigid;
- enforcing the Charter of Workers' Rights and ensure compliance with Health and Safety regulations;
- consolidating and implementing further family-friendly measures.

Facilitate the promotion of the mobility and de-segmentation in the labour market by:

- enhancing transparency and accountability in investment and employment decisions;
- introducing incentives and other activation measures for the continuous re-skilling work-based learning, earn as you learn, internships, and apprenticeships with a view to skills-upgrading and skills-matching for all age groups.



3.3. Education



“... we need to see that structures and services are in place to address the needs of students living on the poverty line and students from a low socio-economic status.”

(A Strategic Plan for the Prevention of Early School Leaving in Malta 2014, p. 9).

At the end of the last decade, Malta undertook major reforms in education through significant investments in the building of new public schools and the establishment of decentralized college networks of schools. Moreover, two directorates for Quality and Standards in Education (DQSE) and for Educational Services (DES) were set up, while student services with psycho-social teams of community outreach were restructured and information technology was increased in schools. Nevertheless, there is still a lot to be done so that all children are given the opportunity to succeed.

The Ministry responsible for education has developed a 'Framework for Education Strategy for Malta 2014-2024'. It seeks to improve students' learning experiences by encouraging creativity, critical literacy, entrepreneurship and innovation at all levels. Essentially the framework proposes a coherent strategy for lifelong learning from early childhood education to adult learning based on four broad goals.



1

Reduce the gaps in educational outcomes between boys and girls and between students attending different schools, decrease the number of low achievers and raise the bar in literacy, numeracy, and science and technology competence, and increase student achievement

It is important that all children have a chance to develop fully. To achieve this goal, children must have a good education and appropriate opportunities for physical, cultural, emotional and social development. Parent's presence, love and care, as well as a supportive, responsive and creative environment in early childhood are crucial. Childcare centres are high-yield investments as they can alter the long-term trajectories of a child's life.

Disadvantaged children who received high quality early childhood care and education are less likely to need remedial education and are more likely to get better jobs as adults. Early childhood education programmes can also foster physical, cognitive, social and emotional development. Conversely, lack of equal educational opportunities is highly correlated with a myriad of socio-economic and health problems. For instance, in Malta there is a close correlation between low education and obesity incidence in each age group. Low education is clearly also correlated with environmental poverty.





Support educational achievement of children at-risk-of-poverty or social exclusion and from low socio-economic status, and reduce the relatively high incidence of early school-leavers

2

In Malta, children at-risk-of-poverty or social exclusion are significantly disadvantaged in educational attainment especially in reading, mathematical and scientific literacy (PISA 2009+, R&D Department, MEDE, 2013a). Indeed, income inequality may affect children much more deeply than we realize because they are in the process of shaping their identity.

The way we are seen and judged by others profoundly affects performance and behaviour in educational tasks. "Inequalities in society and in our schools have a direct and demonstrable effect on our brains, our learning and educational achievement" (Wilkinson & Pickett, 2010, p. 113). Where societies are investing in more educational equality and in strengthening the family, poverty and social exclusion are at their lowest.

Table 3 shows that, in 2013, the at-risk-of-poverty or social exclusion rate for persons who attained an 'upper secondary and post-secondary non tertiary' education was 14.4%. The rate stood at 5.3% for those who completed 'tertiary or higher' education. On the other hand, 28.8% of persons who attained a 'pre-primary and primary' education were at-risk-of-poverty or social exclusion. This clearly illustrates the correlation between the level of education attained and the risk of poverty or social exclusion.

Table 3: Persons Aged 16+ At-Risk-of-Poverty or Social Exclusion by Sex and Highest Level of Education Attained 2013

| Highest level of education attained | Number of persons at-risk-of-poverty or social exclusion | | | At-risk-of-poverty or social exclusion rate | | |
|---|--|---------|--------|---|---------|-------|
| | Males | Females | Total | Males | Females | Total |
| At-risk-of-poverty or social exclusion rate | 8,382 | 11,366 | 19,747 | 29.3 | 28.5 | 28.8 |
| Lower secondary | 21,830 | 22,436 | 44,265 | 27.8 | 31.0 | 29.3 |
| Upper secondary & Post-secondary non-tertiary | 4,214 | 6,474 | 10,688 | 11.4 | 17.5 | 14.4 |
| Tertiary or higher[ii] | [1,511] | [1,221] | 2,732 | [5.7] | [4.8] | 5.3 |
| Total [iii] | 35,936 | 41,497 | 77,433 | 21.0 | 23.7 | 22.4 |

Key:

[i] This category also includes persons who have not received any formal schooling.

[ii] Due to a margin of error, figures in [] are to be used with caution.

[iii] These totals exclude persons who did not specify their highest level of education.

Source: SILC 2013.



The rate of absenteeism is of particular concern. The Department of Student Services has concentrated on the implementation of early intervention and individual educational plans. The number of unauthorized days absent (over 30 days per scholastic year) has decreased in State primary schools from 442 in 2008/09 to 211 in 2011/12, largely because of increased community outreach.

However, student engagement in State schools remains significantly lower than in Non-State schools. Absenteeism in public secondary schools is unacceptably high at a total average number of lost days per year of 19.8 per student. The differential performance in teenage years is highly significant with this rate being 5.57 in church schools and 5.87 in independent schools.

The percentage of early school leavers (ESL) from education and training in Malta stood at 20.8% in 2013 which is significantly higher than the EU27 average of 12.0%. However it is encouraging to note that Malta's ESL rate has been decreasing faster than that of the EU27. 'A Strategic Plan for the Prevention of Early School Leaving in Malta 2014' proposes the important step of setting up an inter-ministerial committee to address this issue.

Bullying prevents learning. The proportion of Maltese children being bullied on a weekly basis (22%) was higher than the international average (20%) according to the PIRLS 2011 (R&D Department, MEDE, 2013b). Throughout this strategy's public consultation process, this serious situation was described by teachers, social workers and children. Bullied children grow into adults who are at greater risk of developing anxiety disorders, depression and suicidal thoughts and the bullies themselves are more likely to engage in criminal behaviour later in life.

The practice of after-school private lessons is widespread in Malta. This has its advantages in providing extra learning opportunities. Conversely, the inability to access private tuition due to financial limitations hinders students' possibilities for educational advancement. Furthermore, the resultant negative health effects due to prolonged sedentary hours and stress are exacerbated particularly for the vulnerable who have minimised opportunities to mitigate such impact due to the unaffordability of extra curricular activities.





3

Increase participation in lifelong learning and adult learning

Lifelong learning is one of the key tools to avoid the poverty trap. A well funded, democratic and inclusive approach to education is the backbone of lifelong learning and community regeneration. Active community learning centres would enable the mental and cultural shift that is needed to avoid the materialist trap and ever-increasing stress to acquire a higher status, whilst promoting active citizenship and informed debate. Skills development and sharing would also help job transitions and labour supply flexibility.

Local councils, NGOs and other organisations offer an array of educational courses primarily in English, Maltese and IT. Local councils also provide libraries within their respective locality. More can be done to encourage local participation by making courses and libraries more engaging and popular, and by promoting life-long learning hubs in the community. On a national level, the literacy strategy offers life-long educational opportunities, an emphasis on bi-lingual abilities (Maltese and English) and courses in financial literacy to reach out to all.





Raise levels of student retention and attainment in further, vocational, and tertiary education and training

4

Malta is committed to the concept of decentralised schools that are enjoyable and creative spaces. Schools need to promote mutual respect, high expectations for each and every student, differentiated learning, professionalism, accountability and dedication. The key international values of trust, respect, responsibility, fairness, citizenship, and caring would be celebrated and regularly exemplified. Teamwork, critical thinking, cooperation, inquiry, and innovation would be part of the daily curriculum.

The relevance of the core subjects would be delineated through a hands-on approach promoted in Malta's National Curriculum Framework. Vocational courses, the expressive arts (dance, music, drama and art) and sports (team and individual) should be available throughout the scholastic years. There is a wealth of literature and of real life examples of this approach to education having lifelong positive effects because student engagement and empowerment are enhanced and the quality of school life improves immensely. Thus increased student centred, non-discriminatory education is crucial to student retention and achievement.

A new initiative is underway to implement an Alternative Learning Programme which shall develop vocational pathways and hands-on learning for students in their last year of secondary schooling who will not be sitting for their Ordinary Level examinations. The aim is to provide training sessions that increase self-esteem, employability skills, work experience, IT skills and other learning experiences which increase the involvement of the students and enable them to attain accredited levels in various subject areas.

This strategy endorses the modernisation of Malta's vocational system, particularly in mainstream education, and supports apprenticeship, traineeship, work-based and work-placed learning initiatives, in the context of lifelong learning.



Strategic Policy Actions: Education

The foundation of a high quality life is a good education. Relevant and empowering education is the primary way in which the disadvantaged can avoid poverty. In order to enhance educational attainment, this strategic policy proposes the following priorities to:

Consolidate life-long learning, vocational training, and informal and non formal education by:

- promoting life-long learning hubs in the community;
- supporting apprenticeships and vocational schemes including the expansion of hands-on teaching;
- providing good quality career guidance services for all and undertaking regular skills-gap analyses;
- considering the provision of educational or retraining stipends along with unemployment benefits to those pursuing post secondary or tertiary education;
- ensuring the accreditation of informal and non-formal learning;
- strengthening sexual health education as part of a wider policy of relationship education.





Address educational inequalities and improve quality education for all by:

- consolidating after-school hours services, summer clubs and childcare centres;
- establishing cooperative educational spaces for families primarily amongst disadvantaged communities;
- improving literacy (including digital and financial literacy);
- addressing school absenteeism and early school leaving through prevention, intervention and compensatory measures;
- actively promoting a holistic healthy lifestyle through awareness raising and early intervention care services to address bullying and other challenging behaviour;
- developing new benchmarks on inclusive education as part of a national report on progress in inclusion efforts;
- strengthening the educational stipend system pro-rata with the cost of living and increasing (supplementary) assistance for students from low income families and Gozo.



Modernise the education system and improve governance by:

- promoting decentralisation and individualised educational plans;
- improving the competence and professionalism of educators;
- reviewing and re-evaluating curricula and educational services to reflect emerging realities;
- endorsing a whistle-blower policy in schools to safeguard the rights of students and employees.

3.4. Health and Environment



“Poorer people live shorter lives and are more often ill than the rich.”
(WHO, 2003).

Socio-economic conditions shape a person's health and well-being throughout life and could result in a number of measurable health inequalities. The consequences on health services, productivity, and government revenue are such that no society can afford inaction. Tackling these inequalities should therefore lead to improved individual and societal well-being, and generally, greater social cohesion.

International research shows that morbidity and mortality are affected more by how evenly wealth is distributed than by the level of overall wealth in a society. Inequality in income is associated with lower life expectancy, higher rates of infant mortality, shorter height, poor self-reported health, low birth weight, AIDS and depression (Wilkinson & Pickett, 2010, p. 81).





The highest priority is for countries to ensure a good start in life for every child and to reduce health inequalities throughout the life course. Within a broader strategy of fair employment, work for all and the promotion of healthy and sustainable communities, the best possible health system strategies for our population are those that are principally directed toward prevention, early intervention, holistic rehabilitation, active inclusion and support. The European Health Interview Survey 2008 for Malta shows significantly lower employment rates amongst those suffering from chronic disease. In addition, persons suffering from injuries and mental illness encounter significant barriers to employment and/or re-employment.

As regards healthcare, research shows that unmet needs are highly correlated with low income. In 2011 in the EU27, 10% of the first (lowest) quintile report missed medical examinations compared to 4% of the fifth quintile. In Malta, the comparative percentages are lower mainly due to the provision of free medical services. However, in 2011, a clear income differential persists where unmet need for healthcare of people with lower income (4.2%) was nearly double (2.4%) that of those on a higher income (Eurostat, 2013)¹⁹.

Despite Malta's small size, socio-economic inequalities are still observed. Health inequality analysis in Malta is a fledgling science that requires further investment, investigation and sustained monitoring. One clear example is migrant health where more official data is needed.

¹⁹ Malta: Self-Reported Unmet Need for Medical Examination by Income. Retrieved from http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database

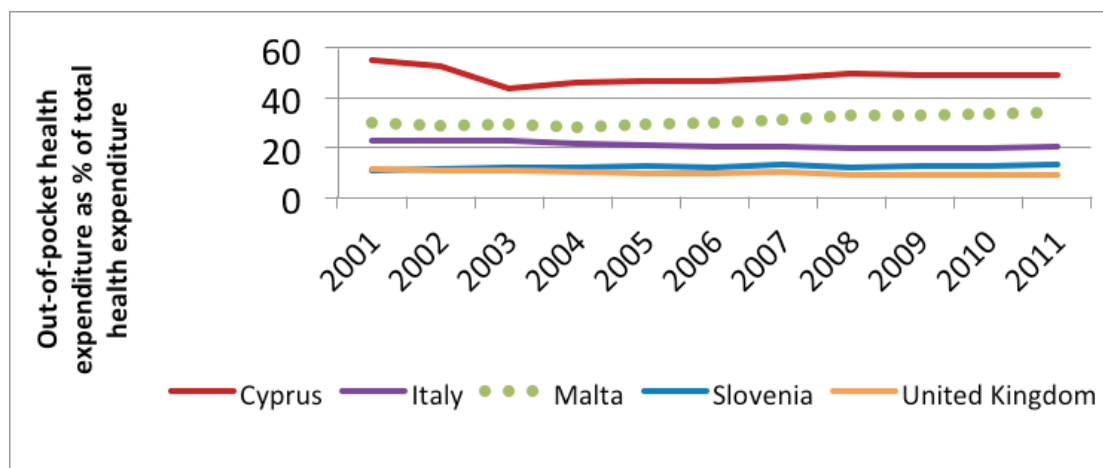


The following is an analysis of regional variations for unmet need for medical examinations. The highest percentage of the population aged 65+ lies in the Gozo and Comino (G&C) Region, and this is also the region with the highest incidence of unmet need for this age group. For those aged 16+ the highest incidence of unmet need is found in the Southern Harbour (SH) Region (see Table 4). The SH Region also exhibits the highest AROPE (see Table 2).

| | Region | | | | | | Total |
|---|------------------|------------------|------------------|---------|---------|---------------|-------|
| | Southern Harbour | Northern Harbour | Southern Eastern | Western | North | Gozo & Comino | |
| Persons aged 65+ (% of population in district)* | 16.6 | 19.1 | 12.9 | 15.5 | 13.6 | 19.3 | 16.3 |
| Persons aged 65+ having unmet need for medical examination or treatment (% of population 65+ in district) | 2.4 (u) | 2.0 (u) | 1.4 (u) | 2.8 (u) | 1.9 (u) | 3.4 (u) | 2.8 |
| Persons aged 16+ having unmet need for medical examination or treatment (% of population 16+ in district) | 2.5 | 1.9 | 1.4 | 1.1 (u) | 1.3 (u) | 1.5 (u) | 1.7 |

Over the last few years, the share of out-of-pocket health expenditure in Malta has been growing at a faster rate than general Government health expenditure. This phenomenon has not been shown to have occurred elsewhere in the EU (Figure 8).

Figure 8: Out of Pocket Health Expenditure



Source: WHO (2013); National Health Accounts (NHA).



The increasing personal cost and the differential unmet need of healthcare give rise to a serious threat to equality of access to healthcare. Should the trend remain the same, more and more people, particularly within the more vulnerable groups, will be experiencing an unmet need for healthcare services and their access to health services in general will be compromised.

Morbidity Trends

The Census of Population and Housing 2011: Final Report (NSO, 2014) shows that 20% of the population, or 83,102 people, suffered a long term illness, disability and/or a chronic condition. Projections clearly indicate rising trends in morbidity amongst Maltese households. More than 35,000 persons are expected to suffer from diabetes in 2050. In the case of heart disease, one outcome of which is heart attack, it is expected to rise by 150% by 2050. As for osteoarthritis, this is clearly the most prevalent among the three chronic conditions, with around 50,000 currently affected individuals and a potential for this to increase to 70,000 by the year 2050. New cases of cancer, as well as deaths due to cancer, are also projected to increase over the coming years. It is estimated that around one in three people develop cancer at some stage in their life while one in four die of cancer.

These projections do not take into account the additional morbidity of the current obesity challenge. Using the International Obesity Task Force classification method on 880 children aged 10 to 11 years between January and May 2012 in all schools and regions, 34% were found to be overweight or obese (Decelis, Jago & Fox, 2012). Scientific evidence suggests that these children will experience a cumulatively higher burden of ill health throughout their lifecourse. The correlation between low income and obesity incidence is significant.

In addition, evidence indicates that lower income workers are more severely exposed to risks of chemicals, noise, difficult work postures/movements and accidents. Work-related, housing-related and environmental health risks and inequalities lead to deepening poverty. Lack of planning for child-friendly environments, access to safe green spaces, quiet, and clean air is clearly detrimental to most people but in particular to the disadvantaged, the elderly and the young.

The above projections show an increasing morbidity among vulnerable persons and subsequent higher costs to the healthcare system. Ensuring equal access and investing in prevention measures and in primary care are crucial policy priorities. Malta has already recognized the need to prioritise





prevention as acknowledged in a number of strategies launched in the last few years. The implementation of these strategies is therefore of paramount importance.

Investing in Primary Care

Malta has a high proportion of its public health expenditure dedicated to secondary care and relatively low expenditure on primary care. Clearly, the healthcare system must shift its focus from secondary to primary care and prevention. Hospital facilities are facing a problem of overcrowding and a growing ageing population is likely to exert more pressure. Direct investment to bring specialist care out of the hospital facilities into the community closer to where the disadvantaged and elderly are concentrated would relieve pressure on hospital beds, allow for earlier diagnoses and more effective care, and indirectly mitigate the effects of poverty and deprivation.

Principal Health Reforms

Malta has invested in the health sector in recent years. Some examples include the building and opening of a new general hospital, Mater Dei, in 2007, the introduction of the Pharmacy of Your Choice (POYC) Scheme across all localities in Malta and Gozo to facilitate the collection of free medicine, and the construction of a new Oncology Centre which is scheduled for completion in 2014. There have also been efforts to develop more community-based, long-term and mental health care services. A new Mental Health Act, promoting the rights of mental health patients and supporting community treatment schemes, was approved in 2013. There is a pressing need for effective and rapid transition of patients from the acute institutional care settings to community-based care, thus promoting social inclusion and re-integration.

A landmark Health Act was also passed in 2013, repealing the old Department of Health Constitution Ordinance (1937) and creating a modern framework separating policy from regulation and operations. This Act also enshrines patient rights into a legal instrument for the first time. The focus on prevention and community services has led to progress in areas such as the development of cancer screening programmes. Since 2009, a number of national plans and strategies have been launched to address major public health issues, mainly cancer, obesity, sexual health and non-communicable diseases. An overarching National Health Systems Strategy is also being drafted to provide overall direction.



Strategic Policy Actions: Health and Environment

Prevention, early intervention and decentralization are to be prioritized within a modern health system, providing quality services on the basis of need. Sustainable development is not possible without the full inclusion of a healthy society. The reduction of environmental health inequalities is central to this strategy. In order to promote personal and environmental health, and in so doing improve the prospects of vulnerable people in this regard, this strategic policy proposes the following priorities to:

Ensure equal access to quality healthcare by:

- supporting the implementation of a National Health Systems Strategy, and the related legislative framework, including the recently promulgated Mental Health Act, and the new Health Act, including the Charter for Patients' Rights and Responsibilities;
- pursue the implementation of public health strategies for cancer, obesity and sexual health including through the necessary engagement with relevant ministries to tackle health inequalities;
- provide for high quality specialized acute mental health services, possibly including early intervention teams, with multi-disciplinary care aimed at effective treatment and support to enable discharge into community;
- introduce sustainable systemic reforms to resolve challenges such as out-of-stock medicine, long waiting lists and hospital overcrowding.





Provide a holistic service through the different levels of healthcare:

- greater coordination between health, education, social services, probation services, legal services, the judiciary and the police towards early identification and effective care and treatment;
- develop the capacity of interdisciplinary teams in the community focussing on zones of greatest need;
- develop a full spectrum of high quality community-based integrated child and adolescent psychiatric services, ideally within an acute general hospital setting to reduce stigma.

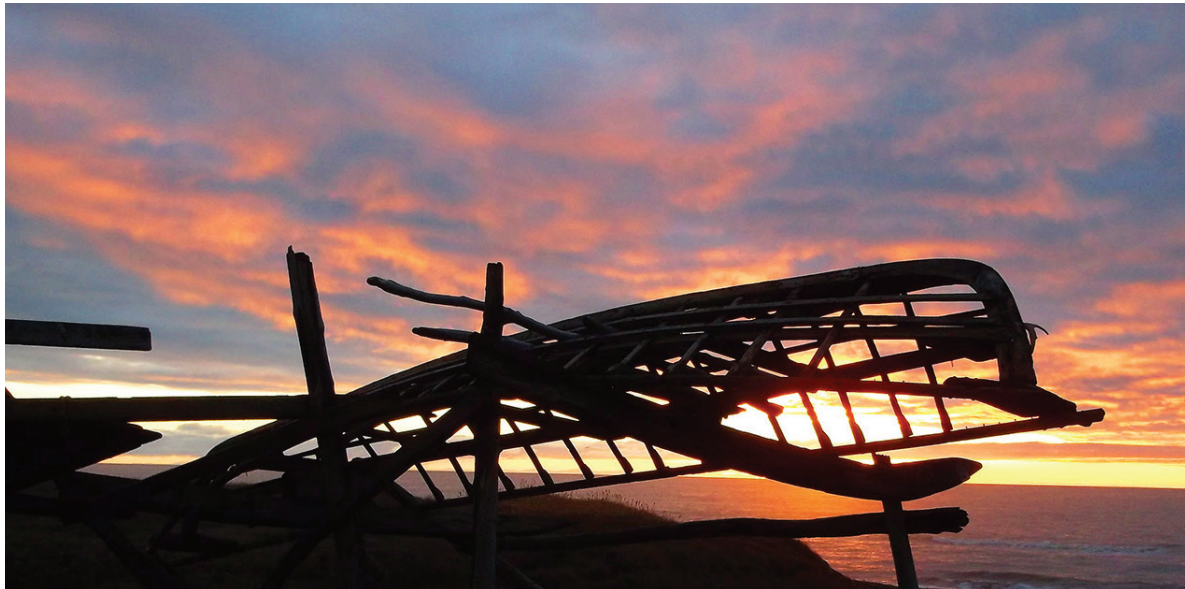
Promote a people-centred and environmental health-friendly approach:

- fully implement and monitor the progress of the new Health Act, including the Charter for Patients' Rights and Responsibilities;
- improve coordination towards providing environmental health for all, such as clean air and seas; safe neighbourhoods with more open spaces; natural habitats; pollution and noise reduction; and sustainable community regeneration.



Ensure ongoing research to provide evidence-based care:

- establish health inequality baselines for Malta through investment in sustainable monitoring structures;
- undertake a continuous re-evaluation and improvement of health services using citizens' consultation platforms.



3.5. Social Services



“We aim to ensure: the provision of adequate social services for individuals and families in need; the provision of decent housing that strengthens our communities; the provision of social welfare services; equal opportunities for all irrespective of gender, sexual orientation, race and/or religion; and a better quality of life for every Maltese citizen.” (Mission Statement of the Ministry for the Family and Social Solidarity).

3.5.1. Social Welfare Services

Investment in social welfare services reflects a country’s values with regards to social and economic justice. By addressing underlying causes of poverty and exclusion through redistribution measures, such services can help people build their personal social capital and improve their prospects for inclusion. The main public social welfare services are run by the Foundation for Social Welfare Services (FSWS), which through its agencies APPOGG, SAPPOR and SEDQA respectively provide targeted social welfare provision to children and families in need, persons with a disability and persons with addictive behavior challenges.





In regard to children, the primary goal of the Ministry responsible for social welfare is that every child should enjoy the right to adequate protection and participation to maximize personal and social development. Currently, the Government is in the process of formulating a National Children's Policy and Children's Act incorporating a Charter of Children's Rights, which will be fundamental toward this goal. Demand for social welfare services has been increasing with, for instance, about 100 new cases of child abuse being reported to APPOĠĠ every month. Physical abuse tends to be the most common type. In view of this, the Child Protection Services (CPS) recognise the importance of educating parents in positive parenting. APPOĠĠ is also committed towards the de-institutionalisation of children in out-of-home care through the facilitation of fostering and adoption processes.

As at May 2014, a total of 451 children were protected by care orders – an accelerated increase over the previous seven years. According to the Children and Young Persons Advisory Board (2014), the main reasons underlying the issue of a care order include: neglect; physical, emotional and/or sexual abuse; other social issues; and unaccompanied asylum seekers who constituted around one third (156) of such children. During the same month, around 500 children were in out-of-home care (APPOĠĠ, 2014). This figure, which excludes the 174 children of asylum seekers dwelling in open centers, has doubled in the past decade. Notwithstanding the continuous deployment of the country's limited resources, needs are still not being fully met with 302 children awaiting protection services and 95 children awaiting fostering placement (APPOĠĠ, May 2014). Moreover, other social services also need expansion since in May 2014, there were 64 persons requiring psychological support and 22 families awaiting family therapy sessions from SEDQA (FSWS, May 2014). Similarly the SAPPOR waiting list indicates that 106 persons require day services from SAPPOR due to disability (FSWS, May 2014). The Census of Population and Housing 2011: Final Report (NSO, 2014) cites 7.2% of the population, or 30,183 persons, having some form of disability or difficulty, of whom about a third (32%) reported a physical disability, 23.6% total or partial sight loss, and 23.3% mental health conditions.

A total of 14,283 persons representing 3.4%²⁰ of the total population were registered with Kummissjoni Nazzjonali Persuni b'Dizabilita' (KNPD) as having physical and/or mental disabilities in 2013. Although incidence of physical impairment tends to increase due to ageing, intellectual and psychological





challenges seemed to prevail amongst adults and particularly in minors. It is worth noting that people with physical and/or mental challenges find it difficult to enter the labour market. In fact, despite the decline recorded over the last years in the number of persons with disability registering for work, and notwithstanding the legal requirement for employers to recruit at least 2% of their human resource complement from among people with disability, in June 2014 there were still 493 persons with disability actively seeking employment, of whom 82.4% were males while 17.6% were females (NSO, 24 July 2014, p.3). In view of this, Malta is committed to improve educational, employment and independent living opportunities, as well as to enforce the legal requirements promoting quality employment for persons with disability.

As much as labour market involvement and active inclusion contribute towards the holistic well-being of persons with disability, active ageing is equally beneficial for older persons. Thus, in order to enhance the quality of life of all these persons, Malta's Active Ageing Strategy 2014-2020 seeks to increase the employment rate of people aged 50 years and over, their participation in society, and their opportunities for independent living. Furthermore, the strategy promotes the well-being and inclusion of elderly people through wider access to social welfare entitlements and effective integration within their surrounding community.

The provision of high quality social welfare services to meet the needs of all vulnerable groups that include but extend beyond those mentioned above, is a fundamental component of poverty reduction and social inclusion strategies. The unit of care should be the family, while services shall be tailor-made and integrated in order to increase effectiveness both in tangible and financial terms. Voluntary organisations indeed provide sterling services and the Government is committed to consolidate public/social partnerships so as to ensure stability, cost-effectiveness and expansion of community services. Cooperation with the private and social sector in a more structured form of dialogue that adopts an intersectoral, horizontal as well as bottom up approach is vital so as to strengthen current practices and promote effectiveness of services.

²⁰ Based on the provisional figure of the Maltese population as at 31st December 2013 that amounted to 425,384 persons.





Strategic Policy Actions: Social Welfare Services

In order to enhance the social welfare sector/social protection system, this strategic policy proposes the following priorities to:

- decentralise and integrate services at the community level through preventative and early interventionist multidisciplinary services;
- sensitise the public to eradicate the stigma against those experiencing poverty and social exclusion;
- address waiting lists and case-loads and establish a better triage system;
- promote the professionalism of social welfare employees and encourage their retention and progression;
- consolidate the establishment and monitoring of social welfare standards and procedures;
- develop evidence-based policies and practices that address emerging needs and challenges through the consolidation of research and evaluation studies;
- re-evaluate public-private partnerships and other forms of market-based welfare systems;
- enable and empower service users to make informed decisions on their welfare, service or care provision and strengthen their say and participation in the development, implementation and evaluation of services.





Apart from these universal policies, this national strategic policy also promotes a more targeted approach to specific vulnerable groups in order to enhance the well-being of:

Children and Young People

Promote the social inclusion prospects of children and young people by:

- consolidating outreach and preventative services to enable early identification and intervention of high-risk children and youth;
- setting-up of crisis residential centres for abused and neglected children;
- consolidating community-based placements for children in out of home care by facilitating adoption, fostering and other community-based settings and supporting those leaving residential care;
- promoting social participation and voluntary work among young people and facilitating the transition from education to the labour market;
- expanding the setting-up of Youth Hubs.





The Elderly

Promote the well-being of elderly people by:

- improving and expanding existing geriatric community care services;
- promoting inclusive labour markets and introducing incentives for the elderly to access the labour market and/or retain their employment particularly in social enterprises;
- introducing clear and well-monitored rules and protocols in residential homes to ensure the highest level of care;
- developing a quality of life index for the elderly;
- promoting active ageing and inter-generational solidarity;
- ensuring adequate and sustainable income for older persons.





Other Vulnerable Groups

Advance equality of opportunity and promote the well-being of vulnerable groups by:

- investing in the rehabilitation and re-integration of released offenders;
- enhancing the integration of migrants and asylum seekers;
- implementing the 'Disabilities Entitlements Legislation' and procedural guidelines;
- addressing addictive behaviour through the consolidation of preventative, outreach and rehabilitative services;
- providing individualised guidance and empowerment programmes for lone parent households;
- enacting harsher penalties for all forms of abuse against vulnerable groups (including children and young people, and the elderly).





3.5.2. Housing

An important component of social services is housing, since decent living conditions are fundamental for an adequate standard of living. In fact public expenditure is specifically allocated for this purpose.

Malta has a high rate of home ownership. However, the majority of young home owners is now caught up in long-term debt and may be under stress trying to meet high loan terms. The fact that most young people resort to home ownership is partly triggered by the high rents charged on private properties as well as by a culture which perceives owning property as an investment. In 2013, there were 3,304 unmet requests for social housing at a time when just over 1,000 persons were benefitting from rent subsidies and nearly 1,000 households were living in sub-standard homes.

The lack of affordable housing exposes the vulnerable to further risks. For example, victims of domestic violence, separated persons who must still live under the same roof, people with physical and/or mental health challenges who want to leave institutional facilities or who struggle with high rents, and the increasing number of people on inadequate invalidity benefits are at increased risk of homelessness and housing exclusion.

Unaffordability may also be the underlying cause of sub-standard housing characterised by overcrowding, inaccessibility, lack of maintenance and repair, ghettoisation, and disconnection of electricity and water services. Indeed, according to the SILC 2013 survey (NSO, 2014), 93,920 persons cannot afford to face unexpected financial expenses and 50,616 are in arrears on mortgage or rent payments, utility bills, higher purchase instalments or other loan payments. Moreover the same statistics show that, 19.5% of Maltese households are materially deprived.

Sub-standard housing conditions, which mainly manifest themselves among low-income families who suffer multiple deprivations, are not only likely to lead to an increased risk of poverty and/or social exclusion (EHIS, 2013, p.37), but may also give rise to injury and illness (Krieger & Higgins, 2002). The table below shows that 2,749 households have less than one room per person. In 60,291 households (38.7% of the total number of households), there are less than two rooms per person.





Table 5: Distribution of Households by Number of Rooms per Person 2013

| Rooms per person grouped | Number of households | Number of households |
|--------------------------|----------------------|----------------------|
| Less than 1 | 2,749 | 1.8 |
| 1.0-1.9 | 57,542 | 36.9 |
| 2.0-2.9 | 43,045 | 27.6 |
| 3.0-3.9 | 20,178 | 12.9 |
| 4.0-4.9 | 12,495 | 8.0 |
| 5.0+ | 20,137 | 12.9 |
| Total | 156,147 | 100.0 |

Source: SILC 2013 (NSO, 2014).

In order to address homelessness and housing exclusion as well as promote more affordable and adequate housing, this strategic policy proposes the following priorities to:

- Increase and upgrade existing social housing units and making them more energy efficient;
- Undertake a holistic regeneration of urban areas through embellishment and the restoration of vacant housing units;
- Promote housing policies that encourage neighbourhood mix that take into account ageing, socio-economic, and inter-cultural dimensions;
- Develop proactive spatial analysis as part of an integrated social investment planning; and
- Reassess and reevaluate present subsidy schemes and considering the introduction of a housing benefit scheme for the most vulnerable.





3.6. Culture



“People have a right to participate in the cultural world, and this active participation is a necessary aspect of their human identity and dignity, with benefits accruing for the well-being and quality of life of societies at large.” (Malta’s National Cultural Policy, 2011:18)

Culture can be broadly defined from two aspects, namely national tradition and cultural events manifested through various arts. Each of these two aspects can impact vulnerable people and those at risk of poverty or social exclusion.

An essential element of culture concerns the established patterns of community life. Although exhibiting various aspects of traditional societies, Malta’s lived culture is in a process of transition. The Maltese ascribe great importance to family life. The family places first amongst the most important factors in people’s life, with health placing second and work and religion placing third (European Commission, 2006). Caring for family and friends, healthy living and good health care are highly valued in Maltese society. There is a growing demand for a healthier balance and more sustainable, environmentally friendly development.

The traditional heterosexual extended family still remains the prevailing family formation²¹, but different family forms and living arrangements such as single households²², lone parent families²³, same-sex couples and cohabitation are becoming more common. Living patterns are changing fundamentally as more women take up employment or take care of ageing relatives.

Work culture is strong in Malta with a long tradition of hard work and solidarity. Versatility to external shocks and competition for quality jobs are characteristic of island cultures. Entrepreneurial spirit is widespread, with many heads of household holding more than one job. Work apathy is characteristic of only a small section of the population, often a reflection of mental health challenges, or addiction to sedentary lifestyles such as to computer gaming.

²¹ 82.5% of families with children are married couples, 8.3% are separated (Census of Population and Housing 2011: Final Report, NSO 2014).

²² 22.6% of private residents or 34,637 people live alone (Census of Population and Housing 2011: Final Report, NSO 2014).

²³ 16.5% of families (19,587) are lone parent households (Census of Population and Housing 2011: Final Report, NSO 2014).





Religion retains a dominant, albeit diminishing, position in Malta's social life. However, Church feasts are still popular and increasingly becoming part of the tourist culture. The emergence of significant social groups from other cultural, ethnic and religious background, coupled with an accelerated process of secularization has resulted in a new configuration of Maltese society, with its concomitant challenges, issues and opportunities. These cultural characteristics cut across the widening gap between the poor and socially excluded on the one hand, and the rich and socially integrated on the other.

The relationship between culture and poverty is coloured by the historic tendency for many cultural events to be made accessible only to the elite. This results in both an impoverishment of culture and the further impoverishment of the community at large, particularly the most vulnerable. Culture, transmitted through the visual arts, drama, dance and music, as well as through tangible and intangible heritage embedded in the life of the community, can advance creativity and innovation across all strata of society. Empowering communities to appreciate and understand their history, living patterns, and their evolving identities and to engage directly with culture and heritage promotes inclusion, community cohesion and bonding, while also generating opportunities for economic development through jobs and entrepreneurship.

Malta's socio-economic inequality is manifested in cultural inequality as made evident in a study on participation in the summer arts festivals, concerts and museums in and around Valletta in 2010 (CEWG & NSO, 2012). The level of participation was very unequally distributed among the population. Indeed, equal access to cultural activities is primarily dependent on expanding educational horizons with the long-term aim to empower more vulnerable young people to enter the growing cultural and creative sector.

Malta's Cultural Policy (2011) provides a broad framework for strengthening the cultural milieu and ensuring greater cultural participation and appreciation. The policy elevates culture to a national priority, promotes the creative sector as a main pillar of the national economy, and sets out the framework leading to Malta's celebration of the European Capital of Culture in 2018. In fact, the Valletta European Capital of Culture 2018 (V.18) programme is based on inclusion and innovation.

In line with its objective to reduce the number of persons living in poverty and social exclusion, this strategic document acknowledges the contribution made by Malta's Cultural Policy to address the role of culture in combating discrimination and promoting greater social cohesion.





Strategic Policy Actions: Culture

Culture is a highly important medium to promote the active participation, inclusion and empowerment of people experiencing poverty and social exclusion. In order to promote cultural welfare within the general notion of socio-economic welfare, this strategic policy proposes the following priorities to:

Enhance the potential for equality and social inclusion through everyday culture by:

- safeguarding those established patterns of lived culture which promote good work practices, solidarity and respect for the environment;
- linking cultural revitalisation initiatives to community regeneration projects of disadvantaged areas which build upon local skills, capabilities and identities;
- increasing public cultural dialogue through local councils and youth cultural activities particularly those having a multi-cultural and educational dimension using conventional and innovative media.



Image: www.mta.com.mt





Mainstream cultural inclusion by:

- acknowledging the structural interdependencies between the cultural sector and the economic and social fields, and the direct and indirect benefits arising from inclusive and active cultural participation on social cohesion, based on research and the analysis of cultural, sociological and economic behaviour of the population;
- promoting vulnerable groups' empowerment through all forms of creative expression and the celebration of multiculturalism; and
- facilitating access to cultural initiatives across all sectors of society to combat real and perceived obstacles which may result in the exclusion and marginalisation of the working class and other vulnerable groups.

Advance cultural initiatives that address social inclusion by:

- implementing financial mechanisms that incentivise and empower local community leaders to become cultural catalysts in their communities, and promote programmes that provide cultural and creative activities for underprivileged groups.
- improving opportunities for communal education and projects that increase self-empowerment, skills and creativity;
- mainstreaming cultural inclusion throughout all public services (schools, health care facilities, correctional facilities, and non-culturally related places).



4. Conclusion

Malta is fully committed to the reduction of persons being at-risk-of-poverty or social exclusion with a view to secure a decent life for all. Various important measures are already underway to reach this goal, however in a dynamic scenario more actions and innovative methods need to be undertaken to ensure that these challenges are effectively met.

This 'National Strategic Policy for Poverty Reduction and Social Inclusion' has presented a wide-range of policy actions under six different strategic dimensions. It focuses on combating poverty and promoting social inclusion through the introduction of effective and sustainable policy pathways that promote equality and empowerment. Acknowledging that the main determinants of socio-economic disadvantages are structural, this strategic policy presents a national roadmap for poverty reduction and social exclusion by mainstreaming these themes across all policy areas.

In order to reach its goals for a better quality of life for all, in particular for those who are at-risk-of-poverty or social exclusion, Malta adopts both a bottom up as well as a horizontal approach across various ministries, departments, agencies and non-governmental entities. This should promote the design, development and provision of more effective evidence-based social protection services. Such a consolidated approach reflects a paradigm shift that is being undertaken to change practices so as to enhance social cohesion and the general well-being of Maltese society.





This strategy is expected to contribute positively towards Malta's 2020 target of lifting around 6,560 persons out of risk of poverty or social exclusion. Moreover, together with Malta's intensified commitment to fight fraud and abuse at all levels, this strategy shall continue to effectively address existing and continuously changing social needs beyond the year 2020 so as to ensure greater socio-economic justice.

Through the actions laid down in this strategy together with ongoing initiatives or other future measures that may be implemented by Government, Malta seeks to improve the quality of life of the population in general and of persons at-risk-of-poverty and social exclusion in particular. The impact of these actions will, along with the general poverty indicators, be monitored and analysed through trends reflected by regularly updated NSO indicators that focus on the presented six dimensions of well-being, such as:

- Income inequality
- Activity rate
- In-work ARP
- Participation rate in education and training
- School absenteeism
- Unmet need for medical examination or treatment
- ARP before and after social transfers and after old age benefits
- Share of households that complain of pollution, grime or other environmental problems
- Share of households that find their housing cost too much of a burden
- Participation in cultural activities

The Government is committed to the setting up of a national structure to benchmark, monitor and evaluate progress toward poverty reduction and social inclusion particularly with regards to children, the elderly, the unemployed and the working poor. This structure will complement other local initiatives such as the President's Foundation for the Wellbeing of Society set up in June 2014.

These concerted efforts should ultimately yield the desired outcomes by securing a better life for all, particularly for the most vulnerable.





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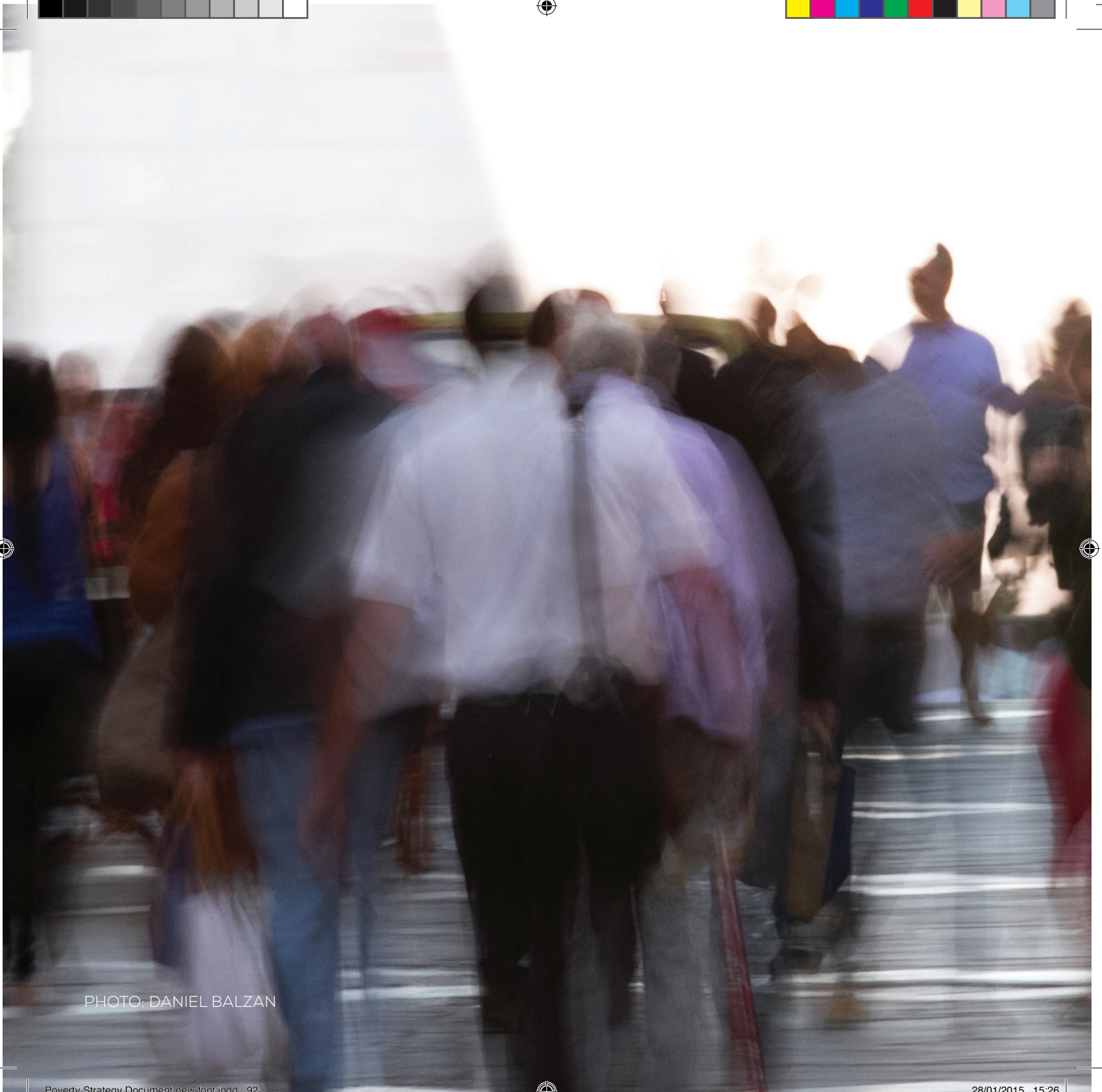


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