Incentivising Female Participation in the Work Force to ensure a Sustainable Pension System

Supplementary Paper to the Final Report of the Pensions Working Group
Supplementary Paper No 03

Prepared by the Technical Team to the Pensions Working Group

Date: 30th June 2005
# Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Glossary</td>
<td>iii</td>
</tr>
<tr>
<td>Executive Summary</td>
<td>iv</td>
</tr>
<tr>
<td><strong>01. Introduction</strong></td>
<td>1</td>
</tr>
<tr>
<td>01.1 Terms of Reference</td>
<td>1</td>
</tr>
<tr>
<td>01.2 Methodology</td>
<td>1</td>
</tr>
<tr>
<td>01.3 Acknowledgments</td>
<td>1</td>
</tr>
<tr>
<td><strong>02. Participation in the Labour Force</strong></td>
<td>2</td>
</tr>
<tr>
<td>02.1 Participation in the Labour Force in the Foreign Jurisdictions</td>
<td>2</td>
</tr>
<tr>
<td>02.2 Participation in the Labour Force in Malta</td>
<td>7</td>
</tr>
<tr>
<td>02.2.1 Temporary Work, Self-Employment and Unemployment</td>
<td>9</td>
</tr>
<tr>
<td>02.2.2 Initiatives currently underway</td>
<td>10</td>
</tr>
<tr>
<td>02.2.3 Family-friendly Policy</td>
<td>11</td>
</tr>
<tr>
<td>**03. Increasing the Employment Rate through Family-friendly Measures</td>
<td>14</td>
</tr>
<tr>
<td>03.1 Sustainable Pensions and the Importance of Increasing the Employment Rate</td>
<td>14</td>
</tr>
<tr>
<td>03.2 Review of Foreign and Local Employment Legislation</td>
<td>14</td>
</tr>
<tr>
<td>03.2.1 EU Policies</td>
<td>15</td>
</tr>
<tr>
<td>03.2.2 International Labour Organisation</td>
<td>16</td>
</tr>
<tr>
<td>03.2.3 Maltese Legislation</td>
<td>17</td>
</tr>
<tr>
<td>03.3 Foreign Studies on the Increase in Employment Participation (EU, OECD, ISSA)</td>
<td>20</td>
</tr>
<tr>
<td>03.3.1 EU</td>
<td>20</td>
</tr>
<tr>
<td>03.3.2 OECD</td>
<td>21</td>
</tr>
<tr>
<td>03.3.3 ISSA</td>
<td>22</td>
</tr>
<tr>
<td>03.4 Labour Related Improvements to increase the Employment Rate</td>
<td>24</td>
</tr>
<tr>
<td>03.4.1 Part-time Work</td>
<td>27</td>
</tr>
<tr>
<td>03.4.2 Childcare Services</td>
<td>28</td>
</tr>
<tr>
<td>03.4.3 Maternity and Parental Leave</td>
<td>29</td>
</tr>
<tr>
<td>03.4.4 Tax Incentives</td>
<td>30</td>
</tr>
<tr>
<td>03.5 Pension Incentives</td>
<td>31</td>
</tr>
<tr>
<td>03.5.1 Incentives to Employees</td>
<td>32</td>
</tr>
<tr>
<td>03.5.2 Incentives to Employers</td>
<td>34</td>
</tr>
<tr>
<td>03.6 Need for a Culture Change?</td>
<td>35</td>
</tr>
<tr>
<td><strong>04. Issues and Recommendations</strong></td>
<td>37</td>
</tr>
<tr>
<td>04.1 The Employment Rates in relation to Pensions</td>
<td>37</td>
</tr>
<tr>
<td>04.2 Female Participation in the Labour Market</td>
<td>37</td>
</tr>
<tr>
<td>04.3 Increasing Female Employment Rates</td>
<td>39</td>
</tr>
<tr>
<td>04.4 Linking Family-friendly Measures to Pensions</td>
<td>43</td>
</tr>
<tr>
<td>04.5 Implementing Family-friendly Measures and Pension Incentives</td>
<td>44</td>
</tr>
<tr>
<td><strong>05. Summary of Recommendations</strong></td>
<td>46</td>
</tr>
</tbody>
</table>

## Appendices

- **Appendix I:** Employed Persons by Economic Activity, 2002 – 2004 (%)
- **Appendix II:** Review of EU Directives
- **Appendix III:** Best Practice in Other Jurisdictions
Figures

Figure 1: The size of the labour force 2
Figure 2: Employment rate for persons aged 15-64, 2003 3
Figure 3: Employment rate divided into groups 3
Figure 4: Non-employment composition by sex, 2001 (persons aged 25-54) 4
Figure 5: Women’s non-employment composition, 2001 (persons aged 25-54) 5
Figure 6: Women’s (aged 25-54) employment rates, depending on the number of children, 2000 5
Figure 7: Employment rates 8
Figure 8: Employment rates by age group 8
Figure 9: Unemployment by Age and Gender, December 2003 10
Figure 10: The rise in old-age dependency ratios 21
Figure 11: Percentage of Women (aged 25-54) working part-time, 2000 27
Figure 12: Participation rates of women aged 25-44, late 1990s 29
Figure 13: The role of taxation (Source OECD) 31
Figure 14: Gender wage gap in relation to female employment rate 35

Tables

Table 1: Mothers’ working hours per week in different countries 6
Table 2: Work-life balance and family-friendly measures in the Maltese public service 12
Table 3: Summary of main EU provisions 15
Table 4: Ratification of Conventions 16
Table 5: Main provisions of the EIRA and corresponding subsidiary legislation 17
Table 6: Work incentive and home care incentive indicators of family policies 23
Table 7: Different types of family-friendly measures 25
### Glossary

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>EIRA</td>
<td>Employment and Industrial Relations Act</td>
</tr>
<tr>
<td>ETC</td>
<td>Employment and Training Corporation</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>EU-15</td>
<td>EU Member States prior to last enlargement</td>
</tr>
<tr>
<td>EU-25</td>
<td>All current EU Member States</td>
</tr>
<tr>
<td>Government</td>
<td>Government of Malta</td>
</tr>
<tr>
<td>ISSA</td>
<td>International Social Security Association</td>
</tr>
<tr>
<td>MEU</td>
<td>Management Efficiency Unit</td>
</tr>
<tr>
<td>MEYE</td>
<td>Ministry of Education, Youth and Employment</td>
</tr>
<tr>
<td>MFSS</td>
<td>Ministry for the Family and Social Solidarity</td>
</tr>
<tr>
<td>NAP</td>
<td>National Action Plan for Employment</td>
</tr>
<tr>
<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
</tr>
<tr>
<td>OPM</td>
<td>Office of the Prime Minister</td>
</tr>
<tr>
<td>White Paper</td>
<td><em>Pensions – Adequate and Sustainable</em> - White Paper issued in November 2004</td>
</tr>
</tbody>
</table>
Executive Summary

This report presents the findings of the Pensions Technical Working Group relating to Family-friendly Measures and Pension Incentives. In accordance with the terms of reference a review of EU policy on the area, a review of family-friendly measures in other European jurisdictions and OECD countries and a review of the family-friendly incentives available to employees in Malta were carried out. The following is a synthesis of the findings.

Section 1 of the report contains a brief overview of the Terms of Reference, the methodology used and the acknowledgements.

Section 2 of the report contains an analysis of the participation in the labour force in the foreign jurisdictions followed up by the participation in Malta. This section identifies the main traits and motions in the labour force attributing reasons developed over a research base. This mainly relates to unemployed, idle workers, women in society and older-age workers. The following core documents were used in parity with the research:

1. The National Action Plan on Poverty and Social Exclusion, issued by the Ministry for Family and Social Solidarity (MFSS).
3. Family-Friendly Measures in the Public Sector – Phase1, an internal report issued to the Office of the Prime Minister (OPM).

In this regard Malta’s existing programmes were reviewed, however their effectiveness was not gauged as no empirical data exists to date. It could be argued that this is due to a lack of co-ordination and streamlining of strategy.

Section 3 seeks to define methods to increasing the employment rate through family-friendly policy and pension incentives. This section starts by reviewing foreign and local employment legislation that seeks to regulate the labour market while promoting family-friendly measures. EU directives relating to the main policy in the area was also observed, leading the project team to conclude that most policy relates to guidelines for Member States in setting their own policy with the objective of reaching the targets set by the EU. However there are also a number of Directives, which contain certain obligations for Member States.

This section details the main findings in relation to the family-friendly policies in foreign jurisdictions. Family-friendly measures have become an important issue in most countries, since such measures are considered as important in reconciling work and family life. A review of related literature shows that whereas some countries are leading the way, others are still developing their policies. Most of the family-friendly measures implemented in OECD countries were related to part-time work, childcare services, leave entitlement and tax incentives.

In the last part of Section 3, a review of pension incentives with the aim of increasing employment participation and ensure an adequate and sustainable pensions system is discussed. While family-friendly measures on their own may increase employment participation, with a direct positive impact on the sustainability of pensions - such measures can be also directly related to pensions such as by taking into account the take up of leave for family reasons when calculating pension payouts.

Section 4 presents the conclusions of the report discussed in specific issues such as:

- the importance of and the implementation of family-friendly measures; and
- pension incentives.

The way forward is presented in a series of recommendations and incentives that are specifically applicable to Malta, of which a number can be moulded around the pensions reform.
The report also contains three (3) Appendices, which provide supplementary information to the main text. **Appendix 1** presents a table with data on the number of employed persons between 2002 and 2004 by economic activity. **Appendix 2** consists of a review of EU directives that are related to family-friendly measures. **Appendix 3** focuses on the best practice in relation to family-friendly measures in three countries: Sweden (Nordic region), Austria (Europe) and Ireland.
01 Introduction

Further to a request from the Pensions Working Group, the Pensions Technical Working Group carried out a review of policies and measures geared towards introducing family-friendly pension incentives aimed at increasing employment participation with a view to develop an operating framework in line with EU policy. The results of this assessment will be forwarded as a recommendation to the Cabinet of Ministers as a subsidiary document to the proposed Pensions Reform.

01.1 Terms of Reference

The Terms of Reference established for this project were to:

- review participation in the labour force in the foreign jurisdictions followed up by the participation in Malta;
- undertake a review of EU policy direction in place now and planned for the future;
- review Maltese legislation related to employment and family-friendly measures;
- review studies on the increase in employment participation by EU, OECD and ISSA;
- review pension incentives in a mix of governments including Ireland, Italy, France, Germany, Austria and the UK;
- discuss issues related to increasing employment participation in relation to pensions; and
- develop a series of recommendations to address such issues for adoption by the Government in the public and private sector.

01.2 Methodology

In undertaking this assignment, the project team:

- carried out a review of OECD and EU policy documents relating to family-friendly measures/incentives as well as any other relevant documentation;
- carried out research to identify best practice in the area in other regimes; and
- held interviews and discussions with:
  - members of the Pensions Technical Working Group (PTWG);
  - Malta Confederation of Women's Organisation (MCWO);
  - National Council of Women (NCW);
  - National Commission for the Promotion of Equality of Men and Women (NCPE); and
- contacted the Employment and Training Corporation (ETC) for feedback.

01.3 Acknowledgements

The preparation of this report was greatly facilitated by the co-operation offered by all the persons interviewed by the project team.
02 Participation in the Labour Force

It is felt that an overview of the behaviour of people in relation to employment is essential before proposing family-friendly pension initiatives as to ensure the proposed measures are to be a success. Failing to observe the behaviour in the labour market may lead to proposing measures that do not address the real issues or to measures that are targeted to the wrong group of people. This section looks into the participation in the labour force in foreign jurisdictions and in Malta drawing up a number of conclusions, which are summarised throughout the section.

02.1 Participation in the Labour Force in the Foreign Jurisdictions

In OECD countries\(^1\) projections of the labour force growth, as shown in Figure 1, indicate that the labour force growth will stop or even fall in the G7 countries. Such change in the labour force growth, mainly the result of a decrease in fertility rates, together with an increase in the life expectancy is leading to population ageing.

Figure 1: The size of the labour force

![Labour force growth](image)

Lower employment participation impacts the sustainability of pensions, resulting from fewer employees in relation to the number of persons reaching retirement age and thus getting a pension. This effect is further aggravated by the increase in life expectancy. People are living longer and consequently are receiving pensions for a longer number of years. Besides the impact on the sustainability of pensions, lower employer participation has a direct impact on economic growth because of lower labour output. One way of minimising the effect of an ageing population, including the effect on the sustainability of pensions, is by raising the employment rates.

As shown in Figure 2, France, Italy and Germany can even increase their employment participation further than other countries as these countries have a lower employment rate than the other countries, the EU average and the OECD average. Figure 2 also indicates that the female employment rates are lower than the male employment rates in all countries. In fact, statistics in the OECD countries indicate that the most under-represented groups in employment are prime-age women (25-54), older workers (55-64) and youths (15-24) (refer to Figure 3). Focusing employment participation policies towards these sectors of society may lead to an increase in the employment participation. It is however important to take into consideration that not all persons who are out of employment are ready to work. For some inactive persons it is a deliberate choice. Inactive persons may not be willing to participate in the labour market for a number of reasons including family reasons such as those mothers who prefer to take care of their young children or elderly relatives and other personal reasons such as those young people who postpone their entry in the labour market to pursue further studies.

Figure 2: Employment rate for persons aged 15-64, 2003

![Figure 2: Employment rate for persons aged 15-64, 2003](image)

Source: OECD database on Labour Force Statistics

Figure 3: Employment rates divided into groups

![Figure 3: Employment rates divided into groups](image)

Source: OECD database on Labour Force Statistics
Conclusive Remark 01

Projections indicate that the growth in the labour force will slow down and even stop as countries are experiencing lower birth rates. The lack of growth in the labour force and lower death rates impact directly the sustainability of the pension system. Therefore increasing employment participation is essential in ensuring the sustainability of pensions.

Another OECD document\(^2\), which analyses the participation of females in the labour market, also highlighted that participation in the labour market is essential to ensure the sustainability of social protection systems. This document further confirmed that the two largest groups of unemployed persons are the prime age women (25-54) and the older workers (55-64). Therefore, raising the female participation rate in the labour market is of utmost importance. As can be seen from Figure 4, the employment rate of prime age women is below men’s employment rates in all countries. In fact, more than 60% of the non-employed persons aged 25-54 are women.

Figure 4: Non-employment composition by sex, 2001 (persons aged 25-54)

![Non-employment composition by sex, 2001 (persons aged 25-54)](source)

Conclusive Remark 02

The largest group of unemployed persons is that of prime age women (25-54). This is followed by the older workers (55-64) group and the youths group (15-24). Policies aimed at increasing employment participation are to be targeted towards the female sector of society, whilst being considerate of other groups of unemployed people.

When analysing in detail the non-employed women it was found out, that 80% or more of the women in actual fact are inactive and only the rest are unemployed. While more than 17% of nonactive women aged 25-54 in 2001 stated that they would like to have a job, 80% or more of the women stated that they are not looking for a job (inactive) as can be seen from Figure 5.

---

What reasons are there behind women's non-employment? According to the above-mentioned OECD study, low educational attainment increases the probability of being non-employed for both men and women and it lowers the chances for women of returning to work after having child. Moreover, women with children have higher unemployment rates than women without children (refer to Figure 6). It was also found out that more than 50%, on average over 19 European countries, of non-active women aged 25-54 in 2001 were not looking for a job because of personal and family reasons. The 50% increases to nearly 60% for women aged 25-44.

The decision of whether or not to participate in the labour force can be determined by a number of factors. These factors can be related to economic and social resources, to work arrangements and to the availability and possibility of use of childcare services. Participation in the labour force can also be related to culture in general. For example, the way welfare states and society look at the women's role, and thus the values towards child rearing, have an impact on the decision of females to participate or otherwise in the labour market.
A document issued by the International Social Security Association (ISSA) presented Table 1 from the Luxembourg Income Study with the mothers' number of working hours per week together with their number of children and the age of the youngest child. The data of each country is divided into two groups:

- lone parent family with at least one child under 18 years of age (1A+C); and
- two parent family with at least one child under 18 years of age (2A+C).

Table 01 clearly indicates that in the majority of the countries lone mothers work more than mothers in two parent families. Furthermore, this study found out that the age of the youngest child and the age of the mother correlate positively to the working hours. When the age of the mother or the age of the youngest child increases the working hours also get higher.

### Table 01: Mothers' working hours per week in different countries

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>MEAN (total)</th>
<th>NUMBER OF CHILDREN</th>
<th>MOTHER'S AGE</th>
<th>AGE OF THE YOUNGEST CHILD</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0-3</td>
</tr>
<tr>
<td>FD91 1A+C</td>
<td>33</td>
<td>33 33 30</td>
<td>32 33</td>
<td>29 34 34</td>
</tr>
<tr>
<td>FD91 2A+C</td>
<td>30</td>
<td>31 30 28</td>
<td>27 32</td>
<td>26 34 35</td>
</tr>
<tr>
<td>SW95 1A+C</td>
<td>30</td>
<td>31 29 27</td>
<td>28 30</td>
<td>28 30 31</td>
</tr>
<tr>
<td>SW95 2A+C</td>
<td>29</td>
<td>31 27 25</td>
<td>28 30</td>
<td>28 30 31</td>
</tr>
<tr>
<td>OS87 1A+C</td>
<td>24</td>
<td>21 10 25</td>
<td>16 22</td>
<td>13 23 30</td>
</tr>
<tr>
<td>OS87 2A+C</td>
<td>17</td>
<td>14 8 21</td>
<td>11 18</td>
<td>18 19 18</td>
</tr>
<tr>
<td>BE84 1A+C</td>
<td>18</td>
<td>22 11 21</td>
<td>18 19</td>
<td>18 19 18</td>
</tr>
<tr>
<td>BE84 2A+C</td>
<td>18</td>
<td>22 11 21</td>
<td>18 19</td>
<td>18 19 18</td>
</tr>
<tr>
<td>NL91 1A+C</td>
<td>8</td>
<td>8 8 6</td>
<td>6 8</td>
<td>6 8 10</td>
</tr>
<tr>
<td>NL91 2A+C</td>
<td>9</td>
<td>10 9 7</td>
<td>7 10</td>
<td>7 10 11</td>
</tr>
<tr>
<td>LX84 1A+C</td>
<td>26</td>
<td>24 18 22</td>
<td>21 27</td>
<td>26 24 -</td>
</tr>
<tr>
<td>LX84 2A+C</td>
<td>12</td>
<td>15 11 12</td>
<td>12 13</td>
<td>11 13 6</td>
</tr>
<tr>
<td>IT95 1A+C</td>
<td>37</td>
<td>34 - 38</td>
<td>38 - 38</td>
<td>39 - 38 -</td>
</tr>
<tr>
<td>IT95 2A+C</td>
<td>35</td>
<td>33 36 34</td>
<td>36 34</td>
<td>34 35 38</td>
</tr>
<tr>
<td>UK95 1A+C</td>
<td>8</td>
<td>11 4</td>
<td>4 12</td>
<td>4 11 15</td>
</tr>
<tr>
<td>UK95 2A+C</td>
<td>13</td>
<td>13 11 11</td>
<td>11 14</td>
<td>11 15 18</td>
</tr>
<tr>
<td>US84 1A+C</td>
<td>25</td>
<td>26 19 22</td>
<td>21 27</td>
<td>20 28 20</td>
</tr>
<tr>
<td>US84 2A+C</td>
<td>13</td>
<td>13 11 11</td>
<td>11 14</td>
<td>11 15 18</td>
</tr>
<tr>
<td>AS94 1A+C</td>
<td>10</td>
<td>12 7</td>
<td>6 14</td>
<td>6 12 15</td>
</tr>
<tr>
<td>AS94 2A+C</td>
<td>13</td>
<td>13 9</td>
<td>9 15</td>
<td>9 18 20</td>
</tr>
<tr>
<td>CN94 1A+C</td>
<td>16</td>
<td>16 13 11</td>
<td>11 20</td>
<td>12 19 22</td>
</tr>
<tr>
<td>CN94 2A+C</td>
<td>21</td>
<td>22 18 18</td>
<td>18 23</td>
<td>18 23 26</td>
</tr>
</tbody>
</table>

1A+C = lone parent family with at least one child under 18 years old.
2A+C = two parent family with at least one child under 18 years old.

Source: LIS

The ISSA report concluded that

Women seem to have adopted different working patterns in different countries. In Scandinavian women’s labour force participation rates are high and mothers in both family types are working equal hours. In the Nordic countries, mothers in both family types have it easier to combine work and family than in other countries. This is clearly the Scandinavian working pattern. The liberal welfare states do not cluster as clearly as the Nordic countries. In Australia and the UK women in both family types are working short hours, but in the USA lone mothers are working more than mothers in two parent families. These differences could be partly explained by different family policy styles.

(ISSA, September 2000, pp 9-10)
Conclusive Remark 03

Detailed analysis of non-employed women indicated that 80% or more of the women in actual fact are inactive and only the rest are unemployed. Reasons for inactivity and unemployment include the following:

- low educational attainment;
- personal and family reasons;
- having children;
- work and childcare arrangements; and
- culture in general.

Working patterns in different countries have shown that the age of the youngest child and the age of the mother correlate positively to the working hours. However, differences in working patterns in different countries can be partly explained by different family policy styles.

02.2 Participation in the Labour Force in Malta

The following employment targets were set for the EU Member States at the European Councils of Lisbon and Stockholm:

- overall employment rate to 67% by January 2005 and 70% by 2010;
- employment rate for women to 57% by January 2005 and 60% by 2010; and
- employment rate for those aged between 55 and 64 to 50% by 2010.

In addition to the 3 overarching objectives of the European Employment Strategy, the Commission made a number of common recommendations. As a result, Malta introduced or accelerated the following actions:

- increasing adaptability of workers and enterprises;
- attracting more people to enter and remain on the labour market: making work a real option for all;
- investing more and more effectively in human capital and lifelong learning; and
- ensuring effective implementation of reform through better governance.

The overall employment rate in Malta stood at 53.7% in the NSO Labour Force Survey of December 2003. This is largely attributable to the gender difference in employment rates, which, for the same period, were 73.3% for men, 33.7% for women, and 32.6% for those aged 55 to 64. However, the female employment rate has risen in the past four years, while that for men has decreased. The average exit age from the Labour Force, in September 2003, was 57.7 years (58.5 for men and 54.8 for women).

Figure 7 below captures the overall employment rates and the female and 55-64 age group employment rates for 2003 in relation to the 2010 EU targets and the EU15 averages for December 2002. Malta’s overall employment rate for the two other mentioned groups are lower than the EU15 averages and than the 2010 EU targets.

---

Figure 7: Employment rates

![Employment rates chart]

Source: National Action Plan for Employment 2004 (Malta), Employment and Training Corporation

Raising the employment rate, particularly that of women and older workers, is considered to be a priority to promote equality of opportunity, to secure economic growth and ensure the funding base for social security. However, the employment forecasts portrayed above indicate that the EU targets are unlikely to be met by 2010.

Conclusive Remark 04

Malta has a low employment rate when compared to the EU15 average and to 2010 EU target. This is attributable to the low employment rate for women (33.7%), and for those aged 55 to 64 (32.6%). As a matter of fact, employment forecasts indicate that the EU targets are unlikely to be met by 2010. Therefore, raising the employment rate for women and older workers is important to ensure the funding base for social security.

A gendered division of labour with a male breadwinner and female homemaker has historically been strongly entrenched in the Maltese social life. Proof of this is the way that the female employment rate in Malta is relatively high up to childbearing age, and decreases thereafter. Figure 8 indicates that whilst the 25-34 age group has the highest female employment rate, the employment rate for men remains constant for the 25-34, 35-44 and 45-54 age groups.

Figure 8: Employment rates by age group

![Employment rates by age group chart]

Source: National Action Plan for Employment 2004 (Malta), Employment and Training Corporation

The rise in female employment has occurred only gradually over the years, accelerating during the more prosperous nineties and slowing down after 2000. This has happened in lieu of the rapid changes in the working patterns of smaller families triggered by the desire for greater material well being.
It is Government’s policy to level the playing field in terms of access to and retention of employment, and empower both men and women to reconcile work and family life. The Gender Equality Act 2003 defines and prohibits all forms of discrimination in relation to work and training. The Employment and Industrial Relations Act 2002 extends the rights of part-time and fixed-term workers. Incentives for the provision of childcare are currently underway.

**Conclusive Remark 05**

The low female employment rate can be attributed to a number of factors including:
- cultural perceptions of gender roles;
- having children; and
- the ability to reconcile work and family life.

Implementing policies that promote gender equality and introducing family-friendly measures helps promote female participation in the labour market.

The low female employment rate over the years also explains a large part of the low rate of older workers. Another reason for the latter is the fact that pensionable age in Malta is currently 61 for men and 60 for women. Furthermore, a rise in the uptake of invalidity benefits over past years, as well as the temporary use of early retirement provisions for purposes of restructuring, have somewhat lowered the employment rate of older workers.

In this respect, the pensions reform encourages active ageing and particularly the retention of employment for as long as possible, in conjunction with the raising and equalising of the pensionable age for both men and women. Potential abuse is to be controlled with respect to access to invalidity benefits, and early retirement schemes are utilised only as a transitional measure in the restructuring of the public sector. The need has been identified to address, in a mainstream fashion, not only women and older workers but also persons with disability.

Government’s policy is to increase labour force participation with a view to establish a more inclusive labour market, increased productivity and a sustainable dependency ratio. This also applies to older workers. Hence, both National Action Plans on Poverty and Social Inclusion and Employment focus on the design and implement measures to:
- make work pay;
- take a life course approach to improving quality of work;
- ensure that lifelong learning opportunities are accessible and relevant to older learners; and
- implement pension reforms whereby the retirement age of men and women will be raised in a phased manner.

**02.2.1 Temporary Work, Self-Employment and Unemployment**

In Malta, women tend to get employment on a temporary basis or under fixed-term contracts more frequently than men, with figures of 5.0 per cent and 3.2 per cent for female and male employment respectively as of June 2003.

Women in Malta are less often self-employed than men, reaching 6.5 per cent (January-March 2004) of all employed women (8.0 per cent in December 2003), an increase from 5.4 per cent as of December 2002. The share of self-employed men is twice and half as much that of women, hovering around 17.8 per cent in January-March 2004 (17.1 per cent in December 2003).

---

The total unemployment rate stood at 8.2 per cent in 2003, an increase from 7.5 per cent in 2002 (EU15, 8.1 per cent and EU25, 9.1 per cent in 2003). The 15-24 age group had the highest unemployment rate, with 63.4% of this group being women. In the first quarter this year, female unemployment averaged 8.0 per cent; a drop from the increasing trend of 9.6 per cent and 11.3 per cent registered in 2002 and 2003 respectively (EU15, 8.9 per cent and EU25, 10.0 per cent). The male unemployment rate has been increasing from 6.5 per cent in 2002 to 6.8 per cent in 2003 (EU15, 7.4 per cent and EU25, 8.3 per cent) and 6.9 per cent in the first quarter of 2004.

### Conclusive Remark 06

Women (5.0%) are more likely to become employed on a temporary basis or under fixed-term contracts than men (3.2%). Moreover, women are less likely to be self-employed than men.

#### 02.2.2 Initiatives currently underway

The “Empowerment Skills Programme” provided by Employment and Training Corporation (ETC) helps women who wish to return to the labour market acquire those skills that are necessary to re-enter the world of work.

The “Part-time Employment Register” provides assistance to those individuals, women in particular, who wish to take up part-time employment.

The “Gender Equality Action Plan”, drawn up by ETC, outlines initiatives that target female employment in a comprehensive way. It must be noted that this plan requires full collaboration from other entities, which at times is minimal and could be considered as its major weakness.

“Increasing Female Participation through Childcare Services at the Workplace” is a project aimed as an accompanying measure for all Structural Fund projects in order to prevent the loss of human potential and undue family stress as well as unemployment especially that of women with young children.

The ETC is organising courses, which are all open to persons who are 55 years and over and it, also focuses particularly on persons who are 40 years of age and over. These courses aim to offer incentives to both employers and inactive older persons.

“Foundation Training Programme for Adults”, “Retraining and Reskilling of Workers for the Building and Construction Industry”, “Preservation of traditional Maltese crafts” and “Retraining and Reskilling of Engineering and Electronics Workers” are five more projects submitted by MCAST for funding from the European Social Fund (ESF). These projects are all aimed at vocational training for youths and adults in several areas designed to match candidates to a trade/skills for which he or she is best suited, leading to a recognised qualification in a specific area of specialisation.

---

02.2.3 Family-friendly Policy

One of the actions / objectives recommended by the EU Commission was to attract more people to join and remain in the labour market. Two main priorities were identified for Malta for this objective:

- to raise the female employment rate in the formal economy, through *inter alia*, increasing childcare facilities; and
- reform the tax-benefit system such that the gap between minimum wage and benefit levels is less of a disincentive to work and that undeclared work is transformed into regular employment\(^7\).

The NAP for Employment states that work-life balance is essential for the well being of the workers and their families and also to promote and retain the female participation in the labour force. On a national level, the EU *acquis* on maternity and parental rights have been transposed into national legislation. On a lower level, the Plan indicates that particular attention will be given to increasing awareness for work-life balance at the level of the enterprise, to the promotion of telework and to the provision of childcare services. In Section A of the Plan, it is stated that Malta will be pursuing a six-pronged employment strategy between 2004 and 2010. It is envisaged that the following targets will be attained by 2010, if the public and private sector respond positively to the proposed measures:

- raising the employment female rate by 7%; and
- increase the formal provision of childcare to 1,800 places, ie. 300 per annum, for children under 3.

In the past two years, the issue of balancing work and private life has achieved much greater prominence in Malta. Various seminars and campaigns have been conducted on this issue by a range of stakeholders, including the ETC, the National Council of Women, and the Foundation for Human Resources Development in collaboration with the mental-health NGO the Richmond Foundation. The ETC has launched a campaign in all media on the sharing of family and professional responsibilities, in close collaboration with the National Commission for the Family and the Malta Employers’ Association.

The ETC is developing a manual on organisational good practices in the field of gender equality. It will consist of a number of themes that employers should consider in ensuring that their organisation is gender friendly, together with a checklist of organisational practices as well as resources that the employer may utilise in this regard. Guidelines to ensure equal pay for work of equal value will feature prominently in this manual. The ETC will provide consultancy on the issue to any employer requesting assistance. After its dissemination to all private sector employers in early 2005, organisations will be invited to submit details of their best practices, which will be disseminated, and a high-level award ceremony will be held in autumn 2005.

In May 2004, the ETC launched a study on teleworking, which will identify the prerequisites for such practice to be effective in the local context. This study will address regulatory, organisational and social issues and will make recommendations for any changes necessary for teleworking to be feasible in Malta. This study is expected to be complete by June 2005.

---

Furthermore, back in May 2002, a Technical Committee on Child Day Care (TCCDC) was established within the then Ministry for Social Policy to study the development of quality, affordable childcare in Malta and to draw up suitable national standards with which to regulate service delivery. Childcare standards were developed and have been finalised.

The Minister responsible for the Family and Social Solidarity in collaboration with the Minister responsible for Education, Youth and Employment launched a consultation document in July 2004 entitled “Early Childhood Development And Care”. This document proposes the establishment and regulation of standards related to the provision of childcare services for children up to three years of age.

In 2004, the Permanent Secretary at the Ministry for the Family and Social Solidarity through the Management Efficiency Unit (MEU) carried out a Financial Impact Study of the proposed standards. The aim of this study was to assess the compliance requirements and the related costs of the childcare centres and to put forward recommendations.

One of the measures being proposed in the National Action Plan for Employment (NAP) is the introduction of childcare regulations and fee subsidy scheme. This measure provides for the promulgation of the childcare standards in the timeframe of the NAP and for the granting of capped assistance as, for the provision of childcare services. This measure, which is to be adopted in June 2005, is intended to reconcile the work and life balance. The criteria established to obtain this grant are as follows:

- the parents must be employed;
- children must be aged below 3 years; and
- childcare services must be obtained from a registered service provider.

In 2004, the Prime Minister’s Secretariat, through the MEU, carried out an assessment of the policies and measures geared towards reconciling work and family life. The Family-Friendly Measures in the Public Sector report for phase 1 identified the main family-friendly provisions contained in OPM circulars that are above the statutory requirements, which are presented in Table 02. Although, the same measures are present throughout the Maltese public service, the implementation of family-friendly measures in the Maltese public sector is not streamlined.

Table 02: Work-life balance and family-friendly measures in the Maltese public service

<table>
<thead>
<tr>
<th>Measures</th>
<th>Public Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Part-time</td>
<td>The Public Service has a policy on part time employees. Both female and male employees are entitled to part-time work.</td>
</tr>
<tr>
<td>Reduced Hours</td>
<td>Public Service has a policy on reduced working-hours. Public officers who have been serving for at least 1 year in the public service and are entitled to parental leave may work 20/30 hour week to look after their children below 8 years of age. Also employees who qualify for responsibility leave may also work on a reduced hour basis instead of taking responsibility leave. Salary and leave are entitled on a pro-rata basis. Both male and females can make use of this measure. Contract employees are not entitled.</td>
</tr>
<tr>
<td>Parental Leave</td>
<td>Both male and female employees may avail themselves from 1 year parental leave per child to look after children below 4 years. Public officers may also avail themselves from a once only 3 year career break for without pay to take care of children under 5 years of age. Contract employees are not entitled.</td>
</tr>
<tr>
<td>Responsibility Leave</td>
<td>This measure allows both males and females to avail themselves from unpaid leave to enable them to take care of dependent parents, disabled sons and daughters and dependent disabled spouse. This has to be approved by the Head of Department. Minimum of 12 months must be taken but may resume duties if no longer applicable. Contract employees are not entitled.</td>
</tr>
</tbody>
</table>

---

### Measures | Public Service
---|---
**Adoption Leave** | Female full time employees entitled to 5 weeks paid adoption leave and unpaid leave for a period not exceeding 1 year. Male employees entitled to 2 days. Adoptive parents of a foreign child entitled to special leave without pay to go abroad and period should not exceed three months.

**Special Circumstances Leave** | A maximum of 30 days special leave without pay may be approved for special circumstances in any 1 year. Leave may also be used to look for alternative employment.

**Study Leave** | Study leave is provided in accordance to SDO regulations. In general, unpaid study leave may only be granted to an officer who has completed at least one year's service and may be required to sign a Service Obligation (if courses of study involved the expenditure of public funds) binding themselves to serve their Ministry/Department for a specific term as indicated at Appendix III to the SDO manual. Special unpaid leave for a maximum of 1 year (approved by MPO) may be provided to an employee to accompany spouse studying abroad.

**Fostering Leave** | Special unpaid leave for a period not exceeding 1 year may be availed of. Employees must provide documentary evidence (of fostering and having been certified to be able to act as a foster parent). Should occasion arise, additional unpaid leave may be allowed provided that a total not exceeding 1 year is availed of in every period of 4 years. Fostering of more than 1 child simultaneously is considered as a single event.

**Urgent Family Leave** | Urgent family leave is granted when the immediate family of an employee is involved in an accident or has suddenly fallen sick or is suffering from a sickness requiring assistance and for the employee's presence during births or death. F/T Employees - 4 of the half-days leave allowed in line with 4.2.6.1 and 4.2.6.5 of Management Code. If such leave is already exhausted an additional maximum of 4 half days is allowed. Casual/part-time employees may be allowed 4 days vacation leave. Leave is deducted from employees' annual vacation leave entitlement. Unless possible, no advance notice is needed but have to inform superior of absence before leaving premises. Evidence may be demanded.

**Career Breaks** | Up to 5 officers may at any one time be granted special leave with pay to perform voluntary work in Albania. A maximum of 1 year unpaid leave may be availed of to carry out missionary / voluntary work. A maximum of 1 year vocational leave without pay may be granted to officers wishing to test their vocation of joining a religious order. Up to 10 public officers below Salary Scale 5 may at any one time be released for a period of 1 year (renewable) on special leave with pay to work with a recognised NGO.

**Conclusive Remark 08**

The importance of increasing the female employment rates through balancing work and family life has been consistently increased in OECD and EU countries. Increasing the female employment participation by introducing family-friendly measures such as the provision of childcare is also one of the priorities for Malta set by the EU.

In the past two years, the issue of balancing work and private life has achieved much greater prominence in Malta. A number of seminars and educational campaigns were organised by different stakeholders. ETC intends to develop a manual on organisational good practices in the field of gender equality and launched a study on teleworking. The Ministry for Family and Social Solidarity in collaboration with the Ministry for Education, Youth and Employment is working towards regularising the provision of childcare services to children aged 0-3 years.
03 Increasing the Employment Rate through Family-friendly Measures

03.1 Sustainable Pensions and the Importance of Increasing the Employment Rate

The main issue of the sustainability of pensions concerns the economic dependency ratio, which means the number of pensioners in relation to the number of people who are actually in employment. Above all, this is important in Pay As You Go (PAYG) pension systems whereby those who are currently employed pay for the pensions of those currently receiving pension benefits.

More emphasis is to be placed in encouraging employment participation focusing on an increase in the female participation in the labour market. This will serve at counterbalancing the increasing issue of a reduction in the replacement rates. As noted in the former section, women are the largest group of unemployed – and thus failure to attract this segment to the workforce could aggravate the sustainability of the pensions system. Furthermore, if more women join the labour market hence contributing to their own pension, it is likely that more women will have adequate pensions as opposed to the current situation which tilts toward a dependence on external sources, such as the husband’s pension in case of married women.

In relation, the French Government conducted estimations on the impact of higher employment rates on pensions expenditure and found out that “a 1-percentage point rise in employment rates would lower the share of pension expenditure in GDP by between 0.2 and 0.4 percentage points by 2040”\(^9\). In an OECD study it was estimated that a 5 percent increase in employment would, on average, reduce the rise in the ration of pension expenditure to GDP by about 0.5 percentage points with respect to the baseline scenario of no reform.

The reason for decreasing or containing the dependency ratio between those who are economically active and the unemployed is important for both the pension reform and other sectors sustaining the pension schemes, health care systems and social protection. As indicated above this requires a change in employment policy with a view of increasing employment participation by enabling people to work longer, ensuring private and public investment in the qualification and re-qualification of workers in the labour market; providing incentives, encouraging a change culture in order to recognise changing family patterns and allowing for greater compatibility between family life and work\(^10\).

It must be pointed out that if such reforms are to take place within the pension reform other government reforms need to take place. This is pertinent in the case of taxation, to make work pay particularly for the second earner who generally is a female. This holistic approach ensures a higher success rate in increasing the female employment rates.

03.2 Review of Foreign and Local Employment Legislation

Employment legislation, both foreign and local legislation, apart from regulating employment it has started to encourage more gender equality and at times encouraging family-friendly measures as well. In 2004, the MEU under request of the Prime Minister’s Secretariat carried out an assessment of the policies and measures geared towards reconciling work and family life. The *Family-Friendly measures in the Public Sector* report reviews EU policy together with Maltese law related to work-life balance and family-friendly measures. This section of the report highlights the main points of the said review.

---


03.2.1 EU Policies

A number of EU directives related to family-friendly measures were reviewed. The aim of Council Directive 92/85/EEC is the implementation of measures that encourage improvements in the safety and health at work of pregnant workers and workers who have recently given birth or who are breastfeeding. Among the mentioned measures, there is one that stipulates that pregnant workers are entitled to time off without loss of pay in order to attend antenatal examinations. Directive 96/34/EC puts into effect the Framework Agreement on Parental Leave, whereby men and women workers have the right to at least three months, until a given age up to a 8 years. The latter mentioned Directive also states that workers should be entitled to time off from work for urgent family reasons.

Council Directive 97/81/EC aims at implementing the Framework Agreement on Part-time Work. Part-time Work can be considered as a family-friendly measure as those persons who cannot work for a 40-hour week due to family reasons will still have the possibility of participating in the labour force. Temporary employment is another type of atypical employment, which the Commission is trying to regularise. In March 2002, the Commission has adopted the proposed Directive of the European Parliament and the Council on Temporary Work, which was then amended in November 2002.

Council Recommendation 92/241/EEC encourages Member States to develop and/or encourage measures to enable women and men to reconcile family obligations from the care of children and their own employment, education and training. In this recommendation a number of issues related to the provision and the quality of childcare services are outlined.

Another measure that can facilitate the reconciliation of work and family life is telework. The Framework Agreement on Telework is a voluntary agreement, which aims at establishing a general framework at the European level. The Framework outlines a number of obligations the employer has to honour in order to protect the teleworker.

Table 03 provides an outline of the main EU provisions that are related to family-friendly measures. More detailed information on the above mentioned EU Directives, other EU Directives and other EU policies can be found in the Appendix 2. Details on the transposition of the above mentioned EU Directives are listed in Table 05.

### Table 03: Summary of main EU provisions

<table>
<thead>
<tr>
<th>Area</th>
<th>Obligation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Leave</strong></td>
<td></td>
</tr>
<tr>
<td>Maternity Leave</td>
<td>Continuous period of maternity leave of at least 14 weeks allocated before and / or after confinement, including compulsory maternity leave of at least two weeks allocated before and / or after confinement. Time off without loss of pay in order to attend antenatal examinations, if such examinations have to take place during working hours.</td>
</tr>
<tr>
<td>Parental Leave</td>
<td>Non-transferable parental leave when a child is born or adopted, for at least 3 months, until a given age up to 8 years.</td>
</tr>
<tr>
<td>Force Majeure</td>
<td>Time off from work for urgent family reasons in cases of sickness or accident (entitlement not specified).</td>
</tr>
<tr>
<td><strong>Time/Organisation of Work</strong></td>
<td></td>
</tr>
<tr>
<td>Working time</td>
<td>Various (see Appendix 2)</td>
</tr>
<tr>
<td>Part-time work</td>
<td>Part-time workers are not to be treated in a less favourable manner than comparable full-time workers.</td>
</tr>
<tr>
<td>Fixed-term work</td>
<td>Fixed-term workers shall have the same employment conditions of comparable permanent workers and shall be informed about vacancies in permanent positions.</td>
</tr>
<tr>
<td>Temporary work¹¹</td>
<td>Temporary workers should receive the same basic working and employment conditions as if they had been recruited directly by that enterprise to occupy the same job and should be informed of any vacant positions for permanent employment.</td>
</tr>
</tbody>
</table>

¹¹ The Directive on temporary work is still a proposed directive thus presently there are no obligations for Member States.
03.2.2 International Labour Organisation

The International Labour Organisation (ILO), a specialised United Nations agency, formulates international labour standards in the form of Conventions and Recommendations. An ILO Convention is a legal instrument, and signatory states are obliged to bring their national law and practice in conformity with its provisions and to report periodically to the ILO on the issue. ILO Recommendations do not have to be ratified, but lay down guidelines that member states should follow.

ILO has a number of conventions and recommendations that are related to family-friendly measures. Mainly there are 4 Conventions and their corresponding Recommendations related to the implementation of family-friendly measures. The Convention and the Recommendation **Workers with Family Responsibilities 1981** present a number of measures directed towards those workers that have family responsibilities associated with the caring of their children or immediate family members that need care. Such measures would enable the workers to reconcile family and work life and promote equal opportunities for men and women workers.

There are also another two conventions and their corresponding recommendations, which are related to the organisation of work. The **Part-time Work Convention and Recommendation 1994** ensure that part-time workers get the same employment conditions of comparable full-time workers including leave, collective bargaining and social security and that they have access to full-time employment. The **Home Work Convention and Recommendation 1996** specify that homeworkers are to be treated in the same way and have the same employment conditions as their fellow colleagues that work from the work place.

The **Maternity Protection Convention and Recommendation 2000** deal with the conditions of employment of pregnant and breastfeeding women and applies to all employed women including those in atypical forms of dependent work. The Convention and Recommendation ensure that pregnant and breastfeeding women have good conditions of employment and that they are not discriminated because of their pregnancy or the birth of a child. While the Convention states that women should be entitled to a period of not less than 14 weeks maternity leave, the Recommendation suggests that such period should be extended to 18 weeks.

The Maternity Protection Recommendation in addition to the provisions on maternity leave and benefits also states that following the expiry of maternity leave the employed mother or father of the child should be entitled to parental leave.

As stated in the introduction, signatory states of the conventions are obliged to bring their national law and practice in conformity with the provisions of the convention. As it can be seen from **Table 04**, Malta has not ratified the above-mentioned Conventions. Therefore, Malta is not obliged to implement the provisions of the Conventions.

However, it is salient to point out that the **European Commission Recommendation of 27 May 1998** recommends that Member States of the European Union that have not yet ratified the ILO Home Work Convention 1996 ratify such Convention.

<table>
<thead>
<tr>
<th>Convention</th>
<th>Ratification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convention 156 - Family Responsibilities</td>
<td>Yes</td>
</tr>
<tr>
<td>Convention 175 - Part-time Work</td>
<td>Yes</td>
</tr>
<tr>
<td>Convention 177 - Home Work</td>
<td>Yes</td>
</tr>
<tr>
<td>Convention 183 - Maternity Protection</td>
<td>Yes</td>
</tr>
</tbody>
</table>
03.2.3 Maltese Legislation

The legislation in relation to work-life balance and family-friendly measures is provided under the Employment and Industrial Relations Act (Cap. 452), the Equality for Men and Women Act (Cap.456), and the subsidiary legislation thereto. A review of the main provisions of this legislation is being provided hereunder.

Employment and Industrial Relations Act (CAP. 452) and Subsidiary Legislation thereto

The Employment and Industrial Relations Act (EIRA), which came into force in 2003, brought Maltese legislation in line with the 'acquis communautaire' taking into consideration the changing social and economic realities of Malta. However, it must be pointed that the public service is exempt from all employment legislation and therefore, the EIRA applies to the public sector only.

The EIRA is intended to enhance the general quality of life by balancing work and non-work obligations, and addresses both the gender gap and the skills gap in the Maltese labour market. More specifically, it seeks to: introduce ‘family-friendly’ measures at the workplace; eliminate discrimination; introduce gender mainstreaming policies; increase the protection of workers on fixed-term and part-time contracts; and provide protection to workers in the event of collective redundancies and transfers of business. Table 05 provides an overview of the provisions, which are related to family-friendly measures.

Table 05: Main provisions of the EIRA and corresponding subsidiary legislation

<table>
<thead>
<tr>
<th>EIRA Statutory Requirements</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article 4</td>
<td>Minister (after consultation with Board) has right to establish, by legal notice, national standards or sectoral regulations.</td>
</tr>
<tr>
<td>Article 5</td>
<td>Recognised conditions of employment are either those specified in the national standard, or in a sectoral regulation or in a collective agreement or established by voluntary settlement or award.</td>
</tr>
<tr>
<td>Article 6</td>
<td>Minister (after consultation with Board) may prescribe maximum weekly working hours including overtime; minimum periods of daily and weekly rest; annual leave for different employees or sectors.</td>
</tr>
<tr>
<td>Article 8</td>
<td>Cost of living increases announced by Government must be provided to all workers (pro-rata for part-time etc.).</td>
</tr>
<tr>
<td>Article 9</td>
<td>OHSAs regulations form part of work conditions.</td>
</tr>
<tr>
<td>Article 10</td>
<td>Minister (after consultation with Board) may prescribe minimum periods of maternity leave, parental leave and leave for urgent family matters and conditions regulating these.</td>
</tr>
<tr>
<td>Article 16</td>
<td>It is prohibited to enter into subordinate contracts providing for the payment to the employee for holidays defined in a service contract that are over-and-above minimum national requirements.</td>
</tr>
<tr>
<td>Article 17</td>
<td>Full-time employees will be entitled to an additional day vacation leave for any public holiday falling on a weekly day of rest.</td>
</tr>
<tr>
<td>Article 23</td>
<td>All workers are entitled to bonuses or income supplements as the Minister responsible for finance may establish.</td>
</tr>
<tr>
<td>Article 24</td>
<td>Whole-time employees working on reduced hours shall be paid not less than pro-rata and shall be entitled pro-rata to public holidays with pay and annual leave (Art. 10), benefits, entitlement to injury leave, and entitlement to bonuses.</td>
</tr>
<tr>
<td>Article 25</td>
<td>Part-time employees are to be treated in an equal manner and Minister (after consultation with Board) may issue regulations stating conditions (including minimum hours to be worked) for pro-rata entitlement.</td>
</tr>
<tr>
<td>Article 26</td>
<td>Protects gender equality at the place of work.</td>
</tr>
<tr>
<td>Article 27</td>
<td>Equal pay for equal work.</td>
</tr>
<tr>
<td>Article 29</td>
<td>Protects against harassment (including physical, mental or sexual).</td>
</tr>
<tr>
<td>PART V</td>
<td>Concerns termination of employment.</td>
</tr>
</tbody>
</table>
| L.N. 38/89 (452.64) – Weekly day of rest and annual vacation leave | Whole-time employees:  
  o 1 day rest every week;  
  o all public holidays (full pay); and  
  o vacation leave: 4 working weeks + 4 days. |
<table>
<thead>
<tr>
<th>EIRA Statutory Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>L.N. 225/03 (452.78) – Parental leave entitlement</td>
</tr>
<tr>
<td>Transposes Directive 96/34/EC (Parental Leave)</td>
</tr>
<tr>
<td>Male / female entitled to unpaid parental leave on grounds of birth, adoption or legal custody of a child for a period of three months until child has reached the age of 8 years but this is non-transferable and shall be availed of in minimum periods of 1 month.</td>
</tr>
<tr>
<td>May be provided on a full-time / part-time, in a piece-meal / form of time-credit system basis if agreed between employer and employee / representative.</td>
</tr>
<tr>
<td>Adoptive parents - Entitlement to commence when employee provides employer with evidence.</td>
</tr>
<tr>
<td><strong>Conditions</strong></td>
</tr>
<tr>
<td>o Employee must give a minimum notice (in writing) of 3 weeks specifying beginning and end of parental leave.</td>
</tr>
<tr>
<td>o Employer may postpone granting of leave on justified grounds.</td>
</tr>
<tr>
<td>o Employee has right to return to same job.</td>
</tr>
<tr>
<td>o Employee is entitled to all rights and benefits.</td>
</tr>
<tr>
<td>o Employee returning to work not entitled to use additional leave.</td>
</tr>
<tr>
<td>o Employer does not have right (unless employee agrees) to suspend parental leave before date of resumption of duties.</td>
</tr>
<tr>
<td>o Dismissal on grounds that employee has taken / applied for parental leave shall be considered as unfair.</td>
</tr>
<tr>
<td>o Employer must keep record of all parental leave taken and deliver this to employee upon his / her request.</td>
</tr>
<tr>
<td>o Part-timers entitled at a pro-rata.</td>
</tr>
<tr>
<td>o Minimum levels apply unless a shorter period has been accepted in a service contract or collective agreement. Regulation not to compromise better agreements.</td>
</tr>
<tr>
<td>L.N. 427/02 (452.79) – Part-time Employees</td>
</tr>
<tr>
<td>Transposes Directive 97/81/EC (Part-Time Employment)</td>
</tr>
<tr>
<td>If working for not less than 20 hours per week and this is their main employment – pro rata entitlement to the minimum entitlement of all public holidays and annual vacation leave, sick leave, birth leave, bereavement leave, marriage leave and injury leave.</td>
</tr>
<tr>
<td>L.N. 247/03 (452.87) – Organisation of Working Time</td>
</tr>
<tr>
<td>Daily rest – 11 consecutive hours per-work day.</td>
</tr>
<tr>
<td>Rest breaks – for works days of more than 6 hours of not less than 15 consecutive minutes.</td>
</tr>
<tr>
<td>Weekly rest period – Minimum of 24 uninterrupted hours for each 7-day period (with some exceptions – Regulation 6).</td>
</tr>
<tr>
<td>Maximum average weekly working time – Not more than 48-hours per week including overtime (with exceptions – Regulation 7).</td>
</tr>
<tr>
<td>Annual leave – Minimum of the equivalent in hours to 4 weeks and 4 days calculated on the basis of a 40-hour week and 8-hour workday to be availed of as whole days with the exception of urgent leave. 50% may be carried over to next year on mutual consent. Entitlement to all national holidays with full pay. (Some conditions or exceptions – Regulation 8).</td>
</tr>
<tr>
<td>Night and Shift work – Not to exceed 8-hours in 24-hour period. Health assessment needed before transfer to night work.</td>
</tr>
<tr>
<td>Special provisions / exceptions – refer to Regulations 13 to 19.</td>
</tr>
<tr>
<td>L.N. 296/03 (452.88) – Urgent Family Leave</td>
</tr>
<tr>
<td>Transposes Directive 96/34/EC (Parental Leave)</td>
</tr>
<tr>
<td>All employees entitled to time off from work on grounds of force majeure for family reasons in cases of sickness or accident or births or death to members of the immediate family making the immediate presence of an employee indispensable.</td>
</tr>
<tr>
<td><strong>Conditions</strong></td>
</tr>
<tr>
<td>o No advance notice required unless it is possible to give a 24-hour notice.</td>
</tr>
<tr>
<td>o Employer bound to give a minimum of 15 hours with pay per annum and hours availed shall be deducted from the annual leave entitlement.</td>
</tr>
</tbody>
</table>
EIRA Statutory Requirements

- Employer may establish maximum hours of absence for an event.
- Employer has right to require evidence of event.
- Part-timers entitled pro rata.

**L.N. 439/03 (452.91) – Protection of Maternity (Employment)**

Transposes Directive 92/85/EEC (Women who are pregnant, breastfeeding or gave birth)

Employment (and same work) and equal wages ensured (to pregnant / recently gave birth / breastfeeding employee), when employer takes measures to protect the health & safety of employee. Measures include:

- temporary adjustment of work hours;
- temporary adjustment of working environment;
- temporary assignment to suitable alternative work; and
- prevent exposure to potentially hazardous material.

Employer must give special maternity leave if he cannot comply with conditions to safeguard health of this employee and for a period of 8-weeks shall pay a special allowance equivalent to the rate of sickness benefit paid under the Social Security Act.

Employee may provide a medical certificate indicating that she cannot work at night. Above applies in these cases.

Maternity leave – pregnant employee may apply for 14 weeks [1 to 13 paid, 14th unpaid] (uninterrupted) of maternity leave by providing a written notice to employer at least 4 weeks before leave begins.

Ante-natal examinations – employee is entitled to paid time-off to attend to these exams during work hours. Proof may be requested.

Also apply to fixed-term contracts.

During maternity / special maternity leave period, employee shall be deemed to have been in employment, is entitled to same rights & benefits and has right to return to same job.

**VARIOUS SECTORS – Wages Council Wage Regulation Order**

These Regulations define the minimum statutory rights or entitlement of an employee working in the sector in respect of (albeit variations in the content of different Regulation Orders exists):

- hours of work;
- minimum wages (whole-time, part-time employees);
- minimum daily rest;
- minimum weekly rest;
- minimum overtime rates;
- shift allowances / premium (night, etc.);
- sick leave;
- bereavement leave;
- special leave;
- leave for jury service;
- injury leave;
- retiring age;
- birth leave;
- marriage leave; and
- vacation leave.

**Equality for Men and Women Act (Cap.456)**

The Act transposes EU legislation on gender equality. It defines discrimination on the basis of sex (Article 2) as:

- the giving of different treatment to men and women on the basis of their sex;
- treating a female differently for reasons of actual or potential pregnancy or childbirth; and
- treating men and women differently on the basis of parenthood, family responsibility or for some other reason related to sex.

This is qualified by what is stated in sub-article (5), namely that in employment matters (not only employment), a different treatment which is based on a characteristic related to sex shall not constitute discrimination where this is a genuine occupational requirement.
Sub-article 3(d) of article 2 introduces the concept of indirect discrimination. Indirect discrimination occurs “where an apparently neutral provision, criterion or practice disadvantages a substantially higher proportion of the members of one sex unless that provision, criterion or practice is appropriate and necessary and can be justified by objective factors unrelated to sex.”

Sub-article (4) of this article states that special protection to women during pregnancy or childbirth does not constitute discrimination. Measures aimed at achieving substantive equality between men and women are also allowed in virtue of this sub-article. This is consonant with article 45 (11) of our Constitution, which states that “any law or anything done under the authority of a law, or any procedure or arrangement, in so far as such law, thing done, procedure or arrangement provides for the taking of special measures aimed at accelerating de facto equality between men and women, and in so far only as such measures, taking into account the social fabric of Malta, are shown to be reasonably justifiable in a democratic society.”

The Act also provides for the setting up of the National Commission for the Promotion of Equality (NCPE).

03.3 Foreign Studies on the Increase in Employment Participation (EU, OECD, ISSA)

03.3.1 EU

The first comprehensive analysis of the national strategies in the area of pensions was submitted to the European Council in March 2003. This report[^12] was based on national reports submitted by the then fifteen Member States in which the national strategies for securing adequate and sustainable pensions were highlighted. One of the objectives (objective 4) in ensuring adequate pensions dealt with raising employment levels. Following are the 4 main policy measures that were adopted by Sweden, which summarise the main policy measures adopted by other Member States, with the aim of increasing labour participation while the variations of other Member States are listed under each relevant point:

- **strengthening the work incentives in tax benefit systems (Sweden);**
  - incentives targeted towards the unemployed, older workers and immigrants (Denmark);
- **active labour-market policies and efficient job-matching (Sweden);**
  - rehabilitation programmes (Finland);
  - an environment favourable to entrepreneurship and business start-up (Finland);
  - anti-discrimination and equal opportunity legislation (France);
- **quality in work and better health in working life (Sweden);**
  - occupational safety and healthcare services (Finland);
- **education and lifelong learning (Sweden);**
  - lifelong learning measures (Finland).

In relation to female participation rates the report states that countries with low female participation rates emphasise cultural changes in gender roles, expansion of care facilities for children and other dependant family members and measures to improve the reconciliation of work and family life. On the other hand, countries with moderate female participation consider that gender equality in pay and working conditions is also necessary.

Other measures being taken in several Member States to improve female participation include the following:

- social protection contribution rebates to employers hiring women to create and reinforce demand side incentives; and
- adaptations to personal income tax systems (e.g. individualised tax treatment and tax credits) to improve labour supply incentives.

Differences in employment, such as differences in pay and in the working history, will ultimately be reflected in differences in pension entitlements. For example, women are more likely to work part-time, to have career breaks, to work in companies that do not offer supplementary pensions and to earn less than men. Moreover, Member States reported that the pension gap (the difference between men’s and women’s pensions) could be larger than the pay gap (the differences between men’s and women’s work pay) mainly due to lower occupational pension benefits for women. Maintaining and improving pension levels for women will require higher participation on the labour market.

03.3.2 OECD

OECD also highlighted that participation in the labour market is essential to ensure the sustainability of social protection systems. While people are living longer, fertility rates have gone down thus leading to a situation in the future where while there is an increase in the number of elderly number there is a decrease in the number of people of working age. This means that there will be an increase in the dependency ratio, which augments the importance of increasing the labour participation particularly for those groups that are more likely to be inactive.

**Figure 10: The rise in old-age dependency ratios**

OECD points out that tax / benefit reform can help in increasing labour market participation. Non-employed people receiving unemployment benefits may be disincentivised to enter the labour market if there is no significant difference between work pay and the benefits received. OECD also proposes a “mutual obligations” approach to help improve employment chances of the non-employed. While governments help the non-employment through effective re-employment services, counselling, training

---


and financial incentives – the “rights”, in turn those benefiting from such measures should take active steps to find work or improve their employability – the “obligations”.

In addition to the above proposals, OECD highlights the importance of family-friendly measures in reconciling work and family life. The provision of maternity leave and the availability of childcare services, together with the expansion of part-time employment, lead to increase in labour participation especially in the case of mothers with young children.

Policies that stimulated female participation in the labour force can be divided between those that stimulate full-time participation and those that stimulate part-time participation\textsuperscript{15}. Full-time participation can be increased through policies that focus on:

- tax neutrality between single and second earners; and
- upward convergence of public spending on childcare.

On the other hand, part-time participation can be stimulated by focusing on:

- upward convergence of tax treatment in favour of part-time working.

Finally, the labour participation can be further improved by reforming employment regulations, reducing labour taxes, ensuring that wage formation systems reflect changing economic circumstances and emphasising policies that help workers move up career ladders.

03.3.3 ISSA

As family structures and employment changed, welfare states’ family policies have also changed. ISSA have conducted a study\textsuperscript{16} with the aim of studying how the different family policy models effect on parents (especially mothers) incentive to participate in labour market. As there are similarities between the family policies adopted in one country and another, there are also differences. The family policies that are offered are likely to be determined by the attitude of governments towards to population and family issues together with the determination of whether is it governmental responsibility to offer such type of policies or not.

In this study, ISSA compared the work incentive and home care incentive indicators of family policies in fourteen countries in the late 1980s and early 1990s and presented them in Table 6. The study focused on direct cash transfers, taxation and social services that enable mothers to be active in the labour market. A number of policies were chosen as Home Incentive and Work Incentive indicators, which were then assigned points that reflect the level of state intervention and calculated for each country. The Home Incentive Index consisted of 3 indicators:

- paid maternity leave;
- extended leave; and
- money support during extended leave.

Another 3 indicators were included as Work Incentive Index:

- separate taxation;
- leave to care for sick children; and
- coverage of day care.

While the home incentives encourage women to stay at home, the work incentives encourage women to participate in the labour force. Support is given to mothers while they are still in employment. It was concluded that Scandinavian countries together with France, Belgium, Italy and Spain are the countries


that have most family policy legislation that includes both home and work incentives. Nordic states tend to reject special protection for women as mothers in the labour market on the ground of the equality objectives. Generous state provision of childcare, paid parental leave for both men and women and favourable working time arrangements have to be understood as a measures supporting women’s access to the labour market.

France and Belgium emphasise the support to parents in reconciling their work with their family responsibilities. The latter mentioned companies have improved the quality of life for working people, protected the standard of living of families and achieved greater equality between men and women in the labour market.

US, UK and Australia have low scores in the family policy index as such countries deliberately avoid the implementation of family-friendly measures as they consider them as an interference in the private lives of people. The employment of women is seen as a private matter and paid parental leave is not considered as a right but an area of negotiation between employees and employers. Public childcare is only provided in those cases where children need protection and is not provided as a measure that enables women to participate in the labour market.

Table 06: Work incentive and home care incentive indicators of family policies

<table>
<thead>
<tr>
<th></th>
<th>Paid maternity leave</th>
<th>Extended leave</th>
<th>Money support during extended leave %</th>
<th>Home Incentive Index</th>
<th>Separate taxation</th>
<th>Leave to care for sick children</th>
<th>Coverage of day care</th>
<th>Work incentive index</th>
<th>Family policy index</th>
</tr>
</thead>
<tbody>
<tr>
<td>FIN</td>
<td>++</td>
<td>+++</td>
<td>+</td>
<td>7</td>
<td>+</td>
<td>+</td>
<td>++</td>
<td>4</td>
<td>11</td>
</tr>
<tr>
<td>BEL</td>
<td>++</td>
<td>++</td>
<td>+</td>
<td>5</td>
<td>-</td>
<td>-</td>
<td>++</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td>SWE</td>
<td>++</td>
<td>+</td>
<td>+</td>
<td>5</td>
<td>+</td>
<td>+</td>
<td>++</td>
<td>4</td>
<td>9</td>
</tr>
<tr>
<td>DEN</td>
<td>+</td>
<td>+</td>
<td>-</td>
<td>3</td>
<td>+</td>
<td>-</td>
<td>++</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>FRA</td>
<td>+</td>
<td>+++</td>
<td>+</td>
<td>5</td>
<td>-</td>
<td>-</td>
<td>++</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>NRW</td>
<td>++</td>
<td>-</td>
<td>+</td>
<td>4</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>3</td>
<td>7</td>
</tr>
<tr>
<td>GER</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>3</td>
<td>-</td>
<td>-</td>
<td>+</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>HUN</td>
<td>++</td>
<td>+</td>
<td>+</td>
<td>3</td>
<td>+</td>
<td>-</td>
<td>++</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>NL</td>
<td>+</td>
<td>++</td>
<td>-</td>
<td>3</td>
<td>+</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>SP</td>
<td>+</td>
<td>+++</td>
<td>-</td>
<td>4</td>
<td>-</td>
<td>+</td>
<td>+</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>UK</td>
<td>+</td>
<td>+</td>
<td>-</td>
<td>2</td>
<td>+</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>AUS</td>
<td>-</td>
<td>++</td>
<td>-</td>
<td>2</td>
<td>+</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>USA</td>
<td>+</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>+</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

Conclusive Remark 09

Higher female participation in the labour force is important for securing adequate and sustainable pensions particularly due to the projected increase in the dependency ratio. While higher female participation leads to a higher amount of paid contributions, it also decreases the current differences between men and women in pension entitlements. Foreign jurisdictions have adopted different approaches in attempting to increase female participation in the labour market such as through:

- work incentives;
  - tax incentives;
  - social protection contribution rebates;
- labour-market policies;
  - active labour-market policies and efficient job-matching;
  - reforming unemployment benefits;
- equality in pay and working conditions;
  - introducing and/or expanding existing family-friendly measures;
    - provision of maternity leave;
    - extended leave;
    - leave to care for sick children;
    - expanding the provision of childcare services;
  - education and lifelong learning; and
  - cultural changes;
  - changes in gender roles.

03.4 Labour Related Improvements to increase the Employment Rate

The increase in birth rates and in employment rates, are both important in ensuring the sustainability and the adequacy of pensions. Research based on EU and OECD countries indicates that the implementation for family-friendly measures is of utmost importance in increasing the employment rates, while at the same time ensuring a more sustainable pensions system, as it enables families, especially women, to have children and maintain their employment at the same time. In fact, in Switzerland\(^\text{17}\) it was found that 40% of university-educated women are still childless at age 40. Since it is difficult to combine work and motherhood, families are either having less children or else postponing childbirths.

Family-friendly measures can be divided into four main types\(^\text{18}\). These are:

- leave from work for family reasons;
- changes to work arrangements for family reasons;
- practical help with child-care and eldercare; and
- provision for training and information.

**Leave from work for family reasons:** This includes extra statutory arrangements – maternity leave, paternity and parental leave, career breaks, carer’s leave, and emergency leave to deal with sick children or problems dealing with childcare.

**Changes to work arrangements for family reasons:** This includes reduction in working hours (for example from full time to part-time or a reduction in the number of daily/weekly working hours), term time only working contracts, work at home for family reasons, appropriate flexitime arrangements, job sharing, job splitting and work sharing.

**Practical help with child-care and eldercare:** This includes workplace or linked nursery, financial help to parents for childcare (child-care allowance or voucher), childcare provisions in holidays, breast feeding facilities, workplace parent support group, assistance with costs for looking after elderly relatives and having a telephone at work to use for family reasons. These facilitate the management between family and work.


Provisions for training and information: This includes maternity packs – information on maternity pay and leave, policy of actively informing staff on the benefits available and encouraging their use, additional supportive information e.g. on local childcare, contact during maternity leave, contact during career breaks, refresher courses, retraining and workshops on, or as preparation for, re-entering work.

The reviews of foreign best practices carried out by the MEU\(^{19}\) indicate various family-friendly measures were found to be present with the aim of assisting family members in reconciling their work and family life. Increasing the ability of family members to balance work and family life may help in increasing employment participation, as while employed persons with family responsibilities are more able to maintain their work, those persons who are not in employed are encouraged to join the labour force through the help provided by implementing family-friendly measures. **Table 07** presents different types of family-friendly measures together with their definition.

**Table 07: Different types of family-friendly measures**

<table>
<thead>
<tr>
<th>Measure</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additional Vacation Leave</td>
<td>Paid leave in addition to the statutory requirements.</td>
</tr>
<tr>
<td>Adoption Leave</td>
<td>Women and male employees are entitled to paid and unpaid leave when they are adopting children.</td>
</tr>
<tr>
<td>Annualised Hours</td>
<td>When working annualised hours an employee is contracted to work a defined number of hours per year rather than per week. Annualised hours can be used to deal with fluctuations in the demands of the business as well as seasonal fluctuations.</td>
</tr>
<tr>
<td>Carer’s Leave</td>
<td>Temporary unpaid leave to allow a person to provide full-time care and attention for someone who is in need of such care.</td>
</tr>
<tr>
<td>Compassionate or Emergency Leave</td>
<td>Employers are also recognising the need for leave in emergency situations. These arrangements vary from organisation to organisation.</td>
</tr>
<tr>
<td>Compressed work</td>
<td>This involves the employee working the full number of hours in a reduced number of days per week. For example 38 hours could be worked on the basis of 4 days work @ 9.5 hours per day or 36 hours on the basis of three days of 12-hour shifts.</td>
</tr>
<tr>
<td>Employment or career break</td>
<td>A break might be needed at certain stages in working life. A career break will ensure that valued staff will be retained. These breaks can be either on a formal basis or on a less structured basis.</td>
</tr>
<tr>
<td>E-Working</td>
<td>E-Working refers to working from a distance or even at a remote location. E-working and office based work is achieved by means of technology. This can be used when the employee has a high degree of autonomy such as architecture, journalism, etc.</td>
</tr>
<tr>
<td>Fixed part-time work</td>
<td>This is the most popular form of part-time work whereby the employee works for less than the standard number of hours (normally less than 20 hours) per day or fewer days per week or even alternate weeks.</td>
</tr>
<tr>
<td>Flexible work arrangement</td>
<td>Employees who continue working during the lunch break and leave slightly earlier in order to better balance between their work and family life.</td>
</tr>
<tr>
<td>Flexitime</td>
<td>Flextime involves an agreement whereby employers and employees negotiate hours of work that are of advantage for both. Flexitime involves the ‘core’ hours when all employees must be at the workplace. Starting and finishing times are normally flexible and there is usually provision for taking leave in lieu.</td>
</tr>
<tr>
<td>Force Majeure Leave</td>
<td>An employee is entitled to leave owing to the injury or illness of a family member. Force majeure leave is limited to circumstances where the immediate presence of the employee is essential because of the illness or injury of another person.</td>
</tr>
<tr>
<td>Fostering Leave</td>
<td>Employees are entitled to an amount of paid/unpaid leave for the purpose of fostering.</td>
</tr>
<tr>
<td>Job Sharing</td>
<td>Job sharing refers to an arrangement whereby one full time job is divided or else to share work between two people with the same responsibilities and benefits of the job shared.</td>
</tr>
</tbody>
</table>

The job can be shared in a number of ways:

- Split week (e.g. 2 and 3 day weeks)
- Split day
- Week on / week off

In order to get the full benefit of job sharing good management and communication are essential.

### Job Splitting

Job splitting is similar to job sharing with the difference that the tasks involved are shared between two people and each person is responsible for his/her own tasks than being equally responsible for the whole job. An advantage of job splitting against job sharing is that co-ordination is reduced. In addition a job can be split in such a way that certain tasks requiring particular skills can be grouped together.

### Maternity Leave

Women are entitled to paid leave and unpaid leave due to maternity.

### Parental Leave

Unpaid leave for men and women employees to enable them to take care of children born or adopted.

### Part-Time Work

Part time work means working for less hours than a full time employee (normally less than 20 hours).

### Paternity Leave

This is paid leave that is given to fathers after the birth of a child.

### Phased Retirement

Employment arrangements, formal and informal, that allow an employee who is approaching normal retirement, to continue working, usually with a reduced workload, in transition from full-time work to full-time retirement. Phased retirement takes many forms, including part-time, seasonal, or temporary work, an extended leave of absence or a deferred retirement option plan.

### Reduced Work-Time

This method implies that an employee is allowed to work reduced working hours for a definite amount of time that is more than part-time working hours with the right to return to full-time work.

### Sabbaticals

These refer to a short-term absence of work, which may or may not be on full pay. The length of sabbaticals is often dependant upon the length of service.

### Special Leave for Domestic Circumstances

Unpaid leave to deal with domestic difficulties.

### Teleworking

A form of organising and/or performing work, using information technology, in the context of an employment contract/relationship, where work, which could also be performed at the employers premises, is carried out away from those premises on a regular basis.

### Term Time Working

Employee working times will be the same as school terms but not during the school holidays, in which case employees do not work. This is useful for those parents who have children of school age.

### Virtual Teams

Teams are made up of E-workers to work together; members of the team can be from different countries and may not meet. This form of teamwork may be suitable in circumstances where personal interaction is not necessary.

### Work Sharing

Work sharing is a development of the job sharing/ job splitting which attempts to achieve business tasks while allowing for a wider range of attendance patterns. A high level of co-operation between the employer and the employee is needed in order to ensure that all the tasks required are achieved in an efficient and timely manner.

### Conclusive Remark 10

Family-friendly measures can be divided into the following types:

- re-organisation of work and innovative ways of working;
- practical and effective help with child-care and eldercare (including various types of leave entitlement);
- education, skilling, training, retraining, reskilling and the provision of information; and
fiscal measures, that may include:
- eliminating tax disincentives and introducing tax incentives for both employees and employers (full and part-time);
- pension incentives; and
- other fiscal measures such as child care allowances or tax-rebates.

Research constantly claims, that the implementation of family-friendly measures increases employment participation. It is possible to argue the level of positive impact family-friendly measures have on employment participation and hence, the following sub-sections review this effect in foreign jurisdictions. For the purpose of this section of the report, only the impact (on participation in the labour force) of the most commonly used measures in OECD will be analysed. The measures include part-time work, childcare services, maternity leave, parental/paternal leave and tax incentives. A more detailed review on best practices in foreign jurisdictions carried out by the Management Efficiency Unit, can be found in the Appendix 3.

03.4.1 Part-time Work

Women, after having children, are more likely to work part-time and other atypical types of employments. This was confirmed in virtually all OECD countries\(^20\) were part-time work is considered to be one of the measures that can facilitate the reconciliation of work and family life. Figure 11 indicates that the percentage of women who have 2 children or more and are working on a part-time basis is higher than the percentage of women who have 1 child are part-time workers. This is further confirmed, as the percentage of women with no children working on part-time basis is lower than the percentage of women with 1 child or more working on part-time basis, with the exception of two countries (refer to Figure 11).

Figure 11: Percentage of women (aged 25-54) working part-time, 2000

![Percentage of women working part-time in total employment of each group, 2000](http://www.oecd.org/dataoecd/53/52/31457987.pdf)

Source: Women in Employment, OECD

The expansion of part-time employment has yielded very positive results in those countries with high female participation rates. One example is that of the United Kingdom where more than 40% of employed women work part-time\textsuperscript{21}. Expanding the opportunities for part-time employment is more successful in increasing the female participation rate in those countries where part-time participation is the most preferred working arrangement such as in Germany, Ireland, the Netherlands and the UK. Countries such as Finland, Sweden, Belgium and France prefer full-time participation rather than part-time participation\textsuperscript{22}.

Florence Jamotte\textsuperscript{23} in an article published in April 2005 stated “[OECD] research covering 17 countries over the period 1985-1999 shows that an increase in the availability of part-time work opportunities does indeed raise female participation”. Part-time work can be considered as an alternative for those mothers who can no longer afford to work on a full-time basis. However, such reduction in working hours should still be accompanied with childcare support. Families should be provided with a lower level of support as opposed to no support.

\begin{table}[h]
\begin{tabular}{|c|c|}
\hline
\textbf{Conclusive Remark 11} & \\
\hline
Research in OECD countries indicated that the increase in the availability of part-time does indeed increase the female employment rate. This was further confirmed as research has also shown that the percentage of women with two children who are working on a part-time basis is higher than the percentage of women with one child who are working on a part-time basis. However, part-time work is not the preferred option in all countries. Therefore the success rate of introducing part-time work is higher in those countries where part-time participation is preferred over full-time participation in employment. & \\
\hline
\end{tabular}
\end{table}

03.4.2 Childcare Services

Women are more likely than men to take an active role in the care of their children possibly it is because generally women are considered to be responsible of the care of their children. In relation to this, a study in OECD countries concluded that an essential number of the pressure points that influence women when deciding whether to remain or re-enter in the labour force, are related to childcare issues. Following are a number of pressures related to childcare that influence female participation in the labour force in OECD countries:

- informal care by family networks is not as universally accessible as in the past;
- formal childcare capacity is not fully developed everywhere;
- cost of formal childcare can be very high; and
- out-of-school-hours care is severely lacking\textsuperscript{24}.

The availability of child-care services together with public spending on childcare tends to increase female participation in the labour force. A positive relationship (Figure 12) between women’s participation rates and the availability of formal child-care arrangements was revealed in an OECD\textsuperscript{25} study.

\begin{itemize}
\end{itemize}
Figure 12: Participation rates of women aged 25-44, late 1990s

<table>
<thead>
<tr>
<th>Country</th>
<th>Participation Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUS</td>
<td>75%</td>
</tr>
<tr>
<td>CAN</td>
<td>80%</td>
</tr>
<tr>
<td>DEU</td>
<td>78%</td>
</tr>
<tr>
<td>FRA</td>
<td>76%</td>
</tr>
<tr>
<td>GBR</td>
<td>79%</td>
</tr>
<tr>
<td>ITA</td>
<td>72%</td>
</tr>
<tr>
<td>JPN</td>
<td>68%</td>
</tr>
<tr>
<td>MEX</td>
<td>65%</td>
</tr>
<tr>
<td>NLD</td>
<td>60%</td>
</tr>
<tr>
<td>NOR</td>
<td>62%</td>
</tr>
<tr>
<td>POL</td>
<td>63%</td>
</tr>
<tr>
<td>SVN</td>
<td>61%</td>
</tr>
<tr>
<td>GRC</td>
<td>64%</td>
</tr>
<tr>
<td>SWE</td>
<td>70%</td>
</tr>
<tr>
<td>USA</td>
<td>82%</td>
</tr>
</tbody>
</table>

Source: Women in Employment, OECD

Those countries that offer day care as an incentive for women’s employment, especially if it offered together with parental leave and leave to care for sick children, have gone much further than those countries who do not support parents in reconciling their work with their family life.26

Another important factor in relation to childcare is the cost of day care. Child-care costs can be a barrier to employment, particularly to those who have lower wages and lower education levels. In a study27 conducted in 1996 by Bradshaw et al. it was concluded that the day care fees of single parents in relation to their incomes are highest in the UK (28%) and USA (22%). This increases the importance of public spending in childcare even in those places where private childcare services are easily available, as low earners may not be able to afford childcare.

Conclusive Remark 12

Culturally, women are generally responsibilised for the care of children as a result of gender perceptions that males are the breadwinners and women the housewives. A positive relationship between women’s participation rates and the availability of formal child-care arrangements was found in OECD countries. Therefore, the availability and affordability of childcare services together with the increase in public spending on childcare are considered as an important measure to increase female participation in the labour market.

03.4.3 Maternity and Parental Leave

Paid maternity leave with a job guarantee increases women’s attachment to the labour market when not offered for too long.28 On the other hand, allowances that enable mothers to stop work for a considerable time without job protection may have a negative impact on the employment trajectory of recipients. In case of those women who find it most difficult to return to work, such as less skilled women or women in precarious job situations, the best option is the possibility of taking relatively long parental leave, especially when it is combined with financial benefits.

---


The availability of parental leave should not be over supplied as long periods of paid leave may discourage parents to participate in employment, as future employment prospects are permanently damaged. Studies carried out by the OECD indicate that any increase in paid parental leave beyond 20 weeks has a negative effect on women's labour force participation. This may happen because if the period out of employment is very long, women may lose their skills, career paths and earnings are interrupted.

In some countries paternity leave has also been introduced with the aim of encouraging fathers to participate more in the upbringing of their children. Although the number of fathers who make use of long-term leave is increasing, the number of fathers who take off 6 months to care for a child is still very small.

**Conclusive Remark 13**

The availability of leave enables mothers and fathers to take care of their children while at the same time facilitating the balance of work and family life. When leave is offered with a job guarantee it increases the women’s attachment to the labour market. Paid leave should not be introduced on too long a basis as it may discourage female participation in the labour force.

### 03.4.4 Tax Incentives

An OECD review indicated that introducing tax incentives could result in an increase in the participation of females in the labour force. OECD states that focusing policies on tax reforms as an incentive to increase the employment participation, could incentivize both full-time and part-time work. The main breadwinner in a household is generally a male. When comparing the change in tax paid to the change in income, females may be disincentivised to join the labour force if the amount of tax that they have to pay if they join the labour force is relatively high compared to the tax that is paid when there is a single principal earner in the family. Moreover, the couple may have to give up income-based tax relief if they exceed the income brackets established to be eligible for tax relief. Therefore, tax incentives that incentivise the spouse to enter the workforce, as a second earner, should be introduced as indicated in Figure 13.

---


30 Such finding is to be treated with caution, as it does not necessarily mean that it applies to the Maltese context. The behaviour of female employees in the Maltese public service who avail/availed themselves of a 1 year parental leave or a 3 year career break can be analysed to determine the effect of long-term leave on female employees.


Female participation in the labour market may be increased by reforming the tax system to eliminate disincentives for female participation in the labour market and by introducing tax incentives, such as incentives to encourage the second earner (generally women) to enter/remain in the workforce. Tax incentives focus on either part-time participation or else on full-time participation depending on the needs and willingness of the workforce.

Conclusive Remark 14

Research indicates that most of the policy measures in the OECD and EU countries targeted towards increasing the employment participation rates focus on the implementation or improvement of existing family-friendly measures. Although family-friendly measures do not necessarily include pension measures to increase employment participation, as indicated earlier (Section 3.3) foreign jurisdictions consider the increase in the employment rate as an essential part of the reforms in achieving sustainable social security systems.

In relation to family-friendly measures and pensions, in the Joint Report by the Commission and the Council on Adequate and sustainable pensions it was reported that 11 Member States (out of 15 Member States) take into consideration the take up of parental leave in the pension calculation to ensure a more adequate pension for women. Women are more likely to take parental leave and have career breaks due to family reasons. Such periods of inactivity impact the payout of the pensions and thus increasing the risk of poverty for female retirees. Although, these policy measures and other similar measures mentioned in this section of the report are aimed at ensuring a more adequate pension it can serve as an incentive to increase employment participation especially in those cases where such credits are linked with return of women in the labour market following the birth of a child.

Conclusive Remark 15

Although the main aim of family-friendly measures is to increase employment participation, such increase in employment participation leads to a more sustainable pensions system. Moreover, family-friendly measures can be linked to pensions such as by recognising the take up of leave when calculating pension payouts. This will also ensure a more adequate pension for those who have breaks in their work history due to family reasons.

Pension incentives can either be targeted towards employees to ensure that they have an adequate pension upon their retirement and to encourage inactive persons to participate in the labour market to increase the amount of contributions being paid for a more sustainable pensions system. On the other hand, pension incentives can be targeted toward employers to encourage them to employ more people, which positively affect the sustainability and adequacy of pensions.

03.5.1 Incentives to Employees

The Joint Report by the Commission and the Council reported that Member States take into consideration the take up of parental leave in the pension calculation in one of the following manners:

- either by awarding pension credits for such periods; or
- by counting such years towards the number of years that is required for obtaining the right to a pension.

Following is a brief overview of the pension incentives targeted towards employees that were reported in the Joint Report\(^{36}\) to be present in Germany, France, Ireland, Austria, Finland, UK and Sweden\(^{37}\).

**Germany**

**Allowance for childcare periods**

The parent providing the care of a child is entitled for a pensionable period equivalent to one year for births before 1992 and to three years for births after 1991. When another child is born during the childcare period, the renewed childcare period is ‘tacked on’ to the last. The insured person receives one income point per year, which corresponds to the pension for one year’s gainful employment on average earnings.

In cases where childcare periods coincide with contribution periods in employment, the income points for childcare and those from employment are added together up to the contribution calculation limit.

When both parents care for the child jointly, they can make a concurrent declaration deciding which parent is to be allocated the childcare period. In those cases where a declaration is not made, these periods are allocated to the mother. Alternatively, if both take childcare leave the childcare period can be divided.

**Child weighting of contribution periods**

To incentivise women to take up at least part-time employment shortly after the childcare period, pension entitlements are enhanced for pension calculation purposes. This measure applies to those persons caring for children who are in gainful employment during the first 10 years of the child’s life, but work mainly part-time and therefore earn below average to periods from 1992. As part of pension insurance, individual pay is rounded up by 50% to a maximum of 100% of the average income, if they have a track record totalling 25 eligible years of insurance under pension law.

This measure applies also to those carers who look after a child requiring care and who often cannot earn fully until the child requiring care is 18. The compulsory contribution period awarded to the carer is enhanced by 50% for calculation of pension, and by a maximum of the figure of 100% of average earnings.


\(^{37}\) The incentives mentioned in Section 03.5.1 and Section 03.5.2 refer to the incentives outlined in the Joint Report by the Commission and the Council and not necessarily the incentives that are currently present in the respective countries.
Measure for care of several children

Carers fostering two or more children at the same time and cannot take up even part-time employment receive a credit of income points for periods from 1992 on expiry of the childcare period under pension law. This credit corresponds to the highest possible support in the form of child weighting of contribution periods for carers in gainful employment.

France

Additional quarters of entitlement for child rearing are credited without requiring contributions in return. “Those who take a break in their career to bring up young children have the corresponding means-based quarters of entitlement credited to them by the pension scheme for house parents”.

Ireland

In 1994 the Homemakers Scheme was introduced. People who leave the workforce to care for children or sick relatives have up to 20 years disregarded when their contribution record is being averaged for pension purposes.

Under this Scheme, a homemaker is defined as “a person (male or female) who gives up work to take care of a child aged under 12 or an independent child/audit aged 12 or over on or after 6 April 1994”.38

Moreover, to be eligible for this Scheme one must:

- be permanently resident in the State;
- be aged under 66;
- have been in insurable employment/self-employment;
- not be engaged in full-time employment, however, one is permitted to work and earn less than 38 euro gross per week; and
- live with and care for a child/incapacitated person on a full-time basis.

Up to a maximum of 20 homemaking years, can be disregarded for Old Age (Contributory) Pension purposes. A homemaking year is a year in which you are out of the workforce for the complete contribution year. All carers may be eligible for the Homemaker’s Scheme not just those receiving the Carer’s Allowance or Carer’s Benefit. However, a person receiving Carer’s Allowance or Carer’s Benefit may be awarded credits up to the end of the contribution year during which someone becomes a homemaker. If a person ceases to be a homemaker during the contribution year, homemaker’s credits are awarded up to that date.

Austria

To ensure the principle of equal treatment between women and men, Austria decided to introduce a new childcare allowance. A share of the childcare allowance goes to the pension insurance. Up to 18 months of the period in which childcare allowance is received are classified to qualify as genuine contributory periods.

Child-raising periods beyond 18 months up to a maximum of the fourth birthday of child are considered fictitious contributory periods and have therefore the effect of increasing pensions.

In addition to taking into account child-raising periods, independent pension rights are guaranteed to women who cannot meet the minimum requirement of 15 contribution years.

---

Finland

In Finland, €18.08 per month and child are payable as a child increase for pensioners for children aged under 16 years.

UK

In 1978 UK introduced the Home Responsibilities Protection (HRP) to maintain the entitlement to basis Retirement Pension for men and women who are precluded from work for periods to care of family members. Equal provisions apply for men and women, whereby the number of qualifying years needed for a full basic pension are reduced.

To qualify for a basic pension, 9/10ths of the working life, which is currently 49 years for men and 44 years for women, needs to be covered. Under this scheme the qualifying years cannot be reduced below 20 years. Currently, the maximum number of HRP is 24 for men and 19 for women. From 2020 men and women will need 44 qualifying years for a full pension and HRP will cover a maximum of 22 years.

Men and women are eligible for HRP for each complete tax year in which either a person is in receipt of Child Benefit for a child under 16, or a person is caring for someone in receipt of particular disability benefits.

Sweden

In Sweden, parents are credited for pensionable amounts for the child’s first four years of life. Both parents of young children are eligible for this pension right, during the periods of absence from the labour market during the first four years of the child’s life. This pension right is credited to one of the parents each year, and if no wish is expressed to the contrary it is automatically credited to the parent who has the lowest pensionable income in the year in which the pensionable amount applies.

Conclusive Remark 16

Pension incentives targeted towards employees vary between one country and another. Incentives include the following:

- granting an amount of credit years per child to make up for lost contributions because of parental leave or time off work during child caring years or during the years spent caring for an elderly or disabled person;
- disregarding a number of years during which women are out of work in order to care for the family when the pension is calculated, which years are also credited in certain cases; and
- rounding up part-time contributions by 50%.

03.5.2 Incentives to Employers

Spain

Deductions are made in the employers’ social security contributions in the following cases:

- when employers’ sign contracts with unemployed people substituting workers during maternity leave, covering workers who reduce their working day or have leave to look after family members;
- fathers are allowed up to ten weeks of the sixteen weeks’ total maternity leave;
- when recruiting a worker who covers the worker taking time off due to a pregnancy risk; and
- for substitution contracts offered to unemployed people who substitute self-employed workers on maternity, adoption or fostering leave.
These measures could result in women making more social security contributions for longer periods, thus reducing future differences between the pension levels of women and men.

**Conclusive Remark 17**

Employers are incentivised to recruit unemployed people who substitute workers during maternity, adoption, fostering or other leave related to family responsibilities by deducting or waiving the social security contributions that they are obliged to make.

### 03.6 Need for a Culture Change?

The introduction of family-friendly measures, tax reform, the provision of tax and pension incentives, are all attempts at increasing the employment participation. Research on family-friendly measures indicates that their introduction has actually increased employment participation, though there remains a substantial number of inactive people. This could be attributed to lack of effort in providing incentives to employees and employers to increase the female participation in the labour force. It could also be that mothers are choosing deliberately not to participate in the labour market. Furthermore, one could argue that there is an intrinsic need for a rapid culture change.

The Joint Report by the Commission and the Council on *Adequate and Sustainable Pensions* pointed out that those countries with low female participation in the labour market besides offering care facilities and other family-friendly measures, emphasise cultural changes in gender roles. Moreover, countries with moderate female participation feel that the family-friendly measures are not enough but have to be combined by gender equality in pay and working conditions.

OECD\(^{39}\) seems to have found a paradox to success. OECD questions whether there is a paradox of success as in those OECD countries where the female employment rate is higher, the wage gap also tends to be larger and occupational segregation more prominent as clearly shown in **Figure 14**. As the percentage of female employment rate increases, the percentage of gender wage gap increases as well.

**Figure 14: Gender wage gap in relation to female employment rate**

![Gender wage gap in relation to female employment rate](http://www.oecd.org/dataoecd/53/52/31457987.pdf)

Source: Women in Employment, OECD

---

Conclusive Remark 18

The implementation of family-friendly measures and other measures targeted towards the increase of the female participation rate in employment are to be coupled with an education campaign focusing on issues related to gender equality, including gender roles and equality in pay/work conditions.
04 Issues and Recommendations

The review of employment participation in foreign jurisdictions and in Malta, presented in Section 02 of this report, serves as a basis of the recommendations being put forward in this section of the report. Recommendations are also backed up by the research on incentives to increase participation in the labour force that was presented in Section 03. The conclusive remarks, which were presented throughout the report, were amalgamated together to form the following main issues, followed by the recommendations.

04.1 The Employment Rates in relation to Pensions

Europe has been experiencing a sharp decline in fertility rates, which fell drastically from approximately 2.5 in 1955 to 1.5 in 2000\(^4\). Such decline in fertility rates was also experienced in Malta. As a result, projections in OECD countries indicate that the growth in the labour force will stop or even fall. At the same time life expectancy is increasing and thus people are living longer. The decrease in fertility rates and the increase in life expectancy have a direct impact on the sustainability of the pensions system. Such impact can be minimised by increasing employment participation, in order to increase the number of people paying social contributions. The Joint Commission Report on Adequate and Sustainable Pensions, makes it evident that EU countries are working towards increasing employment participation in order to achieve a more sustainable and adequate pensions system.

The largest group of unemployed persons in the OECD countries is that of prime age women (25-54). This is followed by the older workers (55-64) group and the youths group (15-24). The same situation applies to Malta, as Malta has a very low female employment rate together with a low employment rate for the 55-64 age group. However, the situation in Malta is even worse as when compared to the EU15 averages for December 2002 Malta has a lower overall employment rate, a lower female employment and a lower 55-64 age group employment rate. The low overall employment rate is attributable to the low employment rate for women (33.7%), and for those aged 55 to 64 (32.6%).

Therefore, considering that females constitute the largest group of unemployed, higher female participation in the labour force is important for securing adequate and sustainable pensions particularly due to the projected increase in the dependency ratio. While higher female participation leads to a higher amount of paid contributions, it also decreases the current differences between men and women in pension entitlements. Consequently increasing employment participation is essential in ensuring both the sustainability and the adequacy of pensions.

<table>
<thead>
<tr>
<th>Recommendation 01</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government should focus on increasing employment participation to make up for the loss in labour growth, giving particular attention to the female participation in the labour market, being the largest group of unemployed people. Increasing employment rates will lead to a more sustainable and adequate pensions system as while the contribution base is increased the economic dependency ratio is minimised. Moreover, when females participate in the labour market, females are contributing towards their own pension and in turn ensuring a more adequate pension for themselves.</td>
</tr>
</tbody>
</table>

04.2 Female Participation in the Labour Market

Various studies in OECD countries indicate that the employment rate of prime age women is below men’s employment rate in all countries. When analysing the reasons for female unemployment, both in OECD and in Malta, the main reasons for unemployment were found to be:

- low educational attainment;

personal and family reasons;

- the ability to reconcile work and family life;

- having children;

- work and childcare arrangements; and

- culture in general.

Moreover, in OECD it was found out that women with children have higher unemployment rates than women without children. It must be pointed out that 80% or more of the women not in employment in actual fact are inactive and only the rest are unemployed. The most common reason for inactivity in OECD was because of personal and family reasons. The availability and possibility of use of childcare services was one of the issues that impacted the decision on participation in the labour market.

Section 02.2 of this report, indicated that women in Malta are more likely to be employed on a temporary basis or under fixed-term contracts. Likewise, women are less likely to be self-employed than men. In OECD countries (Section 3.4.1), it was also found out that after having children women are more likely to work part-time and other atypical types of employments. However, not all countries prefer part-time participation to full-time participation.

**Recommendation 02**

Government should conduct a situation analysis together with any other relevant studies that can indicate a clear picture of the lack of female participation in the labour market, either because they are inactive or else because they are unemployed.

The studies carried out by government should not fall into the loop hole of being left in conceptual stage but actually turn out into implementation, cast in a realistic time frame. This approach is critical as the reform in pensions is an urgent one and increasing the female participation in the labour force is essential for the whole Maltese economy. The study on inactive and unemployed female population should:

- observe the current female participation in the labour market (where possible including the participation in the black economy, a potential barrier in increasing formal female participation in the labour market);

- identify and take into account the different segments of the female population that may require specific recommendations/actions/incentives;

- determine the reasons for not participating in the labour market;

- determine the level of willingness of participation of those females not currently participating in the labour market; and

- establish what conditions would entice inactive and unemployed females to enter or re-enter the labour market.

Suggestions on how to increase female participation in the labour force may include the following:

- designing social security schemes and pension schemes in a way that they do not penalise those who do unpaid care work and home care;

- offering incentives to those doing undeclared work to join formally the labour market such as offering women support to set up their own business or co-operatives;

- increasing the provision of childcare services after school hours and during school holidays;

- regulating and/or subsidising the fees charged for the provision of childcare services;

- enforce legislation to ensure that females working or assisting in self-employed work are fully insured; and
address undeclared work in business and ensuring that adequate remuneration is given.

Once the results of such studies are obtained, policies that tackle the arising issues and barriers to employment - including the above - are to be developed and implemented in a timely manner with the aim of incentivising the female participation in the labour market.

Although a number of foreign studies on the characteristics of female participation in the labour force together with foreign benchmarks do exist, specific studies on Malta that take into account the particular trends and characteristics of the Maltese society and economy are necessary in order to ensure that Government adopts the right measures to increase female participation. Unemployed and inactive females in Malta have their own characteristics affected by the Maltese culture system together with other political, economic and social forces. However, studies require an extensive use of resources and may take time. Therefore, the best use of studies that have been already carried out and of other available resources is to be made, also to ensure a more holistic approach.

**Recommendation 03**

The following considerations are being put forward for Government to:

- utilise the experience of local experts and academicians;
- actively seek out and collate the local studies in the field that have already been carried out by individuals and organisations;
- use the findings that have been raised at seminars related to the field;
- utilise the experience of the National Commission for the Promotion of Equality, the Malta Confederation of Women’s Organisations, the National Council of Women, the Employment and Training Corporation, the Workers Participation Development Centre and other stakeholders; and
- consult with Unions, professional bodies and the general public.

### 04.3 Increasing Female Employment Rates

Foreign jurisdictions have adopted different approaches in attempting to increase female participation in the labour market including the following measures and incentives:

- work incentives;
  - tax incentives;
  - social protection contribution rebates;
- labour-market policies;
  - active labour-market policies and efficient job-matching;
  - reforming unemployment benefits;
  - equality in pay and working conditions;
- introducing and/or expanding existing family-friendly measures;
  - provision of maternity leave;
  - extended leave;
  - leave to care for sick children;
  - expanding the provision of childcare services;
Reviews of foreign jurisdictions, presented earlier on the report, indicated that the most common adopted measures to increase female participation in the labour market in OECD and EU countries were part-time work, childcare services, leave entitlement and tax-related incentives. In Section 03.4 of this report, findings on whether such measures were successful in increasing female employment rates were also presented.

Research in OECD countries indicated that the increase in the availability of part-time does indeed increase the female employment rate. This was further confirmed by research showing that the percentage of women with two children who are working on a part-time basis is higher than the percentage of women with one child who are working on a part-time basis. The success rate of introducing part-time work is higher in those countries where part-time participation is preferred over full-time participation in employment.

A positive relationship between women’s participation rates and the availability of formal child-care arrangements was also found in OECD countries. This may be due to cultural gender perceptions, as women are generally held responsible for the care of children. Therefore, the availability and affordability of childcare services together with the increase in public spending on childcare are considered as an important measure to increase female participation in the labour market.

The availability of leave enables mothers and fathers to take care of their children while at the same time facilitating the balance of work and family life. When leave is offered with a job guarantee it increases the women’s attachment to the labour market. However, if leave is offered for a very long period it may discourage female participation in the labour force.

Female participation in the labour market may also be increased by reforming the tax system to eliminate disincentives for female participation in the labour market and by introducing tax incentives, such as incentives to encourage the second earner (generally a women) to enter / remain in the workforce. Tax incentives focus on either part-time participation or else on full-time participation depending on the needs and willingness of the workforce.

Recommendation 04

The conclusions derived from the studies presented in this report, accentuate the importance of seriously considering the implementation of family-friendly measures in Malta in the short term. In the Maltese public and private sector there are already some family-friendly measures available to the employees. Some are applied due to statutory requirements / obligations whilst others are provided on a voluntary basis. A review of the present family-friendly measures in the Maltese employment sector together with their effectiveness is essential to determine the requirements specific to the Maltese society. The results will help leveraging frameworks for the increase in employment participation. The studies will indicate whether Government should follow or otherwise the steps of foreign countries and focus on:

- part-time work;
- childcare arrangements;
- maternity, parental and paternal leave; and
- tax and pension incentives.

In addition to the above-mentioned measures, which are the most common implemented measures in foreign countries, Government should take into consideration the implementation of other family-friendly measures that offer flexible working conditions such as tele-working and job sharing. Flexible working conditions may result to be a better option for the Maltese working environment.

It is recommended that Government incentivises employers to take an active role in increasing female participation in the labour force by offering family-friendly measures. Government should consider the provision of assistance (fiscal incentives, financial assistance, consultancy and advice) to those
employers who elect to implement family-friendly measures. Family-friendly measures could be marketed as an opportunity to increase the flexibility of one’s business operations and to increase the assets of the organisation in terms of the experience retained.

Implementing family-friendly measures may not be enough to instigate female participation in the labour force. To increase female participation in the labour force a holistic approach that takes into account the accessibility to family-friendly measures, the current social security system, the proposed pension reform and any other reforms that may impact directly or indirectly the employability of the female sector of society such as the need to reform part-time social security contributions.

The White Paper points out that “measures need to be taken to remove those elements in the system that encourage periods of inactivity or activity within the informal economy when people need to be attracted to participate in the labour market even on a part-time basis” (decision of principle: 43). A recurring issue in the feedback received during the consultation period on the White Paper and in the interviews held with different organisations for the purpose of this report, was the need to reform the current minimum social security contribution that is to be paid by part-time workers. A female, who joins the labour market on a part-time basis, has to pay the minimum social security contribution that is based on the minimum wage, irrespective of the number of hours. A person aged 18 years and over, earning a basic weekly wage between Lm0 and Lm55.63 has to pay a weekly social security contribution of Lm5.56. Therefore, if for example a female is working for 5 hours a week and earning Lm1.50 per hour, she earns Lm7.50 of which she has to pay Lm5.56.

Moreover, Her income is often added on to her husband’s income and is taxed at a high rate whilst the children’s allowance is deducted. This disincentivises women who want to enter or re-enter the labour market on a part-time basis, as the high rate of contribution that has to be paid is discouraging when taking into consideration other costs and financial losses incurred on taking up employment.

In addition to the high rate of contributions that have to be paid by part-time employees, employees who are working on a part-time basis for less than 20 hours per week are not entitled to work place benefits such as sick leave, birth leave, injury leave, etc. Part-time employees have to work for more than 20 hours and the part-time employment has to be their main employment in order to be eligible for a pro rata entitlement to the minimum entitlement of all public holidays and annual vacation leave, sick leave, birth leave, bereavement leave, marriage leave and injury leave (L.N. 427/02).

**Recommendation 05**

Female participation in the labour force on a part-time basis can be incentivised by reforming the current amount of contributions that have to be paid by those working on a part-time basis. This may also encourage those working in the black economy to join formally the labour market.

It is thus recommended that Government reforms the current social security contributions rates to take into account those working on a part-time basis, with a view of making working pay and incentivising female participation.

Government could consider introducing pro-rata social security contributions together with pro-rata benefits so that part-time workers are not treated in a less favourable manner than comparable full-time workers.

For the successful introduction of family-friendly measures it may be necessary to introduce a system of temporary workers. In Section 02.2, it was stated that women in Malta are more likely to be employed on a temporary basis or under fixed-term contracts. However, temporary work is also necessary for another two reasons:

- females may prefer to work on a temporary basis as such work arrangement offers more flexibility; and
- employers may need temporary workers to replace female employees on long term leave.

---

Whilst within the Maltese public service, a scheme of casual substitutes may be utilised to substitute employees making use of long term leave family-friendly measures, within the public sector entities a similar scheme is not available. Notwithstanding, some temporary work does exist in the private sector. For example, a local temping agency offers the services of temporary receptionists and clerks. In Malta\textsuperscript{42}, the concept of temporary work is still in its infancy. Temporary workers are generally employed as stop-gaps for staff shortfalls due to unplanned circumstances such as sick leave or perhaps maternity leave.

There is currently no legislation in relation to temporary work in Malta. Legislation is still being discussed with the EC in terms of a proposed Directive for temporary work. Although the social partners started the discussions on temporary work, no agreement has been reached.

In spite of this, the EU Commission decided to propose a directive on temporary work based on the existing commonalities. The Directive of the European Parliament and the Council on Temporary Work (Amended Proposal) mainly has two aims:

- to ensure the protection of temporary workers and to improve the quality of temporary work by ensuring that there is no discrimination in relation to temporary workers and recognising temporary agencies as employers; and
- to establish a suitable protective framework for the use of temporary work.

This Directive states that temporary workers should receive the same basic working and employment conditions\textsuperscript{43} as if they had been recruited directly by that enterprise to occupy the same job. Temporary workers should be informed of any vacant posts for permanent employment and shall be given access to the amenities or collective services of the user undertaking especially canteen, childcare and transport services under the same conditions as workers employed directly by the undertaking.

The European Foundation for the Improvement of Living and Working Conditions has also published a report\textsuperscript{44} on temporary agency work (TAW) with the aim of studying the relationship between TAW and the working conditions and health impacts for the workers. The report acknowledges the fact that the number of temporary agency workers has been increasing rapidly and thus increasing the need of monitoring the implications of such form of employment. Findings indicate that temporary workers are generally less satisfied with their conditions than other employees. The report notes that temporary agency workers have a lower level of stress, suffer less from backache and muscular pains.

\textbf{Recommendation 06}

Government is to explore alternative approaches to employment, including the feasibility of setting up a temporary work agency to:

- enable females who want to participate in the labour market on a temporary basis to do so; and
- offer support to employers who have female employees making use of long term leave for family reasons.

Employers can abuse of the lack of regulation at the expense of temporary workers. Legislation is required to regulate Temping Agencies, which can offer very flexible working solutions to both the employee and the employer. It is thus recommended that Government regulates the conditions of work for temporary workers aligning them to the conditions prevailing for similar workers in full-time employment. Reviewing legislation and administrative provisions would provide a headstart, in addition to revisiting collective agreements to take into account the participation of temporary workers in the workforce.


\textsuperscript{43} “basic working and employment conditions” include among other conditions, conditions related to the duration of working time and work breaks.

The importance of increasing the female employment rates through balancing work and family life has been consistently increased in OECD and EU countries. In the past two years, the issue of balancing work and private life has achieved much greater prominence in Malta. Increasing the female employment participation by introducing family-friendly measures is a priority for Malta set by the EU. The following are some of the initiatives that were taken in relation to family-friendly measures:

- a number of seminars and educational campaigns were organised by different stakeholders;
- a manual on organisational good practices in the field of gender equality is going to be developed by ETC;
- a study on teleworking was launched by ETC;
- a number of initiatives aimed at increasing the employment participation of women and older workers taken by ETC are currently under way; and
- the Ministry for Family and Social Solidarity in collaboration with the Ministry for Education, Youth and Employment is working towards regularising the provision of childcare services to children aged 0-3 years.

**Recommendation 07**

While, supporting the positive measures that are already being taken by Government with the aim of encouraging employment participation and gender equality, it is recommended that the initiatives being undertaken by different governmental and non-governmental stakeholders be streamlined in order to:

- avoid duplication of work;
- encourage the sharing of resources; and
- introduce centralised control structures to ensure participants work towards achieving a common goal.

Government should establish and regulate standards on the provision of childcare services for children up to three years, together with the provision of capped assistance as also indicated in the National Action Plan for Employment. This is also to be implemented with consideration to the feedback received through the public consultation on the “Early Childhood Development and Care” launched in July 2004.

**04.4 Linking Family-friendly Measures to Pensions**

Although the main aim of family-friendly measures is to increase employment participation, this results in more sustainable pensions system. Family-friendly measures can be linked to pensions by for example, recognising the take up of leave when calculating pension payouts. This will ensure a more adequate pension for those who experience long breaks in their work history due to family reasons.

Pension incentives targeted towards employees vary between one country and another. Incentives include the following:

- granting an amount of credit years per child equivalent to one year contributions or more to make up for lost contributions because of parental leave or time off work during child caring years or during the years spent caring for an elderly or disabled person;

---

45 To streamline the NGO efforts and to avoid duplication of work it may be necessary that each NGO focuses on one area or a number of specific areas, for example the National Council of Women indicated (in the feedback on this report) that its focus area within the female community will be the housewives particularly those within the 30 to 50 year old bracket.

46 The NAP proposed the introduction of childcare regulations and fee subsidy scheme to reconcile the work and life balance. The criteria established to obtain this grant are as follows:
- the parents must be employed;
- children must be aged below 3 years; and
- childcare services must be obtained from a registered service provider.
disregarding a number of years during which women are out of work in order to care for the family when the pension is calculated, which years are also credited in certain cases; and

rounding up part-time contributions by 50%.

Employers are incentivised to recruit unemployed people who substitute workers during maternity, adoption, fostering or other leave related to family responsibilities by deducting or waiving the social security contributions that they are obliged to make.

Recommendation 08

From a social perspective it seems that crediting a period between 2 and 3 years per child is an acceptable option, as it enables mothers and fathers to take care of their children until the children are of a more independent age and start attending some form of childcare or education. None the less, Government should carry out an economic study to determine the possibility of linking family-friendly measures to pension incentives and the exact details of the incentive to be offered to unemployed for returning to employment, taking into consideration the:

- current and projected female participation in the labour force;
- willingness of inactive and unemployed females to participate in the labour force;
- expected take up rate of the credits or other incentives to be offered and thus the expected government expenditure; and
- availability of childcare services and other family-friendly measures.

Considerations

An example, by granting a certain amount of credits per child per year for those females who return to employment following the birth of a child, Government incentivises employment while at the same time ensures that females have a more adequate pension as the awarded credits make up for those years of contributions lost while not actively participating in employment in order to take care of their children.

Waiving social security contributions to employers recruiting unemployed people is an incentive to increase employment participation. However, the adequacy of the pension payouts for females who take work/career breaks to take care of their children has not improved.

So far, unemployed have a higher possibility of joining the labour market thus contributing towards the pensions system and towards their pension, when such persons substitute workers during maternity, adoption, fostering or other leave related to family responsibilities as a result of employers’ pension incentives.

04.5 Implementing Family-friendly Measures and Pension Incentives

The Joint Report by the Commission and the Council on Adequate and Sustainable Pensions pointed out that those countries with low female participation in the labour market emphasise cultural changes in gender roles and those countries with moderate female participation combine family-friendly measures with gender equality in pay and in working conditions. If family-friendly measures and pension incentives are introduced in Malta the success rate will not be maximised if the culture remains unchanged. This happens as the perception of gender roles may influence the take up of family-friendly measures and inhibit females from participating in the labour market, if for example they are seen as persons who should stay home to care for the family, in spite of the pension incentives being offered.
Recommendation 09

It is recommended that the implementation of family-friendly measures and other measures targeted towards the increase of the female participation rate in employment is to be accompanied by an education campaign focusing on issues related to gender equality, including gender roles and equality in pay/work conditions. Such education campaign should be co-ordinated with any current initiatives being undertaken by the National Commission for the Promotion of Equality together with EQUAL programmes co-funded by the European Social Fund and administered by the Ministry for Family and Social Solidarity European Social Fund Unit.

The education/awareness campaign is to be targeted to different segments of society including workers and employers. Workers are to be encouraged to make use of family-friendly measures and employers are to be encouraged to offer family-friendly measures to benefit from the cost effectiveness of offering opportunities to women to remain or re-enter in the labour market.
Recommendation 01

Government should focus on increasing employment participation to make up for the decrease in the replacement rate, giving particular attention to the female participation in the labour market, being the largest group of unemployed people. Increasing employment rates will lead to a more sustainable and adequate pensions system as while the contribution base is increased the economic dependency ratio is minimised. In addition, females participating in the labour market contribute towards their own pension and in turn ensuring a more adequate pension for themselves.

Recommendation 02

Government should conduct a situation analysis together with any other relevant studies that can indicate a clear picture of the lack of female participation in the labour market, either because they are inactive or else because they are unemployed.

The studies carried out by Government should not fall into the loop hole of being left in conceptual stage but actually turn out into implementation, cast in a realistic time frame. This approach is critical as the reform in pensions is an urgent one and increasing the female participation in the labour force is essential for the whole Maltese economy. The study on inactive and unemployed female population should:

- observe the current female participation in the labour market (where possible including the participation in the black economy, a potential barrier in increasing formal female participation in the labour market);
- identify and take into account the different segments of the female population that may require specific recommendations/actions/incentives;
- determine the reasons for not participating in the labour market;
- determine the level of willingness of participation of those females not currently participating in the labour market; and
- establish what conditions would entice inactive and unemployed females to enter or re-enter the labour market.

Suggestions on how to increase female participation in the labour force may include the following:

- designing social security schemes and pension schemes in a way that they do not penalise those who do unpaid care work and home care;
- offering incentives to those doing undeclared work to join formally the labour market such as offering women support to set up their own business or co-operatives;
- increasing the provision of childcare services after school hours and during school holidays;
- regulating and/or subsidising the fees charged for the provision of childcare services;
- enforce legislation to ensure that females working or assisting in self-employed work are fully insured; and
- address undeclared work in business and ensuring that adequate remuneration is given.

Once the results of such studies are obtained, policies that tackle the arising issues and barriers to employment - including the above - are to be developed and implemented in a timely manner with the aim of incentivising the female participation in the labour market.
Recommendation 03

The following considerations are being put forward for Government in terms of consultation and decision making:

- utilise the experience of local experts and academicians;
- actively seek out and collate the local studies in the field that have already been carried out by individuals and organisations;
- use the findings that have been raised at seminars related to the field;
- utilise the experience of the National Commission for the Promotion of Equality, the Malta Confederation of Women’s Organisations, the National Council of Women, the Employment and Training Corporation, the Workers Participation Development Centre and other stakeholders; and
- consult with Unions, professional bodies and the general public.

Recommendation 04

The conclusions derived from the studies presented in this report, accentuate the importance of seriously considering the implementation of family-friendly measures in Malta in the short term. In the Maltese public and private sector there are already some family-friendly measures available to the employees. Some are applied due to statutory requirements / obligations whilst others are provided on a voluntary basis. A review of the present family-friendly measures in the Maltese employment sector together with their effectiveness is essential to determine the requirements specific to the Maltese society. The results will help leveraging frameworks for the increase in employment participation. The studies will indicate whether Government should follow or otherwise the steps of foreign countries and focus on:

- part-time work;
- childcare arrangements;
- maternity, parental and paternal leave; and
- tax and pension incentives.

In addition to the above-mentioned measures, which are the most common implemented measures in foreign countries, Government should take into consideration the implementation of other family-friendly measures that offer flexible working conditions such as teleworking and job sharing. Flexible working conditions may result to be a better option for the Maltese working environment.

It is recommended that Government incentivises employers to take an active role in increasing female participation in the labour force by offering family-friendly measures. Government should consider the provision of assistance (fiscal incentives, financial assistance, consultancy and advice) to those employers who elect to implement family-friendly measures. Family-friendly measures could be marketed as an opportunity to increase the flexibility of one’s business operations and to increase the assets of the organisation in terms of the experience retained.

Recommendation 05

Female participation in the labour force on a part-time basis can be incentivised by reforming the current amount of contributions that have to be paid by those working on a part-time basis. This may also encourage those working in the black economy to join formally the labour market.

It is thus recommended that Government reforms the current social security contributions rates to take into account those working on a part-time basis, with a view of making working pay and incentivising female participation.
Government could consider introducing pro-rata social security contributions together with pro-rata benefits so that part-time workers are not treated in a less favourable manner than comparable full-time workers.

**Recommendation 06**

Government is to explore alternative approaches to employment, including the feasibility of setting up a temporary work agency to:
- enable females who want to participate in the labour market on a temporary basis to do so; and
- offer support to employers who have female employees making use of long term leave for family reasons.

Employers can abuse of the lack of regulation at the expense of temporary workers. Legislation is required to regulate Temping Agencies, which can offer very flexible working solutions to both the employee and the employer. It is thus recommended that Government regulates the conditions of work for temporary workers aligning them to the conditions prevailing for similar workers in full-time employment. Reviewing legislation and administrative provisions would provide a headstart, in addition to revisiting collective agreements to take into account the participation of temporary workers in the workforce.

**Recommendation 07**

While, supporting the positive measures that are already being taken by Government with the aim of encouraging employment participation and gender equality, it is recommended that the initiatives being undertaken by different governmental and non-governmental stakeholders be streamlined in order to:
- avoid duplication of work;
- encourage the sharing of resources; and
- introduce centralised control structures to ensure participants work towards achieving a common goal.

Government should establish and regulate standards on the provision of childcare services for children up to three years, together with the provision of capped assistance as also indicated in the National Action Plan for Employment. This is also to be implemented in line with the feedback received through the public consultation on the “Early Childhood Development and Care” launched in July 2004.

**Recommendation 08**

From a social perspective it seems that crediting a period between 2 and 3 years per child is an acceptable option, as it enables mothers and fathers to take care of their children until the children are of a more independent age and start attending some form of childcare or education. None the less Government should carry out an economic study to determine the possibility of linking family-friendly measures to pension incentives and the exact details of the incentive to be offered to unemployed for returning to employment, taking into consideration the:
- current and projected female participation in the labour force;
- willingness of inactive and unemployed females to participate in the labour force;

---

47 To streamline the NGO efforts and to avoid duplication of work it may be necessary that each NGO focuses on one area or a number of specific areas, for example the National Council of Women indicated (in the feedback on this report) that its focus area within the female community will be the housewives particularly those within the 30 to 50 year old bracket.

48 The NAP proposed the introduction of childcare regulations and fee subsidy scheme to reconcile the work and life balance. The criteria established to obtain this grant are as follows:
- the parents must be employed;
- children must be aged below 3 years; and
- childcare services must be obtained from a registered service provider.
expected take up rate of the credits or other incentives to be offered and thus the expected
government expenditure; and
availability of childcare services and other family-friendly measures.

Considerations

An example: by granting a certain amount of credits per child per year for those females who return to
employment following the birth of a child, Government incentivises employment while at the same time
ensures that females have a more adequate pension as the awarded credits make up for those years
of contributions lost while not actively participating in employment in order to take care of their children.

Waiving social security contributions to employers recruiting unemployed people is an incentive to
increase employment participation. However, the adequacy of the pension payouts for females who
take work/career breaks to take care of their children has not improved.

So far unemployed have a higher possibility of joining the labour market thus contributing towards the
pensions system and towards their pension, when such persons substitute workers during maternity,
adoPTION, fostering or other leave related to family responsibilities as a result of employers’ pension
incentives.

Recommendation 09

It is recommended that the implementation of family-friendly measures and other measures targeted
towards the increase of the female participation rate in employment is to be accompanied by an
education campaign focusing on issues related to gender equality, including gender roles and equality
in pay/work conditions. Such education campaign should be co-ordinated with any current initiatives
being undertaken by the National Commission for the Promotion of Equality together with EQUAL
programmes co-funded by the European Social Fund. The Ministry for Family and Social Solidarity is
the national support structure for the European Social Fund.

The education/awareness campaign is to be targeted to different segments of society including
workers and employers. Workers are to be encouraged to make use of family-friendly measures and
employers are to be encouraged to offer family-friendly measures to benefit from the cost effectiveness
of offering opportunities to women to remain or re-enter in the labour market.
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Men</td>
<td>Women</td>
<td>Total</td>
</tr>
<tr>
<td>Agriculture, hunting and forestry</td>
<td>1.8</td>
<td>2.3</td>
<td>0.4</td>
<td>1.7</td>
</tr>
<tr>
<td>Fishing</td>
<td>0.3</td>
<td>0.3</td>
<td>0.2</td>
<td>0.4</td>
</tr>
<tr>
<td>Mining and quarrying</td>
<td>0.5</td>
<td>0.7</td>
<td>-</td>
<td>0.7</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>19.1</td>
<td>18.6</td>
<td>20.1</td>
<td>19.1</td>
</tr>
<tr>
<td>Electricity, gas and water supply</td>
<td>2.5</td>
<td>3.2</td>
<td>0.9</td>
<td>2.8</td>
</tr>
<tr>
<td>Construction</td>
<td>8.1</td>
<td>11.3</td>
<td>1.1</td>
<td>7.6</td>
</tr>
<tr>
<td>Wholesale and retail trade, repairs of household goods and vehicles</td>
<td>14</td>
<td>14.7</td>
<td>12.5</td>
<td>15.1</td>
</tr>
<tr>
<td>Hotels and restaurants</td>
<td>8.8</td>
<td>8.8</td>
<td>8.9</td>
<td>8.1</td>
</tr>
<tr>
<td>Transport, storage and communications</td>
<td>8.6</td>
<td>9.8</td>
<td>6.0</td>
<td>7.7</td>
</tr>
<tr>
<td>Financial intermediation</td>
<td>3.9</td>
<td>2.8</td>
<td>6.2</td>
<td>3.6</td>
</tr>
<tr>
<td>Real estate, leases and business activities</td>
<td>4.9</td>
<td>5.3</td>
<td>4.1</td>
<td>4.9</td>
</tr>
<tr>
<td>Public administration and defence; compulsory social security</td>
<td>8.4</td>
<td>9.1</td>
<td>6.9</td>
<td>9.0</td>
</tr>
<tr>
<td>Education</td>
<td>7.9</td>
<td>4.6</td>
<td>15.4</td>
<td>7.4</td>
</tr>
<tr>
<td>Health and social work</td>
<td>7.2</td>
<td>5.0</td>
<td>12.1</td>
<td>7.1</td>
</tr>
<tr>
<td>Other community, social and personal services</td>
<td>3.8</td>
<td>3.4</td>
<td>4.6</td>
<td>4.4</td>
</tr>
<tr>
<td>Private households with employed persons</td>
<td>0.1</td>
<td>-</td>
<td>0.4</td>
<td>-</td>
</tr>
</tbody>
</table>
### Economic Activity

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Men</td>
<td>Women</td>
<td>Total</td>
</tr>
<tr>
<td>Extra-territorial organisations and bodies</td>
<td>0.1</td>
<td>0.1</td>
<td>0.2</td>
<td>0.1</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Note: The national classification is not fully compatible with the EU15 classification, hence some cells are blank and the total does not equal 100%.

There are a number of EU Directives that are related to the promotion of family-friendly measures. Among these Directives, there is Directive 92/85/EEC to protect the health and safety of pregnant workers and workers who have recently given birth or who are breastfeeding that mentions also maternity leave and Directive 96/34/EC on parental leave.

Other directives include those that are aimed towards regularising the increase in atypical employment such as Council Directive 2003/88/EC on the organisation of working time. Moreover, the Commission proposed three Council Directives on atypical employment covering part-time work, fixed-term contracts and temporary work to ensure a minimum degree of consistency between the various types of contracts. Council Directive 97/81/EC implemented the agreement on part-time work and Council Directive 99/70/EC implemented the agreement on fixed-term contracts. On the other hand, although the social partners started the discussions on temporary work, they did not manage to reach an agreement. In spite of this, since a fair amount of common ground was identified the Commission decided to propose a directive on temporary work.

The main provisions of these Directives are highlighted in the following sections starting from pregnant workers and parental leave, followed by those directives related to working time, except for Directive 99/70/EC. This Directive is not a family-friendly measure and therefore does not fall within the remit of our terms of reference.

01 Family-friendly Measures related EU Directives

Council Directive 92/85/EEC to Implement Measures to Encourage Improvements in the Safety and Health at Work of Pregnant Workers and Workers Who have recently given Birth or who are Breastfeeding.

This Directive states that the worker has to inform her employer of her condition in accordance with the national legislation and/or practice. The employers should carry out the necessary assessments of all the activities that are liable to involve a specific risk and inform the workers of the results of the assessment. Should there be a risk involved, the employer should adjust the working conditions and/or working hours to avoid the exposure of the worker.

This Directive specifies that the workers should be entitled to a continuous period of maternity leave of at least 14 weeks allocated before and/or after confinement in accordance with the national legislation. This must include compulsory maternity leave of at least two weeks allocated before and/or after confinement.

Measures should also be taken by the Member States to ensure that pregnant workers are entitled to time off without loss of pay in order to attend antenatal examinations, if such examinations have to take place during working hours.

The Member States should also take the necessary measures to prohibit the dismissal of workers during the period from the beginning of their pregnancy to the end of the maternity leave except in cases not connected with their condition, which are permitted under national legislation. If a worker is dismissed the employer must provide in writing valid reasons for her dismissal.

Directive 96/34/EC on the Framework Agreement on Parental Leave concluded by UNICE, CEEP and the ETUC

The purpose of this Directive is to put into effect the Framework Agreement on Parental Leave, which sets out the minimum requirements of parental leave and time off from work. This is seen as an important means of reconciling work and family life. The Framework Agreement takes as a general consideration that:

- measures to reconcile work and family life should encourage the introduction of new flexible ways of organising work and time which are better suited to the changing needs of society and which should take the needs of both undertakings and workers into account;

- family policy should be looked at in the context of demographic changes, the effects of the ageing population, closing the generation gap and promoting women’s participation in the labour force; and
men should be encouraged to assume an equal share of family responsibilities.

It applies to all workers, men and women, who have an employment contract or employment relationship as defined by the law, collective agreements or practices in force.

Men and women workers have the right to parental leave, granted on a non-transferable basis, when a child is born or adopted to be able to take care of that child, for at least three months, until a given age up to 8 years to be defined by the Member State and/or management and the employees.

At the end of parental leave the workers shall have the right to return to the same job or to an equivalent/similar job. The workers are also entitled to those rights acquired or in the process of being acquired on the date when the parental leave started and to any changes arising from national law, collective agreements or practice during the duration of the parental leave.

**Time off from Work on Grounds of Force Majeure**

Council Directive 96/34/EC (Framework Agreement on Parental Leave) in Clause 3 of Section II states that workers should be entitled to time off from work for urgent family reasons in cases of sickness or accident.

The Member States and/or management and the employees:

- shall take the necessary measures to entitle workers to this time off;
- may specify the conditions of access and detailed rules; and
- may limit the entitlement to a certain amount of time per year and/or per case.


This Directive lays down safety and health requirements for the organisation of working time with the aim of improving the working conditions of workers. Workers must be granted minimum daily, weekly and annual periods of rest and adequate breaks. This Directive applies to all public and private sectors but does not apply to seafarers. Some of the articles, mostly those related to rest periods, do not apply to mobile workers and workers on board seagoing fishing vessels. However, in the case of these workers, Member States are to take the necessary measures to ensure that such workers are entitled to adequate rest, which may be calculated on a maximum period of 12 months.

The main provisions of the Directive are as follows:

- a daily rest period of 11 consecutive hours per 24-hour period;
- at least one rest break where the working day is longer than six hours;
- at least one 24-hour rest period per week, preferably on a Sunday;
- the average time spent working per 7-day period, is not to exceed 48 hours, inclusive of overtime;
- a paid annual vacation leave entitlement of at least 4 weeks is to be availed of, and is not replaceable by an allowance except where the employment relationship is terminated;
- normal working hours at night are not to exceed an average of 8 hours per 24-hour period; and
- night workers are entitled to free health checks and to be assured appropriate health and safety protection.


This Directive aims at implementing the Framework Agreement on Part-time Work, which aims to:
remove discrimination against part-time workers and to improve the quality of part-time work; and

facilitate the development of part-time work on a voluntary basis and to contribute to the flexible organisation of working time in a manner, which takes into account the needs of employers and workers.

This Framework is aimed at those part-time workers who have an employment contract or an employment relationship, therefore it excludes self-employed.

The main provisions of the Directive are the following:

- Part-time workers shall not be treated in a less favourable manner than comparable full-time workers;
- Where appropriate, the principle of pro rata according to the working time shall apply;
- The relevant arrangements shall be defined by the Member States and/or social partners; and
- Member States may make access to particular conditions of employment subject to a period of service, time worked or earnings qualification.


In March 2002, the Commission adopted this proposed Directive of the European Parliament and the Council. In November 2002, the Commission amended the proposed Directive. The review of this section concerns the amended proposal and is referred to as the “proposed Directive”. This proposed Directive on temporary work mainly has two aims:

- To ensure the protection of temporary workers and to improve the quality of temporary work by ensuring that there is no discrimination in relation to temporary workers and recognising temporary agencies as employers; and
- To establish a suitable protective framework for the use of temporary work.

This directive applies to workers with a contract of employment or employment relationship with a temporary agency, who are posted to user undertakings to work temporarily under their supervision. A worker is defined as “any person who, in the Member State concerned, is protected as a worker under national employment law”. On the other hand, a temporary worker is “a person with a contract of employment or an employment relationship with a temporary agency with a view to being posted to a user undertaking to work temporarily under its supervision”.

The main provisions of this proposed Directive are the following:

- The temporary workers should receive the same basic working and employment conditions as if they had been recruited directly by that enterprise to occupy the same job;
- Temporary workers should be informed of any vacant posts for permanent employment and shall be given access to the amenities or collective services of the user undertaking especially canteen, childcare and transport services under the same conditions as workers employed directly by the undertaking; and
- This Directive provides the minimum requirements, however this should not justify a reduction in the general level of protection of workers in the fields covered by this Directive.

49 “basic working and employment conditions” include among other conditions, conditions related to the duration of working time and work breaks.
Other Issues on Directives

Besides the Directives mentioned so far, there are other Directives that are somehow related to issues regarding work-life balance and family-friendly measures. These Directives that have not been outlined in the report include:

- Council Directive 79/7/EEC: to implement progressively the principle of equal treatment for men and women in the field of social security and other elements of social protection;
- Council Directive 86/613/EEC: to ensure that Member States apply the principle of equal treatment between men and women engaged in an activity in a self-employed capacity and also the protection of self-employed workers or wives of self-employed workers during pregnancy and motherhood;
- Council Directive 91/383/EEC: to ensure that fixed-term workers and temporary workers are provided with the same level of health and safety as that of other workers in the user undertaking and/or establishment; and
- Council Directive 97/80/EC: to ensure that Member States take the necessary measures so that when persons are treated in a different way because of their sex and take the issue to court or to another competent authority, it shall be for the respondent to prove that there has been no breach of the principle of equal treatment.

02 Other

Council Recommendation 92/241/EEC on Childcare

Member States are encouraged to develop and/or encourage measures to enable women and men to reconcile family obligations arising from the care of children and their own employment, education and training. The recommended measures are related to the following areas:

- the provision of childcare services;
- special leave arrangements;
- the environment, structure and organisation of the workplace; and
- sharing of responsibilities.

In relation to the provision of childcare services, the recommendation outlines a number of issues related to the provision and the quality of childcare services. Such services are to be provided to parents who are in employment, parents who are in education or training and parents who are seeking employment or education or education. In this context Member States should:

- ensure that the services are affordable;
- ensure that the services combine safe and secure care with a broad education or pedagogical approach;
- ensure that the services are accessible to children and parents in need of such services;
- encourage the flexibility and the diversity of childcare services to increase the choice and meet different needs;
- ensure that the training of workers in childcare services is commensurate with the great importance and social and educative value of their work; and
- encourage childcare services to work closely with the parents and with the local communities through regular contact and exchanges of information.
Special leave and other similar measures enable the employed parents, both men and women, to utilise their leave in a flexible manner according to their needs. Consequently, this may increase the participation of parents in the labour force.

The recommendation states that Member States should promote measures related to the provision of childcare services and special leave, in the public sector, to serve as an example to other entities that would like to take such initiatives. Another initiative could be the improvement of the status and employment conditions of the workers in childcare services.

In relation to the fourth area, Member States should encourage the participation of men in childcare responsibilities so as to share equally the parental responsibilities between men and women and to enable women to participate actively in the labour market.

In February 1998, the Commission adopted a report on the implementation of the Council recommendation of 31 March 1992 on childcare. The report examines the measures taken by the Member States and concludes that there is still a lot to be done in terms of implementing childcare related measures. For example, while local authorities are generally responsive to the needs of those parents who have children aged 3 to 6 years, little is done in connection with the care of children aged 0 to 3 years. Moreover, the qualifications and/or training required for childcare service providers differ greatly between one Member State and another.

Framework Agreement on Telework

The European Council, in the context of the European Employment Strategy, invited the social partners to negotiate agreements modernising the organisation of work. Later on (20 September 2001), the European Commission invited the social partners to start negotiations on teleworking. The social partners (ETUC, UNICE/UEAPME and CEEP) view telework as a way to modernise work organisation in the companies and in the public service while at the same time enabling workers to reconcile their work and family life. The Framework Agreement on Telework is a voluntary agreement, which aims at establishing a general framework at the European level. The social partners define teleworking as:

“a form of organising and/or performing work, using information technology, in the context of an employment contract/relationship, where work, which could also be performed at the employers premises, is carried out away from those premises on a regular basis”.

If telework is not part of the initial job description the worker may accept or refuse the offer of an employer for telework, and the employer may accept or refuse a request from a worker to opt for telework.

The Framework also outlines a number of obligations the employer has to honour in order to protect the teleworker. These include that the employer is responsible for:

- informing the employees of the conditions applicable to their contract or employment relationship; teleworkers should benefit from the same rights and conditions guaranteed by applicable legislation and collective agreements as comparable workers at the employer’s premises;
- taking the appropriate measures to ensure the protection of the data used and processed by the teleworker for professional purposes;
- respecting the privacy of the teleworker and ensuring that if a monitoring system is to be put in place it should be in accordance with Directive 90/270 (the minimum safety and health requirements for work with display screen equipment);
- for providing, installing and maintaining the equipment necessary for regular telework unless the teleworker uses his/her own equipment;
- ensuring the occupational health and safety of the teleworker in accordance with Directive 89/391 (introduction of measures to encourage improvements in the safety and health of workers at work);
- allowing the teleworker to manage the organisation of his/her working time within the framework of applicable legislation, collective agreements and company rules;
o providing the teleworker with the opportunity to meet his/her colleagues on a regular basis;

o providing the teleworker with the same access to training and career development opportunities as comparable workers at the employer’s premises; and

o providing the teleworker with the same collective rights as the other workers including the same conditions for participating in and standing for elections.

The Framework Agreement is to be implemented by the members of UNICE/UEAPME, CEEP and ETUC (and the liaison committee EUROCADRES/CEC) in accordance with the procedures and practices specific to management and labour in the Member States by 16 July 2005.
Family-friendly measures have become an important issue in most countries. A review of related literature shows that whereas some countries are leading the way, others are still developing their policies.

The project team carried out a detailed review of the situation in four European countries from the four main European regions: Nordic (Sweden), Central Europe (Austria), Southern Europe (Italy) and Ireland. The main findings of the research are outlined below.

01 Ireland

Strong economic growth in Ireland has generated pressure and conflicting demands both inside and outside the workplace. Inside the workplace, these include pressures such as working long hours, the need to cope with new working practices and higher customer expectations. In addition, personal responsibilities such as providing care for the children and other dependents, commuting to work (due to rising traffic congestion and inadequate transport infrastructure), also exist. These have been the main reasons for creating a strong desire for better work arrangements which help workers achieve a more satisfactory ‘work-life balance’.

Family-friendly Initiatives in Ireland

The ‘Programme for Prosperity and Fairness’ (PPF) contains, among others, the following objectives for Ireland:

- increasing childcare places both in the private and public sector;
- increasing out-of school child care services by community groups and school management;
- further national fiscal and social policy measures to reconcile work and family life; and
- the promotion of family-friendly policies at enterprise level.

Ireland has established a National Framework Committee for Family-friendly Policies, which have been established under the partnerships agreements. The National Framework Committee for Family-Friendly Policies is composed of:

- The Irish Business and Employee Confederation (IBEC).
- The Irish Congress of Trade Unions (ICTU).
- The Department of Enterprise, Trade and Employment.
- The Department of the Taoiseach (Prime Minister).
- The Department of Finance.
- The Department of Justice, Equality and Law Reform.
- The Department of Social, Community and Family Reform.
- The Equality Authority.

Both Government and the social partners are committed to support and facilitate the development of work life balance policies at the level of the enterprise. One of the committees’ key tasks is to examine how best to improve access to family-friendly working arrangements so that the potential benefits that these arrangements offer in regard to equality and competitiveness can be fully realised.

---

Rights relating to family-friendly issues are also supported by legislation such as the Parental Leave Act, the Working Time Act and the Employment Equality Act. Notwithstanding the efforts being made family-friendly measures are still confined to the public sector and large private organisations. For example, in public sector organisations such as the Irish Civil Service career breaks and job sharing schemes are the most common, whereas annualised hours schemes are primarily found in large manufacturing companies.

Work and family-life balance initiatives have been defined in a report from the Ireland’s Equality Authority. Below is a synopsis of these family-friendly initiatives.

**Work Arrangements**

A number of different work arrangements are being utilised in Ireland in order to promote work/life balance. Such work arrangements include:

- Job Sharing.
- Job Splitting.
- Flexible or Personalised Hours.
- Annualised Hours.
- Compressed Work Week.
- Reduced Time.
- Flexi-time.
- Work Sharing.
- Part-time Work.
- Fixed Part Time Work.

**Statutory Leave Arrangements**

These are related to arrangements to which employees are entitled through Irish legislation, and include:

- Maternity Leave.
- Adoptive Leave.
- Parental Leave (Parental Leave Act).
- Force Majeure Leave.
- Carer’s Leave (proposed).

**Non-Statutory Leave Arrangements**

Non-statutory leave arrangements refer to other leave arrangements, which are becoming increasingly common because they provide additional support and flexibility over and above what is required by law. These include:

- Paternity Leave.
- Compassionate or Emergency Leave.

---

• Term-time working.
• Bereavement Leave.

Employment Breaks

Employment breaks are also being utilised in Ireland in order to promote the work/life balance. Initiatives within this area include:
• Employment or career break.
• Sabbaticals.
• Alternative Work Arrangements:
  – E-Working;
  – Virtual Teams.

Specific Arrangements

Other family-friendly arrangements are available within Irish organisations, and which include:
• Teleworking.
• Working from Home.
• Phased Retirement.

Family-friendly Measures within the Irish Public Sector

The Irish Government tries to ensure that family-friendly measures are being utilised both within the public sector and the public service. The range of family-friendly options have been discussed and agreed with trade unions and employees can freely discuss with their employers about any family-friendly measures. Below is an outline of the measures being adopted within the Irish Public Sector.

Worksharing

Worksharing is a scheme that allows staff to avail of an attendance pattern other than full-time. Examples of the attendance patterns include: mornings only, afternoons only, three days per week, four days per week, 9am to 3pm each day, week on/week off and three weeks out of four. Staff opting for worksharing arrangements are paid on a pro rata basis, so that for example, a member of staff who opts to work three days per week will be paid 60% of the salary of a full-time member of staff.

Term Time

Term Time allows people to take either 10 or 13 weeks unpaid leave from June until the end of August to match their working arrangements to their children's summer holidays. To be eligible, a member of staff must have a child or children up to 18 years of age or be acting in loco parentis or be the primary carer for a person with a disability who needs care on a continuing or frequent basis.

Flexitime

Flexitime gives staff flexibility to vary their starting and finishing times. Each Department/Office has its own detailed flexitime arrangements. Typically, staff must be at work during the core times of 10am - 12.30pm and 2.30pm to 4pm. Depending on the Department, a person may start work between 8.00am and 10am and finish between 4pm and 6.30pm. Staff may build up hours during a four-week flexi period, which can be taken as leave in a later period.

Career Breaks

Career breaks usually take the form of unpaid leave from work of between six months and five years. In the Civil Service staff may take two career breaks during their career. A career break may be allowed for domestic reasons, including childcare, education or travel abroad. A person on a career break may not take up paid employment in Ireland. (Circular 18/98)

Paternity Leave

A father is entitled to three days special leave with pay on the birth or adoption of his child. The leave may be taken up to four weeks after the birth of a child. In the case of adoption, the leave may be taken within four weeks of the date of placement. (Circular 32/99)

Special leave for Domestic Circumstances

Unpaid leave to deal with domestic difficulties is also available:

- special leave without pay to care for ill spouse or children (up to 6 months);
- special leave without pay to travel abroad to visit an ill relative (up to 2 months); and
- special leave without pay to deal with other urgent domestic problems (up to 2 months).

(Circular 22/98 - Annex 1)

Teleworking/E-working

In a teleworking arrangement the employee works from a home office for some or all of the week. He or she maintains a presence in the office electronically via computer, telephone, fax and e-mail. Government Departments and Offices are developing e-working plans and, where e-working is appropriate, will introduce it for staff on a pilot basis. Circular 4/2003 advises Departments of the Government’s policy on e-working or teleworking in the Civil Service and requests them to assess the possible introduction of such working arrangements on a pilot basis.

Civil Service Childcare Initiative

In Budget 2001, €12.7 million was allocated to provide up to 15 crèches for children of civil servants. An interim board has been established to manage this initiative and the Department of Finance and the Office of Public Works are working on a number of proposals.

Statutory Entitlements

Carer’s Leave

Carer’s Leave is temporary unpaid leave to allow a person to provide full-time care and attention for someone who is in need of such care. A maximum of 65 weeks Carer’s leave is allowed in respect of any one care recipient; the minimum statutory entitlement is 13 weeks. A person may also have an entitlement to Carer’s Benefit.

Maternity Leave

Women are entitled to 18 weeks paid leave and 8 weeks unpaid leave (Circulars 35/95 and 9/2001).

Adoptive Leave

Women who adopt and men who are sole male adopters are entitled to 14 weeks paid leave and 8 weeks unpaid leave. The leave commences on the day of placement of the child with the adopting parent (Circulars 2/97 and 9/2001).

Parental Leave

The natural or adoptive parent of a child is entitled to 14 weeks unpaid parental leave (Circulars 22/98, 22/2000 and 39/2002).
Force Majeure Leave

An employee is entitled to leave owing to the injury or illness of a family member. Force majeure leave is limited to circumstances where the immediate presence of the employee is essential because of the illness or injury of another person (Circular 22/98).

02 Sweden

Sweden is characterised by its high employment rates, including that of older workers and women who have exceeded the joint EU targets of the Lisbon strategy. This has been achieved by pursuing a comprehensive political strategy comprising measures for employers and employees. The employment rate has been relatively sustained despite slow economic growth due to an increase in the employment of the public sector.

Promoting the Quality and Productivity at Work

Quality at work is a central concept used to attain the common objective of more and better jobs. Quality at work refers to attaining work that is sustainable in the long term and that encourages and enables both men and women of working age to enter, develop and remain in the labour market. Improving the quality at work is a pre-condition for opening up the labour market to everyone.

By improving quality at work, competitiveness is strengthened and will contribute towards improving the employees’ situation. The Swedish Government highlights the importance of having:

- a good working environment;
- a flourishing civic dialogue;
- a modern work organisation affording good prospects for work/life balance; and
- a balance between flexibility and security in the labour market.

Improving the quality of work will in turn increase employment, productivity and growth.

Strengthening Social Cohesion and Inclusion

As employment plays a vital part in good social cohesion Sweden seeks to ensure that women, inactive and unemployed people are given better chances of becoming integrated in the labour market.

Policies toward Child Care and Maternal Employment

Due to the increase of working women, the Swedish government has devised a childcare system, which has been organised in such a way to accommodate the requirements of working mothers. The main objective to be attained by Sweden is to provide a widespread of childcare services, which is of high quality.

Childcare programmes within municipalities are supported by subsidies from the central government, by local taxation and by very modest contributions of parent fees. For a child to get a place at a public childcare centre both parents (and single parents) have to be working or studying a minimum amount of 20 hours per week.

In autumn 2000, 76% of children aged 1-5, 67% of children aged 6-9 and about 7% of children aged 10-12 attended public childcare. According to a survey, only about 3% of 1-5 year-old children were in private childcare. Day care fees have increased especially during the 1990s because of the dampening economic situation in municipalities and in order to suppress the demand. The fees contributed to 18% of the total costs in 1999. The payment scheme varies across municipalities although most often the payment is related to the number of children, time used and parents’ income. While the time-based fees provide parents with greater opportunities to influence the costs of childcare, they can also cause large marginal effects when a parent increases hours of work, especially single parents. On average, the cost for a two-earner household with two children is € 230 (ranging from € 0 to €467).
A completely new payment scheme was therefore introduced in 2002, which is called ‘maxtaxa’ referring to a payment ceiling (for a respective family the cost will be at maximum € 210).

**Parental Leave Programme**

Swedish parental leave schemes are highly flexible and fairly generous when compared to other countries such as Denmark. The principal idea in Sweden is that both parents have shared responsibility in the upbringing of their children and hence provides each parent with an obligatory number of days of non-transferable parental leave.

All parents are entitled to the leave, regardless of whether they are participating in the labour force or not. Since 1994, parents have been entitled altogether to 450 days compensated leave per child. The leave can be taken flexibly from 60 days before the expected date of birth until the child is eight years old. Benefits can be used either full-time or part-time or saved and used any time within the entitlement period. The system allows both parents to share the leave and to interrupt the leave in order to save days for later use.

Parents are entitled to have 360 days (each have 180 days) parental leave with a compensation level that is related to the income prior to the leave period, and in addition to that a father is permitted to take 10 extra days of leave in connection with childbirth. A parent is allowed to transfer his or her days of leave to the other parent, but 30 days are reserved for him or her only. If the other parent does not use these days, they are lost. In addition to that, parents are allowed to take an extra period of leave of 90 days with only a guarantee level of compensation, a flat rate that is € 6.7 per day. So the parental leave for each child amounts to 450 days in total, which can be divided among the parents in a very flexible way. Single parents are entitled to 450 days as well. In the case of multiple births, parents are entitled to an additional 180 days leave.

The level of compensation depends on prior earnings. If parents have not been employed for a period before childbirth, they are eligible only for a guarantee level of benefits, which amounts to € 6.7 per day (since 1987). If the parents were employed, they are entitled to an 80% replacement of their previous income up to an income ceiling. In some sectors (specified in collective agreements between unions and employers’ confederation), the public compensation may be supplemented by the employer to full-wage compensation. Further, there is a so-called “speed-premium” for mothers who intend to have another child soon after the previous child. A mother is guaranteed to have the same level of compensation without returning to employment if there is not more than 30 months in between the child’s birth. The main purpose of this rule was to stimulate fertility among Swedish mothers.

This programme has provided either parent a full year of job-protected leave at approximately 90% of previous gross earnings. This leave gives the opportunity to many employed Swedish employees to remain home with their children until they are under the age of one. Swedish employers are obliged to allow parents with children under the age of eight to work only six hours per day whilst keeping their jobs.

Some companies provide additional payments for parents who want to stay at home to look after their children. This provision, which generally is part of the company agreement, creates competition between companies who provide such benefit to attract qualified workers.

**Work Environment and Conditions at Work**

The Swedish Government has recognised the importance of work/life balance and for this purpose the Government is seeking to promote social responsibility. ‘Global Responsibility’ is a joint initiative linking the business sector, trade unions, voluntary organisations, the Government offices and central government agencies. Also through the Community Initiative Equal several projects are being developed in order to extend businesses’ social responsibility.

---


A central element, which is emphasised during discussions with social partners, is the working-time issues. In Sweden, various models of flexibility and reduction in working hours exist. One of the most popular agreements to introduce shortened working hours is by means of allocations to a ‘working hours account’ or other similar arrangement.

Sweden has introduced sabbaticals on a trial basis whereby employees can make use of sabbaticals for a maximum period of one year off work and receive compensation on the condition that there is an unemployed person registered who can stand in for the employee concern.

**Other Family Policy Regulation**

Swedish law guarantees that persons who are on parental leave will find the same or comparable position upon their return to work. It is illegal to fire a parent on parental leave. In Sweden, parents can avail themselves from:

- a job protection period of 18 months upon the birth of a new child;
- working shorter hours until the eighth birthday of the child, with a corresponding reduction in wages; and
- the right for 60 days of care annually if the child is ill up to the 12th birthday of the child.

**03 Austria**

Austria’s National Action Plan\(^5\) for Employment 2003 states that there is the need for greater working flexibility. The EU’s Working Time Directive has induced the Austrian Government to simplify and modernise the Austrian Working Time Act. Other plans include the introduction of entitlements to part-time work and more flexible hours organisation for parents until their child’s 7th year or school enrolment. While opting for such a reduction parents should retain entitlements to full time employment. This policy should help parents to better reconcile work and family life.

Numerous measures have been enacted recently to facilitate the reconciliation of work and family life. These new measures include:

- right of parents on parental leave to earn additional income without losing their parental leave allowances;
- reduction of working hours for persons providing care for close relatives;
- flexible, paid vacation arrangements; and
- efforts to encourage firms to be more ‘family-friendly’ and the development of a family and work audit emphasising the benefits of family-friendly measures to the firms.

Family-friendly measures in Austria include:

- part-time employment/leave;
- parental leave;
- maternity leave;
- family Job Audit;
- counselling;
- child and family allowances;

- child and family tax benefits;
- flexible working time; and
- career breaks.

**Part-Time Employment/Leave**

Part time employment is frequently used as a reconciliation solution. The desire for a part-time work solution is often related to care commitments for one’s spouse or relative (not just for children), for studying purposes or for leisure purposes in the case of older people.

Austria’s legislation provides for part-time leave, which gives the opportunity to mothers to continue working and enhance their career prospects. Although this is still subject to the employer’s consent, unfortunately only 3% of mothers are actually using it. Although Austria has also introduced legal legislation to ensure pro rata remuneration of part time employees, there is still no legal basis to change working hours from full time to part time or vice-versa.

**Maternity Leave**

Working women may benefit from sixteen weeks maternity leave consisting of eight weeks before and eight weeks after the delivery of the child. While on maternity leave women receive a cash benefit equal to 100% of their wage. No employee may be dismissed while she is on maternity leave.

**Parental Leave**

The foundations of family-friendly measures in Austria include parental leave and parental leave benefit. Parental leave allows mothers and fathers to suspend their employment from either 1.5 or 2 years after the birth of the child and devote themselves to the child. The Austrian Government has limited parental leave to 1.5 years when it is taken by one parent and is granted for two years when both parents take parental leave. This has been introduced in order to motivate fathers to make more use of parental leave. In both cases, the parents retain their legal entitlement to re-employment.

Another alternative option is part-time parental leave at half the parental leave benefit. These can be taken for up to four years by couples or up to three years by single parents. Also, in this case parents retain their legal entitlement to re-employment.

Parents can also take paid and job protected leave of up to two weeks per year to care for an ill child under the age of 12 or children with a disability.

**Family-Job Audit**

The Austrian Government has introduced the ‘Family-Job Audit’, that grants state awards to companies with family-friendly staff policies. The Family-Job Audit is a small-scale initiative that has been introduced in 1998 and that attempts to raise awareness of family-friendly policy initiatives. The objective of the incentive is to induce companies to introduce family-friendly working structures, that include flexible working hours and rules governing leave for family purposes, home working, assistance to employees with children or supporting measures for child care.

The main advantages that the Audit identifies in firms promoting family-friendly measures are improvements in employee motivation, commitment, reduced stress levels and associated costs as well as benefits from increasing retention rates. Enterprises taking part in the initiative are reimbursed for a large share of the costs. The initiative ranges from companies up to 20 employees, which are reimbursed 90% of the costs, to companies over 500 employees, which are entitled to 25% reimbursement of the costs.

The Audit’s objective is to focus on the individual needs of the company rather than setting benchmark standards for employees. The strength of this initiative lies in the structured involvement of workers and management and the possibility of a regular follow up. The challenges of such schemes include convincing the employers of the benefits of family-friendly policies.
Counselling and help for families in crisis situation

The Austrian Government offers altogether 305 family counselling centres in all of Austria both at local and regional level. These offer a comprehensive range of counselling and support therapies that act preventively and help rapidly and efficiently in a crisis situation. These centres offer services which range from counselling related to social and emotional problems, holistic counselling for families and it is also projected that other prevention services such as violence and drug abuse, sects counselling and return to work counselling will also be included.

Child and Family Allowances

Family allowances are a universal cash benefit in Austria. These are provided to families, based on the presence, number and age of children living in Austria beginning with the first child. These are the single most important benefit to families with children. These allowances are financed through employers’ contributions and government payments out of general revenue.

Child and Family Tax Benefits

The most important tax benefit for families is a refundable tax credit that is higher for each subsequent child. This constitutes the equivalent of an additional family allowance. The credits were introduced as a result of a decision by the Constitutional Supreme Court. The court stated that the tax benefit for children had to be equal to the benefits provided under social insurance or assistance.

Other minor tax benefits include:
- tax benefit for one-earner families;
- tax benefit for lone parents;
- tax benefit for the payment of child support;
- tax benefits which are tailored for employees in general; and
- tax allowances for special kinds of expenditure such as private health or retirement insurance, housing loans.

Flexible Working Time

In Austria, generally unions oppose “atypical” forms of employment. Nevertheless, they started to include some of the groups in the collective bargaining process in recent years. On 1 January 2001, an agreement in the technology sector came into force. This agreement provides for flexitime and several other models and lays down new regulations on flexible working time. Also, for the first time, regulations on teleworking such as covering principles, employment conditions and employees’ rights, were included.

Career Breaks

Career breaks are mostly provided through agreements in the public sector. Such agreements include provisions for information on job opportunities, discussion on deployment to other jobs, maintaining contact during leave and dealing with the resumption of work. “Time saving accounts” were created in Austria to enable workers to work flexibly instead of career breaks.