

---

**A Review of the State of Play of the Demographic and Labour Market Supporting Policies**  
**Supplementary Paper Number 01 to the 2015 Pension Strategic Review**

Pension Strategy Group  
December 2014

**Contents**

---

<b>01</b>	Demographic Characteristics: A Review of the Period 1998 to 2012
<b>02</b>	Labour Market
<b>03</b>	Labour Market Supporting Policies

## Figures

<b>Figure 01</b>	Malta's Population between 1998 and 2012
<b>Figure 02</b>	Changes in Malta's Population Structure between 1999 and 2012
<b>Figure 03</b>	Total Fertility Rate for Malta
<b>Figure 04</b>	Age Specific Fertility Rate for Malta
<b>Figure 05</b>	Age Specific Death Rates
<b>Figure 06</b>	Net Migration: 2008-2012

## Tables

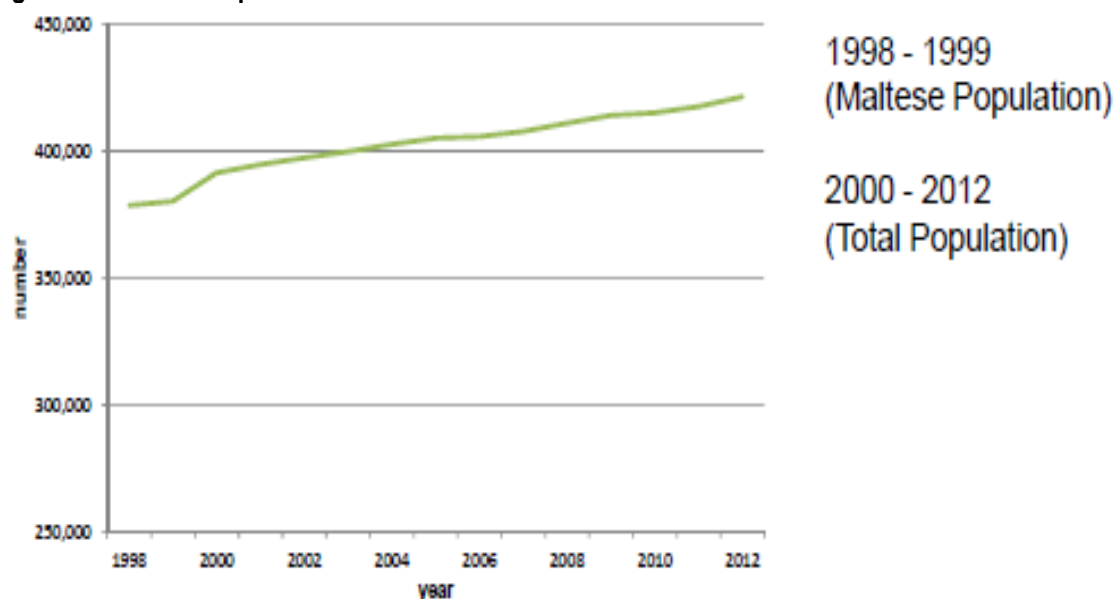
<b>Table 01</b>	Total Births in Malta between 1980 and 2012
<b>Table 02</b>	Stock of Third-Country National Workers by main category of skill level and year
<b>Table 03</b>	Persons Aged 15 and Over by Labour Status: 2005 to 2013
<b>Table 04</b>	Total Employment Rate
<b>Table 05</b>	Type of Employment: 2005 to 2013
<b>Table 06</b>	Male and Female Employment Rate between 2004 and 2013
<b>Table 07</b>	Unemployment Rate between 2005 and 2013
<b>Table 08</b>	Total Working Life Duration between 2004 and 2012
<b>Table 09</b>	Total Working Life Duration of Males and Females between 2004 and 2012
<b>Table 10</b>	Part-time Employment by Gender between 2005 and 2013
<b>Table 11</b>	Total Number of Persons in Involuntary Part-time Employment between 2004 and 2012
<b>Table 12</b>	Females in Employment and Number of Children between 2005 and 2013
<b>Table 13</b>	Persons Aged 0-3 having No Formal Care by Type of Working Family between 2005 and 2013
<b>Table 14</b>	Number of Hours of Informal Care by Relatives for Persons Aged 0-3: between 2005 and 2013
<b>Table 15</b>	Persons Aged 0-3 having a Form of Formal Care by Type of Working Family between 2005 and 2013
<b>Table 16</b>	Total Males and Females on Reduced Hours between 2005 and 2013
<b>Table 17</b>	Pro-family Friendly Measures Introduced by Government as an Employer between 2006 and 2010
<b>Table 18</b>	Employment Rate of Older Workers (55 years of age to 64 years of age
<b>Table 19</b>	Male and Female Employment Rate of Elderly Persons who are 65 years of age and over on Total Employment between 2005 and 2013
<b>Table 20</b>	Lifelong Learning between 2004 and 2013
<b>Table 21</b>	Male and Female and Lifelong Learning between 2004 and 2013
<b>Table 22</b>	Male and Female aged 55 to 74 years Undertaking Lifelong Learning between 2005 and 2013

To grasp the challenges that future demographic changes will have on the sustainability and adequacy of Malta's pension system, it is important to consider the age structure of the population today, and how this has changed over time. This, in turn, will assist in understanding how the population is expected to look like in the future.

The Group reviewed Malta's population for the period 1998 to 2012. This period reflects the time frame when the debate in Malta on the need for pension reform started to take place in earnest, leading to the undertaking of actual reforms in 2007. The Group looked at the behaviour of fertility, life expectancy, and migration, during this period which have a direct and primary impact on the extent and speed of the ageing of Malta's population.

Malta's population increased during this period from approximately 385,000 in 1998 to 415,000 in 2012.

**Figure 01: Malta's Population between 1998 and 2012<sup>1</sup>**

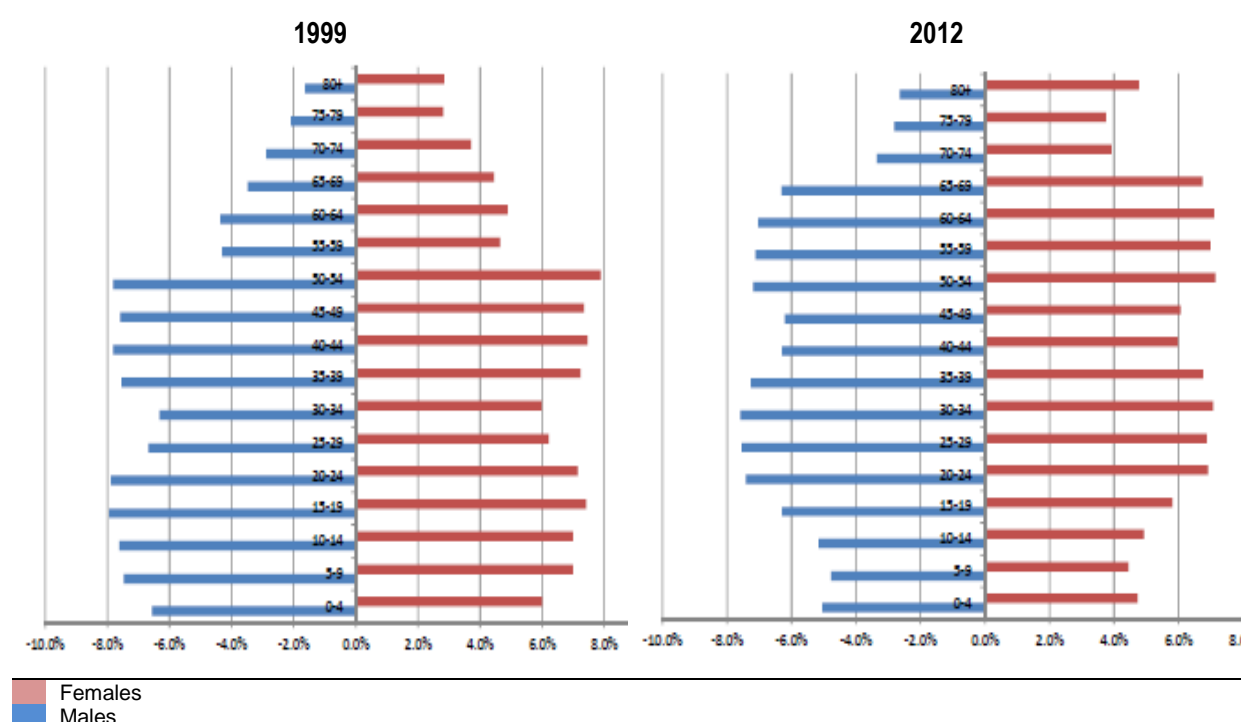


Moreover, Malta's population structure during this period experienced significant changes as shown in the Figures below. It is immediately evident that in 1999, Malta was already showing signs of an aging population. The lower base of the population pyramid, which should constitute the largest population cohort, was already smaller than the 15-19 years of age cohort, whilst the population structure had already lost the pyramid shape that represents a healthy population.

By 2012, the impact of aging on Malta's population was now more evident. The upper base of the pyramid, particularly, with regard to the 60 years to 69 cohorts of the population, was now representative of the age cohorts between 20 and 59 years of age. The lower base; the 19 years of age and under; shrunk considerably when compared to 1999. Indeed, in 2012, the 65 to 69 years of age cohort was larger than the 0-4 years of age cohort.

<sup>1</sup> Ad hoc report prepared by the National Statistics Office for the Pensions Strategy Group. February 2014

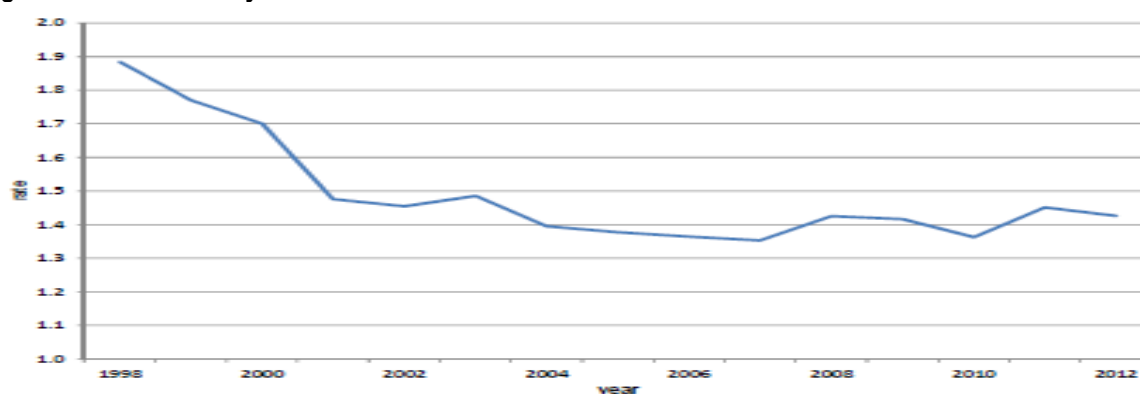
**Figure 02: Changes in Malta's Population Structure between 1999 and 2012<sup>2</sup>**



As can be seen from the Figure below, Malta's Total Fertility Rate (TFR) experienced a significant decline between 1998 and 2012. Thereafter it experienced a marginal decrease before it rebounded slightly in 2010, before falling once again in 2012.

Malta has now for over a decade experienced a fertility rate that hovers around 1.4. This is of concern, as a fertility rate of 1.4 means that Malta's population is likely to be on the decline assuming that there is no significant increase in migration. The TFR is lower by 0.7 when compared to the TFR of 2.1 required for a population to be deemed to be sustainable.

**Figure 03: Total Fertility Rate for Malta<sup>3</sup>**



The Table below presents the total births between 1980 and 2012. The total births between 1980 and 2010 decreased by 1,926 births, or by 33.1% over the said period. The number of birth rates rebounded marginally by 223 births in 2012 on 2010 figures, or 5.7%. Of particular significance is the increase in registered illegitimate births. In 1980 illegitimate births stood at 118 or 2.0% of total births. By 2010, this increased significantly to 1,100 births or 27.4% of total births.

<sup>2</sup> Ibid

<sup>3</sup> Ibid

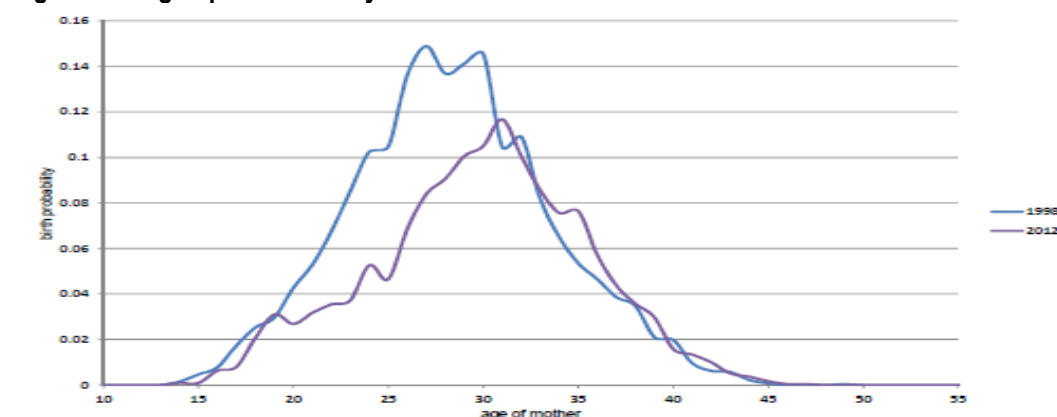
**Table 01: Total Births in Malta between 1980 and 2012<sup>4</sup>**

	1980		1990		2000		2010		2012	
	Maltese and other Births	Illegitimate Births	Maltese and other Births	Illegitimate Births	Maltese and other Births	Illegitimate Births	Maltese and other Births	Illegitimate Births	Maltese and other Births	Illegitimate Births
<b>Under 20</b>	174	59	164	24	249	143	43	212	26	186
<b>20-24</b>	1,530	14	2,007	28	900	155	280	291	247	345
<b>25-29</b>	2,018	19	2,157	19	1,590	87	927	375	1,036	242
<b>30-34</b>	1,470	15	1,456	13	1,086	41	1,147	120	1,252	171
<b>35-39</b>	503	7	580	10	444	29	458	88	522	100
<b>40-44</b>	117	3	195	1	113	8	51	14	73	28
<b>45-49</b>	4	1	9	0	4	1	2	0	2	1
<b>Sub-total</b>	5,816		5,003	213	4,386	464	2,908	1,100	3,158	1,073
<b>Total</b>	5,934		5,216		4,850		4,008		4,231	

During this period, one other significant shift took place in Malta's demographic structure – that with regard to the Age Specific Fertility Rate (ASFR). Between 1980 and 1990, the majority of births were by mothers aged 20 to 24 years. By 2012, this cohort of mothers fell to 592 from 1,544 in 1980 – a dramatic decrease of 61.7% - of which, in 2012, 345 of such births, or 58.3% of all births in this cohort were illegitimate.

A similar decrease is evident with regard to mothers in the 25 to 29 years of age. Births in this cohort fell from 2,037 (34.3% of all births) in 1980 to 1,278 (30.2% of all births) in 2012. On the other hand the number of births by mothers aged between 30 to 34 years proportionally increased from 25.5% to 33.6%. This trend is also found with regard to births by mothers aged 35 to 39 years which proportionally increased from 8.6% in 1980 to 14.7%.

The Figure below shows that the ASFR for mothers who have the first child has shifted towards mothers who are 30 years of age and over. This is interpreted to mean that as women are becoming more active in the labour market, they are differing their decision to start a family to later in life. This is one key reason for the decline of Malta's TFR.

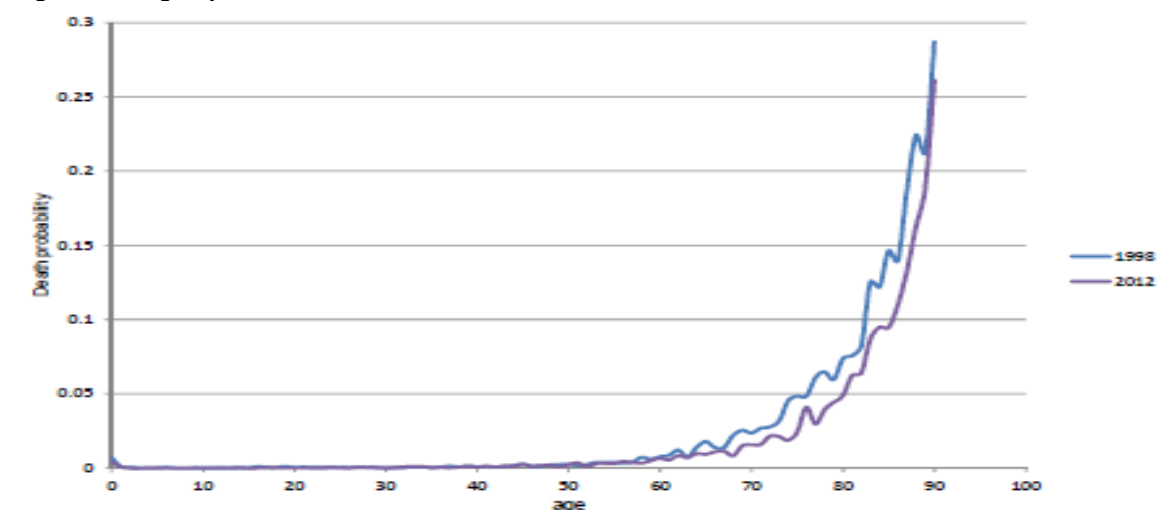
**Figure 04: Age Specific Fertility Rate for Malta<sup>5</sup>**

As can be seen from the Figure below during the period under review there has been a considerable shift downwards in the death probability rate for persons who are 65 years of age and over - in essence, showing that the unisex life expectancy rate increased.

<sup>4</sup> Ad hoc report prepared by the National Statistics Office for the Pensions Strategy Group, July 2014

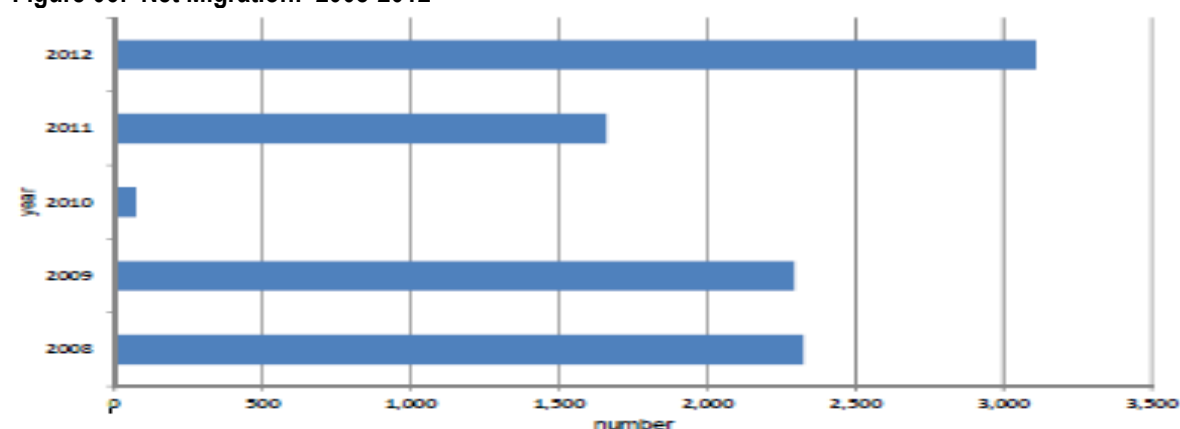
<sup>5</sup> Ad hoc report prepared by the National Statistics Office for the Pensions Strategy Group, February 2014

Figure 05: Age Specific Death Rates<sup>6</sup>



The Figure below shows that net migration in Malta for the period 2008-2012 was approximately over 9,000 persons. This, in part, explains the increase that has taken place in the Maltese population as shown earlier in this paper. Immigration flows, other than returning Maltese persons, constitute, in ascending order of persons from the EU, asylum applicants, and Third Country persons excluding asylum applicants.

Figure 06: Net Migration: 2008-2012<sup>7</sup>



The Table below presents the stock of Third-Country National workers by main category of skill level and year. The largest stock of Third Country Nationals migrant workers is in the skilled category at 51.5%; followed by the highly skilled sector at 28.1%.

Table 02: Stock of Third-Country National Workers by main category of skill level and year<sup>8</sup>

<u>Skills</u>	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Highly Skilled</b>	901	782	1,159	1,052	1,118	947				
<b>Skilled</b>	782	1,129	2,002	1,993	2,522	1,734				
<b>Low Skilled</b>	52	129	330	474	853	688				
	<b>1,735</b>	<b>2,040</b>	<b>3,491</b>	<b>3,519</b>	<b>4,493</b>	<b>3,369</b>				

<sup>6</sup> Ibid

<sup>7</sup> Ibid

<sup>8</sup> Pg 21, Ibid

## 02 Labour Market

As can be seen from the Table below, the number of persons employed increased from by 26,000 persons or 15.4% between 2005 and 2013. Unemployed persons increased by 900 persons or 8.1%, whilst the number of inactive persons fell by 1,300 persons or 7.8% from the same period respectively.

**Table 03: Persons Aged 15 and Over by Labour Status: 2005 to 2013<sup>9</sup>**

	2005	2006	2007	2008	2009	2010	2011	2012	2013
'000s									
<b>Employed</b>	149.4	151.2	155.4	158.6	159.5	162.6	166.6	170.3	175.4
<b>Unemployed</b>	11.1	1	10.8	10.1	11.8	12	11.3	11.5	12
<b>Inactive</b>	166.5	168.1	167.1	168.4	169.7	169.3	168	167.5	165.2

The Table below presents the employment rate in Malta for the period under review. Employment between 2004 and 2013 for the cohort 20-64 years grew by 7.5 from 57.3 to 64.8; or 13.1% on 2004. Teenage employment, age 15+, also grew though at a lower rate: 4.4 between 2004 and 2013 or 9.7%.

Both categories enjoyed significant growth which extended the active participation base in the labour market. Growth in employment in Malta was on-going even in 2009 when the global economic recession and the Euro Zone Area turbulence.

**Table 04: Total Employment Rate<sup>10</sup>**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Age 15+</b>	45.4	45.7	45.8	46.6	47.1	46.8	47.3	48.2	48.8	49.8
<b>Age 20-64</b>	57.3	57.4	57.9	58.6	59.2	59.0	60.1	61.6	63.1	64.8

The employment of full-time persons increased between 2005 and 2013 by 16,727 persons or 12.4% on the 2007 base. Persons in full time employment constituted 84.4% of all employment – which is a decrease of 5.7% when compared to 2005.

The proportional reduction in full-time employment is compensated by the significant increase in part-time employment between 2005 and 2013. Part-time employment during the period under review increased by 9,706; or a 72.7% increase on 2005.

**Table 05: Type of Employment: 2005 to 2013<sup>11</sup>**

	2005	2006	2007	2008	2009	2010	2011	2012	2013
'000s									
<b>Full-time</b>	134.7	138.0	139.3	141.1	142.8	145.7	146.3	146.8	151.5
<b>Full-time+reduced hours</b>	1.4	1.6	2.7	3.5	3.1	3.6	4.5	4.7	4.8
<b>Part-time</b>	13.3	13.9	15.5	15.1	15.2	16.0	17.2	21.0	23.0
<b>Total</b>	149.4	153.5	157.5	159.7	166.1	165.3	168.0	154.5	179.3

As can be seen from the Table below, the growth in employment rate is mainly fuelled by the considerable growth in female employment during the period under review. Between 2004 and 2013, female employment grew by 15.5% or 45.2% on 2004.

<sup>9</sup> Labour Force Survey: Q3 2005 to Q3 2013, National Statistics Office, <http://www.nso.gov.mt/site/page.aspx>

<sup>10</sup> <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&language=en&pcode=tsdec420&plugin=1>

<sup>11</sup> <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&language=en&pcode=tsdec420&plugin=1>

Although the female employment rate is below the EU28 MS average of 62.5% in 2013, and is the second lowest following Greece at 43.3% (the highest is Sweden at 72.2%) it, nonetheless, represents a considerable success of the myriad of policy measures introduced by government to stimulate increased female labour participation.

**Table 06: Male and Female Employment Rate between 2004 and 2013<sup>12</sup>**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Male 15+</b>	75	73.5	73.6	73.5	72.9	71.9	72.5	73.8	73.8	74.1
<b>Male 20-64</b>	81.2	80.6	83.5	84.8	85.5	77.1	77.9	78.9	79.0	79.5
<b>Change</b>		-0.6	+2.6	+1.3	+0.7	-8.4	+0.8	+1.0	+1.1	+0.5
<b>Female 15+</b>	31.6	33.4	33.7	36	37.7	38	39.5	41.5	44	47
<b>Female 20-64</b>	34.3	35.1	35.3	37.5	39.4	39.8	41.5	43.4	46.8	49.8
<b>Change</b>		+0.8	+0.4	+2.2	+1.9	+0.4	+1.7	+1.9	+3.5	+2.0

Of note, however, is the fact that active male participation in the labour market fell by (1.7%) for the period under review or (2.1%) on 2004. The decrease in male participation stems from a significant fall of (8.4%) in 2009 as a result of the economic crisis; though thereafter the employment rate was on the increase. It is pertinent to note that the male employment rate at 79.5% is in the upper quartile of EU employment rates and somewhat higher than the 74.2% (2013) EU 28 MS average.

The Table below shows the unemployment rates by age groups over the period 2005-2013. In the period 2005 to 2013, unemployment for the 15-24 age cohort, fell from 16.2% to 15.1% for males, and decreased from 16% to 10.4% with regard to females. With regard to the 25+ age cohort, the percentage of unemployed increased from 4.5% to 5.3% for males and 5.2% to 5.3% for females for the period 2005 to 2013

Unemployment between 2008 and 2009, the period when the full force of the financial crisis impacted the Maltese economy, increased only marginally by 0.6% for males and 0.4% for females in the 25+ age cohort.

**Table 07: Unemployment Rate between 2005 and 2013<sup>13</sup>**

	2005		2006		2007		2008		2009		2010	
	M	F	M	F	M	F	M	F	M	F	M	F
<b>15-24</b>	16.2	16	16.4	14.4	15	11.8	13.1	10	16.2	12.5	14.4	11.8
<b>25+</b>	4.5	5.2	4.3	6.1	4.2	6.5	4.3	5.8	4.9	6.2	5.5	3.8

	2011		2012		2013	
	M	F	M	F	M	F
<b>15-24</b>	13.7	12.9	13.5	14.7	15.1	10.4
<b>25+</b>	4.7	5.6	4.5	5.6	5.1	5.3

The total duration of the working life for the period 2004, when the first comprehensive pension reforms was initiated, to 2012 increased marginally– from 28.0 years in 2004 to 31.6 years in 2012. This is an increase of 3.6 years in a person's working life or 12.8% over 2004. Be that as it may, a working life duration of 31.6 years is on the low side when compared with other MS. Sweden with a working life

<sup>12</sup> Ibid

<sup>13</sup> Ibid

duration of 40.6 years tops the MS. Malta precedes Croatia (31.1), Hungary (30.4), and ranks equal with Bulgaria.

**Table 08: Total Working Life Duration between 2004 and 2012<sup>14</sup>**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
	28.0	28.4	28.5	29.0	29.4	29.7	30.3	31.0	31.6	
<b>Change</b>		+0.4	+0.1	+0.5	+0.4	+0.3	+0.7	+0.7	+0.6	

The total work life for males for the period 2004 to 2012 experienced a series of decreases. Between 2004 and 2008, this fell from 38.5 years to 37.9 years. It increased again in 2009 to 38.1 years rising to 39.1 years in 2011, before it fell again to 38.9 years in 2012. In essence, this shows that over the past 9 years the Total Working Life duration for men hovered around 38 years - higher than the contributory period of 35 years of the Transitional Group, but lower than the 40 year contributory period of the Switchers Group. It is pertinent to note that during the earlier part of the period under review, the Government and large private sector entities, introduced a number of early retirement schemes as part of entity restructuring.

**Table 09: Total Working Life Duration of Males and Females between 2004 and 2012<sup>15</sup>**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Male</b>	38.5	38.2	38.1	38.1	37.9	38.1	38.6	39.1	38.9	
<b>Change</b>		-0.3	-0.1	0	-0.2	+0.2	+0.5	+0.5	-0.2	
<b>Female</b>	17.1	18.2	18.4	19.6	20.4	20.8	21.6	22.3	23.7	
<b>Change</b>		+0.9	+0.2	+1.2	+0.8	+0.4	+0.8	+0.7	+1.4	

On the other hand, the working life duration of females in employment increased significantly by 6.6 years or 38.6% over the same period. This is a remarkable increase and reflects the success attained by a mix of policy instruments which include family friendly measures; pension credits for child rearing; free childcare centres and pre and post school centres; tax incentives; etc. directed to increase the participation of females in Malta's labour market.

The Table below compares part-time employment by gender during the period under review. The percentage of males in part-time employment has traditionally been considerably lower than that of females. In 2013, however, the number of males in part-time employment increased significantly on 2012 – by 2,370 persons or 30.5% on 2012. It is too early to determine whether this increase of males in part-time work reflects a structural shift in the labour market or is a one off spike.

<sup>14</sup> <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&language=en&pcode=tsdde420&plugin=1>

<sup>15</sup> Ibid

**Table 10: Part-time Employment by Gender between 2005 and 2013<sup>16</sup>**

	2005		2006		2007		2008		2009	
	M	F	M	F	M	F	M	F	M	F
<b>Part-time</b>	4,809	8,547	5,283	8,691	4,187	10,259	4,700	10,455	5,342	9,916
	2010		2011		2012		2013			
	M	F	M	F	M	F	M	F		
<b>Part-time</b>	5,149	10,898	6,937	17,216	7,762	13,299	10,132	12,933		

The Table below presents the number of persons between 15 to 64 years of age who are in involuntary part-time employment – that is, persons working part-time because they are unable to find full-time work. Over the period under review, the number of persons in involuntary part-time employment decreased by 4.3% or 21.1% on 2004. At 16% in 2012, the number of persons in involuntary part-time employment is significantly lower than that of the EU 28 MS average which in 2012 stood at 27.6%.

**Table 11: Total Number of Persons in Involuntary Part-time Employment between 2004 and 2012<sup>17</sup>**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
	20.3	22.0	22.1	17.1	16.1	15.2	19.6	16.1	16.6	16.0
<b>Change</b>		+1.7	+0.1	(0.5)	(0.1)	(0.9)	+4.4	(3.5)	+0.5	

The decrease in persons in involuntary part-time employment is particularly evident with regard to women, where the rate fell from 19.2 in 2005 to 12.1 in 2013 – 7.1 or 36.9% on 2004; whilst that relating to males increased marginally by 0.4 between 2005 and 2012. This decrease in female persons in involuntary part-time employment is consistent with the increase of the experienced in the labour market.

### 03 Labour Market Supporting Policies

#### 03.1 Supporting Parents in Employment: Child Care Infrastructure and Support

Labour market participation patterns in Malta have for a long time remained unchanged by family structures. The 'male breadwinner' model was the dominant form, with men starting their careers in the late teenage years or in the early twenties, marrying and starting a family around their mid to late twenties. The impact of children on a man's working life has long been small if not insignificant.

Over the past decade, major changes have occurred as a result of policy instruments directed to increase the active labour participation of women. The formerly predictable life course of men and women has changed radically, and family patterns have become more diverse, with people, as shown earlier, seen to postpone marriage and / or parenting or refraining altogether from having children. Today, the career choices of men and women vary substantially according to the timing and nature of their decisions and expectations on family life.

The participation of women in the labour market continues to rise but still depends on various factors. Women's participation in the workforce continues to be affected by their predominant role in the care of

<sup>16</sup> Ibid

<sup>17</sup> [http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=lfsa\\_eppgai&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=lfsa_eppgai&lang=en)

children. Thus, the presence and number of children, as well as the age of the youngest child may have a marked influence on female employment rates.

The Table below presents the employment rate of males and females with the number of children for the period 2005 to 2013. Of particular note is the fact that the number of women in employment who have one child is higher than that of women with no children and equal to women with 2 children.

**Table 12: Females in Employment and Number of Children between 2005 and 2013<sup>18</sup>**

	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Employment of Female</b>									
<b>No child</b>	40.8	39.8	40.9	41.2	40.9	43.3	44.1	45.4	48.0
<b>1 Child</b>	40.9	40.9	43.0	45.4	47.4	47.5	47.7	52.7	58.0
<b>2 Children</b>	29.2	31.0	36.6	38.2	38.4	42.2	48.1	53.1	58.0
<b>3 Children</b>	25.4	22.9	22.0	30.0	32.5	31.3	34.2	41.3	40.8

This is positive - an increase from a participation rate of 40.9% in 2005 to 58.0% in 2013. Indeed, women with one child active in the labour market in 2005 were only 0.1% more than women with no children.

The number of women with 2 children has increased at an even more rapid rate - from 29.2% in 2005 to 58% in 2013. The number of females in employment with 3 children is at 40.8% lower than the other categories, though still relatively high. The number of mothers with 3 children, who are active in the labour market, has increased between 2005 to 2011, from 25.4% to 34.2%. A significant increase took place between 2011 to 2012 from 34.2% to 41.3% - though this dipped slightly in 2013 to 40.8%.

The above supports the earlier discussion which shows that the growth in the labour market over the period under review was primarily driven through the increased participation of women in the labour market. It is also evident that supporting policy measure that have been introduced; such as increasing public and private childcare infrastructure, and rendering them free as well as pre and after school facilities within State schools, amongst others, suggest that women in employment who have between one to two children are succeeding in combining work and motherhood.

Be that as it may, it may also be the case that part of this significant increase of women participation in the labour market may be occurring because many mothers cannot afford to remain inactive since the spouse's income may not be enough for the family to make ends meet. Within Malta's context, given the strength of the extended family, as well as the close proximities, family support, primarily grandparents, has traditionally acted as the primary mainstay for child care support to working parents.

Indeed, the number of children who are three years and younger who are cared for by relatives increased from 1,451 to 3,246 from 2005 to 2012, with regard to families where both parents work – an increase of 1,795 persons or an increase of 123.7% on 2005; and from 609 to 1,128 from 2005 to 2012, with regard to families where one parent works full-time and one person works part-time – an increase of 519 persons or an increase of 82.5% on 2005.

The above shows that as more women entered into the labour market between 2005 and 2012, either on a full or part-time basis, families continue to look to their parents to 'informally' take care of their children. The increase in the dependency on relatives for informal care shows that the 'informal' care system in Malta continues to be strong.

<sup>18</sup> Ad hoc report prepared by the National Statistics Office for the Pensions Strategy Group, July 2014

**Table 13: Persons Aged 0-3 having No Formal Care by Type of Working Family between 2005 and 2013<sup>19</sup>**

<u>Type of Working Family</u>	2005	2006	2007	2008	2009	2010	2011	2012
<b>Both parents full-time</b>	1,495	1,309	1,429	1,416	2,021	1,498	2,535	1,963
<b>One person full time and one person part-time</b>	609	314	660	332	359	473	567	777

As can be seen from the Table below, the extent of informal care of children who are three years and younger, provided by relatives, increased in all of the categories reviewed.

**Table 14: Number of Hours of Informal Care by Relatives for Persons Aged 0-3: between 2005 and 2013<sup>20</sup>**

<u>Number of Hours in Informal Care</u>	2005	2006	2007	2008	2009	2010	2011	2012	% Δ 05/12
<b>1 - 10</b>	389	727	202	359	758	799	1,401	891	129.1
<b>11 - 20</b>	484	247	652	448	231	324	724	555	14.7
<b>21 - 30</b>	437	400	406	1,013	715	547	831	1,442	229.9
<b>31 – 40</b>	550	190	305	639	525	599	1,299	619	12.5
<b>41+</b>	133	107	177	93	119	299	208	428	221.8

Although the informal relative childcare network continues to be robust, over the said period the number of children who are three years and younger, who attend public or private child care increased significantly: with regard to families where both parents work – an increase of 1,522 persons or an increase of 204.1% on 2005; and from 582 to 1,019 from 2005 to 2012 with regard to persons where one parent works full-time and one person works part-time – an increase of 491 persons or an increase of 84.3% on 2005.

<sup>19</sup> Survey on Income and Living Conditions, National Statistics Office, Malta

<sup>20</sup> Ibid

**Table 15: Persons Aged 0-3 with a Form of Formal Care by Type of Working Family bet. 2005 and 2013<sup>21</sup>**

<b>Type of Working Family</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Both parents full-time</b>	746	1,014	1,237	724	1,752	1,249	1,498	2,268
<b>One person full time and one person part-time</b>	582	504	873	401	436	281	339	1,019

The average number of weekly hours of care for children, between the ages of 3 years to the minimum compulsory school age has also increased – from 3.1 hours in 2005 to 5.7 hours in 2012: an increase of 3.6 hours or 116.1% over 2005. This compares well with the EU 28 MS average of 4.4 hours.<sup>22</sup> The number of children between the age of 3 years to the minimum compulsory school age who have at least of one hour of informal care marginally increased – from 24.4% in 2005 to 27.6% in 2012: an increase of 3.2% or 13.1% over 2005. This is slightly below the EU 28 MS average of 29.0%.<sup>23</sup>

The increase in the use of formal child care facilities is positive as it implies increased trust in such facilities. Over the long term, use of formal child care facilities is expected to increase given that the extended family network is likely to weaken as a result of increased female participation in the labour market and more extended careers. As the number of women who remain active in the labour market up to the statutory age of 65 years increases, the less likely they will be in position to provide informal childcare support to their working children.

The relationship between childcare costs and labour force participation has been proven by many; research suggests that when costs of childcare services go down, labour force participation goes up, especially among mothers. Although the use of formal child care support has increased over the past ten years, it is recognised that the primary obstacle to more extensive use of such services, and hence presenting a barrier to an accelerated increase in the active presence of women in the labour market, is the cost of child care services.

To minimise the impact of this obstacle, previous governments had in 2012 introduced support measures which rendered parents who paid fees for childcare services for children below the age of 3 with registered centres children to be eligible for a deduction of a maximum of €1,300 for every child or the amount of fees paid during 2012 upon the filing of the income tax return.

In order to completely eliminate this barrier, the Government, in accordance to its pledge in the Electoral Manifesto, introduced as from April 2014, a scheme which allows working parents to send their children to any child care centre, they choose – public as well as private: of which there are 15 of the former and 55 of the latter – for free.

<sup>21</sup> Ad hoc report prepared by the National Statistics Office for the Pensions Strategy Group, 3<sup>rd</sup> July 2014

<sup>22</sup> [http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc\\_camnothall&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_camnothall&lang=en)

<sup>23</sup> <http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do?dvsc=0>

### 03.2 Supporting Parents in Employment: Family Friendly Measures

The design of family friendly measures is of importance, as it not only provides a framework which allows a family to balance work and family responsibilities, which allows both the husband and the wife to actively participate in the labour market; but maintains a high rate of women active in the labour market, whilst securing a more moderate decline in the fertility rates.

Malta has over the past years seen the introduction of a host of family friendly measures – some by statutory legislation, and hence placing obligations in this regard on employers, and in the main through pro-family human resource management policies such as flexi-time, tele-working, reduced hours, etc. With regard to the latter, the Government as an employer has set the example by extending a broad range of pro-family measures across both the public service and government agencies.

Persons on full time employment on reduced hours in 2013 stood at 2.5% of persons employed and constituted 6.3% of full-time females in active employment.<sup>24</sup> In 2005, the number of persons on full time employment, who were on reduced hours, stood at 1.2% of persons employed: constituted of 3.4% of females and 0.2% of males respectively in full-time employment.<sup>25</sup>

As can be seen from the Table below, reduced hours for parental responsibilities, is the domain of the female member of a family. Women on reduced hours increased from 1,260 in 2005 to 4,374 in 2013 – an increase of 275% during the period under review. The significant increase in take-up primarily reflects the increased presence of females in the labour market.

**Table 16: Total Males and Females on Reduced Hours between 2005 and 2013<sup>26</sup>**

	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Male</b>	154	229	186	310	213	372	124	182	383
<b>Female</b>	1,260	1,724	2,424	2,845	2,562	2,849	3,658	3,863	4,374
<b>% increase of Female on RH</b>		36.8%	40.6%	17.4%	(9.9%)	11.2%	28.4%	5.6%	22.5%
<b>Total</b>	1,414	1,495	2,610	3,155	2,775	3,221	3,782	4,045	4,760

Data obtained from Eurostat with regard to tele-working is difficult to interpret as males consistently top the number of persons who are on tele-working. For example, men topped women with regard to tele-working use - by 1,641 persons in 2013. The data has other interpretation problems. For example it is difficult to understand why the number of persons on tele-working fell from 12,145 in 2006 to 5,905 in 2012, when it should have been rising and why did it thereafter spiked up to 9,667 in 2013.

The data presented below was published by the Malta Council for Economic and Social Development. This data is dated. As can be seen from the Table below over 400 employees within the government sector were working through tele-working.

<sup>24</sup> [http://www.nso.gov.mt/statdoc/document\\_file.aspx?id=3980](http://www.nso.gov.mt/statdoc/document_file.aspx?id=3980)

<sup>25</sup> Ad hoc report prepared by the National Statistics Office for the Pensions Strategy Group, July 2014

<sup>26</sup> Ibid

**Table 17: Pro-family Friendly Measures Introduced by Government as an Employer bet. 2006 and 2010<sup>27</sup>**

<b><u>Family Friendly Measure</u></b>	<b><u>Duration</u></b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Maternity Leave</b>	14 weeks paid	93	138	161	216	581
<b>Adoption Leave</b>	5 weeks paid	4	3	5	5	5
<b>Leave for Fostering</b>	1 year unpaid	0	0	1	0	0
<b>Responsibility Leave</b>	1 year unpaid – renewable	32	31	37	30	56
<b>Parental Leave</b>	1 year unpaid	314	284	280	271	470
<b>Career Break</b>	Up to 5 years unpaid	213	207	240	234	272
<b>Leave to accompany spouse on government assignments abroad</b>	1 year unpaid, renewable	5	3	8	7	12
<b>Reduced hours</b>	1 year paid, pro-rate	771	879	934	995	989
<b>Teleworking</b>		0	0	117	225	414
<b>Flexible Work Schedules</b>		0	0	157	433	280
<b>Total</b>		1,432	1,545	1,940	2,416	3,079

As can be seen from the above Table, the number of employees who opt for the different pro-friendly family measures provided by the government as an employer has increased considerably over the period of reviewed.

#### 03.4.3 Supporting Parents in Employment: Elderly in Employment

Eurostat defines 'older workers' as persons in employment, who are aged between 55 and 64 years. The statutory retirement age in Malta was 61 years of age until 2012. As part of the reforms, in 2013 the retirement age was increased to 62 years for persons who were 54 years of age as at 1<sup>st</sup> January 2007. As can be seen from the Table below, the employment rate of older workers in employment in Malta at 35.9% is low – significantly below the EU 28 MS average of 50.1% - with Malta outranking only Slovenia at 33.5%.

<sup>27</sup> Malta Council for Economic and Social Development Newsletter, Issue 01/May 2011

**Table 18: Employment Rate of Older Workers (55 years of age to 64 years of age)<sup>28</sup>**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
	31.2	31.9	30.7	29.5	30.1	29.1	31.9	33.2	34.7	36.2
<b>Change</b>		+0.7	(1.2)	(1.2)	+0.6	(1)	+9.6	+4.1	+4.5	+4.3%

During the period under review in the employment rate of older workers increased –17.3% on 2004. The increase in the employment rate from 2010 shows that the pension reform measure, which removed the cap on income earned by pensioners (which in 2009 to 2011 included people who retired at the then statutory retirement age of 61 years of age), had a successful impact.

The success of this measure is more marked when one reviews its impact on cohorts of elderly persons who are 65 years of age and over. The Table below presents the employment rate of elderly males and females who are 65 years of age and over.

**Table 19: Male and Female Employment Rate of Elderly Persons who are 65 years of age and over on Total Employment between 2005 and 2013<sup>29</sup>**

	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Male</b>	3.8	3.8	3.2	3.1	5.0	6.8	7.1	7.2	7.7
<b>Female</b>	:	:	:	:	:	:	:	:	1.2

As can be seen from the above Table, the number of males who are 65 years of age and over, in employment, over total employment, was low, and was on the decrease between 2005 and 2008. Following the introduction of the aforementioned reform measure, the presence of elderly males in the labour market started to increase year on year. In 2013 the percentage of males who are 65 years of age and over in employment, over total employment, stood at 7.7% - or 102.6% over 2005. Data with regard to the number of females in employment, over total employment, with regard to this age cohort, is under represented. At 2013, this, however, stood at 1.2% of total employment.

### 03.3 Life Long Learning

Too often, discussions about Malta's ageing population are mainly focused on the urgent need for pension and retirement age reforms. Forward-looking policies are needed, not only for pensions or in increasing active female participation in the work force, but also on lifelong learning issues. Many people today experience their chronological age as a determining factor. As shown earlier, Malta has a significant exit rate with regard to the continued employment of persons beyond the statutory retirement age. In part, this stems from the fact that people feel they have 'earned' their right to retire and re-orientate their lives towards different priorities.

<sup>28</sup> Ad hoc report prepared by the National Statistics Office for the Pensions Strategy Group, July 2014

<sup>29</sup> Ibid

Yet, there are others who tend to give up on an active life when they reach a certain age as they feel, or have picked up labour-market signals, that they are too old to learn. In particular, many are inhibited by an overemphasis on information and communication technologies skills, to the neglect of more general workplace skills, attitudes and experience.

The number of persons aged 25 to 64 years who were engaged in lifelong learning in Malta, in 2013, stood at 7.7% - which is somewhat lower than the EU 28 MS average of 10.4%. Malta ranks in the middle quartile, out ranking countries such as Belgium, Bulgaria, Ireland, Greece, Croatia, Italy, and Cyprus, amongst others, but significantly behind Denmark (31.4%), France (17.7%), Netherlands (17.4%), Austria (13.9%), Finland (24.9%), Sweden (28.1), and the UK (16.1)

**Table 20: Lifelong Learning between 2004 and 2013<sup>30</sup>**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
	4.3	5.2	5.5	5.9	6.2	6.1	6.0	6.4	6.9	7.5
<b>Change</b>		+0.5	+0.3	+0.4	+0.3	-0.1	-0.1	+0.3	+0.5	+0.6

Lifelong learning education and training, increased significantly, during the period under review – by 3.4 p.p. on 2004. This increase reflects the importance that governments attached to re-skilling and up-skilling training and education, as an important supporting policy instrument to pension reform – that of ensuring that employees remain active in the labour market beyond the statutory retirement age due to accrued new or upgraded skills and competencies.

The percentage of females in lifelong learning at 7.9% in 2013 is slightly higher than that of males. This follows the EU trend where the average EU 28 in 2013 stood at 11.3% for females and 9.5% for males. Both males and females experienced significant increases over the period under review: 2.8% or 58.3% on 2004 with regard to males; and 4.1% or 107.9% on 2004 with regard to females.

**Table 21: Male and Female and Lifelong Learning between 2004 and 2013<sup>31</sup>**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Male</b>	4.8	5.8	5.5	6.2	6.3	6.0	5.8	6.0	6.5	7.4
<b>Change</b>		+1.0	(0.3)	+0.7	+0.1	(0.3)	(0.2)	+0.2	+0.5	+0.9
<b>Female</b>	3.8	4.6	5.5	5.5	6.1	6.2	6.2	6.8	7.3	7.7
<b>Change</b>		+0.8	+0.9	0	+6	+1	0	+0.6	+0.5	+0.4

Be that as it may, the number of male adult participation, between the ages of 55 years to 74 years, is low. Indeed this has been on decline since 2009, although it experienced an increase in 2013 of 52.4% on 2012. It is uncertain whether 2013 represents a new trend in the uptake of lifelong learning, by this cohort of persons, or whether this is a one off spike.

<sup>30</sup> <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&plugin=1&language=en&pcode=tsdsc440>

<sup>31</sup> Ibid

**Table 22: Male and Female aged 55 to 74 years Undertaking Lifelong Learning between 2005 and 2013<sup>32</sup>**

	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Male</b>	2.4	2.0	1.9	2.6	2.7	2.2	2.4	2.0	3.0
<b>Change</b>		(0.4)	(0.1)	+0.7	+0.1	-0.5	+0.2	-0.2	+1.0
<b>Female</b>	1.5	1.7	1.7	2.6	3.1	2.6	3.1	2.9	3.7
<b>Change</b>		+0.2	0	+0.9	+0.5	(0.5)	+0.5	(0.2)	+0.8

The percentage of females, in this age cohort who undertook lifelong learning, is higher than that of males – though this was not always so, as between 2005 and 2007, this was considerably lower. In 2013, the percentage of females in lifelong learning increased by 35.7% over 2012 to 3.8%. Once again, it is uncertain whether 2013 represents a new trend in the uptake of lifelong learning by this cohort of persons, or whether this is a one off spike.

---

<sup>32</sup> Ad hoc report prepared by the National Statistics Office for the Pensions Strategy Group, July 2014