



NCPE

National Commission
for the Promotion
of Equality for
Men And Women

Kummissjoni Nazzjonali
ghall-Promozzjoni
ta' l-Ugwaljanza
ghall-Irjiet u n-Nisa

WHITE PAPER: PENSIONS – ADEQUATE & SUSTAINABLE

Submissions by
The National Commission for the Promotion of Equality
26th April 2005

The NCPE congratulates the PWG on the White Paper which it has found to be a very well written, clear, informative and comprehensive document. The NCPE is also pleased to note an appreciable attention to matters pertaining to gender inequalities which have been identified in the current Social Security System and the proposals which have been made to address such inequalities in the proposed reform.

General Comments

The Pensions System Reform in Malta cannot be seen in isolation if it is to be sustainable but in the context of:

Maltese culture and tradition

Demographic changes

Reforms in the Health Care System

The National Action Plans for Employment and Social Inclusion

The direction that Budget 2005 is indicating for the future in line with the European Social Model as full EU members

Global competitiveness

The Lisbon Process

The Millenium Goals

Social Security Schemes and Pensions should be designed in a way that does not penalize those who do unpaid care work and home care.

In fact we have emphasised the need to abolish the 'consideration of' and instead assert the 'right to' through out the document.

Executive Summary (pg 5)

The NCPE would have liked to see a mention in the introductory paragraphs of page 5, on (a) the changing gender roles which are resulting in a change in the nature of the previously male-dominated workforce as more women are entering the labour market, and (b) the shortcomings which are currently inherent in the Social Security system in this regard.

Chapter 2

The Rationale for Change (02.1) pg 21

Whilst the issue of gender is very well-treated in point 4 on page 22, the NCPE would have liked “changing gender roles” to be included with “population aging and low fertility” in line 5 of the first introductory paragraph on pg 21.

Chapter 3 – The Challenges

Population Ageing (03.1) and Birth Rates (03.2)

It is a pity that the data presented under these sections has not been disaggregated by gender. Dis-aggregating data by gender is necessary in order to identify any gender differences and resulting implications.

Life Expectancy (03.3)

Gender differences are mentioned and presented visually in this section however no comment has been made as to their implications vis-à-vis social security.

Recommendations

Research needs in demographic change and life expectancy

Given that demographic change – and related modifications in the structure of the population and society – is a recent phenomenon, further knowledge is needed in order to be able to gauge the impact on overall social development and to establish a sound basis for timely policy planning decision-making and action.

The following issues should be taken into consideration:

- Demographic change in consumption and savings and behaviour of men and women given longer life expectancy
- Links between an ageing population and productivity. The impact on productivity, innovation and entrepreneurship

Employment Participation (03.4)

This section deals adequately with employment participation of women, however some areas in the labour market where the participation of women is low or disadvantaged should be addressed.

Recommendations:

- Engendering macroeconomic policies by integrating gender equality in trade related capacity-building programmes
- Eliminating de facto discrimination against women in the economy in access to economic resources such as access to credit and financing and in career development
- Design and implement policies in close co-operation with the social partners to eliminate the gender pay gap, inter alia by regularly monitoring wage gaps, revising job classifications systems and making pay levels and job evaluation systems transparent
- Ensuring better access to lifelong learning for women

- The need to support women entering and working in ICT fields where they are in the minority and enable women to use ICTs as a tool to reach business goals and achieve high-quality employment
- Increase the positive contribution of men in the care economy.
- Promoting women's self employment and entrepreneurship

Changing Gender Roles (03.5)

This section is very good but the title "Changing Gender Roles" is inappropriate, since this section does not discuss gender roles but rather discusses Gender Differences in Employment. Infact the disincentives on female participation in the labour market have been very well depicted. Should you agree to change the title of this section, the same change would have to be effected in the Table of Contents on pg 9.

Education and Life-long learning (03.9)

This is a very good paragraph. A mention should be made here regarding women who often have more limited access to education and life-long learning because of their traditional responsibilities in the home. If they are to be attracted, retained or re-attracted back into the labour market, it is crucial that appropriate incentives are available in this regard.

Recommendations

Research needs with regard to lifelong learning

In a society of rapid social, cultural and technical change, lifelong learning is becoming ever more important. The following considerations should be taken into account. This applies in particular to older workers whose skills acquired in the past no longer meet modern employment requirements:

- Identifying what kind of further training is most effective for older workers in terms of both content and approach
- Taking appropriate measures so that all workers benefit equally regardless of age or sex.
- Identifying basic skills that are particularly important in old age

Chapter 4 – Recommendations

Value System 01: Preventing Social Exclusion (04.1)

Text leading to Decision Principle 05 pg 54.

Paragraph 2: Regarding top-ups, women who had to leave the labour market (or work at less than full-time) because of family responsibilities should be included in the examples of legitimate reasons

Value System 02: Enabling People to Maintain Standards of Living (04.2)

Applying Strict Criteria for the Providers of the Second Pillar Pensions Scheme pg 59

Last paragraph – gender should be included in this list.

Recommendations

- The White Paper is proposing that the Second Pillar Pension Scheme should be introduced on a voluntary basis, but should be mandatory after a transitional period. Since a high percentage of women are not in full-time employment, a Second Pillar Pensions Scheme, non-taxable up to a capped limit will serve as an incentive in particular for women in part-time employment
- 24. The White Paper proposes that the determination of the parameters of the proposed mandatory Second Pillar Pensions Scheme should be taken on the basis of intensive actuarial studies commissioned by Government in tandem with the consultation process. The studies need to ensure the strengthening of our social inclusion policy and that there is no negative impact on both men and women given the lack of level playing field

Value System 04: Raising Employment Levels (04.4)

Decision Principles 27, 28 & 29.

The Decision Principles in this Section are really measures aimed at extending working lives (value 04.5). The NCPE feels that whilst increasing statutory retirement ages for both men and women will obviously result in increasing or widening the employability base, more measures are required to effectively raise employment levels per se, such as removing disincentives for women to sustain a full-time working life, introducing more effective flexible working conditions, tele-working, more remunerative part-time, job-sharing, etc.

Recommendations

Under the new Employment Guidelines (2003) gender equality is a horizontal issue spanning all the objectives. Some progress has been made in relation to employment and training policies. However measures to improve the quality of work, career prospects, encourage women entrepreneurs, narrow the age gap and promote women in the new technology sector are only in patches.

The point system is also an important tool that should be based on a number of criteria . The 40 years assumes a male worker model. If the 40 years are to be kept as the benchmark, years spent in caring, studying or any other valid reasons should be acknowledged. If for instance, a person finds her/himself unemployed for a considerable amount of time, points should be rewarded if the person underwent some sort of training in the meantime, that would make the person more knowledgeable and therefore theoretically more employable. This is even more so for women, considering the fact that statistically, women take up the bigger chunk of part-time work, and therefore they may be more vulnerable to layoffs.

The following measures should be taken into account to provide the necessary incentives to increase and retain the participation of women in the labour market.

- Introduction of a 'credit' system for full-time parental leave for parents, mother or father of children up to four years, who have had prior paid

contributions.(short term). This should be equivalent to the parent’s social security contribution had he/she remained in paid work. This should be added to a person’s contribution record before the average contribution for old-age pension entitlement is calculated (short term) (Criteria for registration are to be established).

- Introduction of ‘credit system’ for part-time parental leave for parents, mother or father of children up to the age of four years This should be equivalent to the parent’s contribution had he/she remained in paid work (short term)
- Introduction of a system for the registration of individuals seeking part time employment as their main form of income with entitlement to part-time unemployment benefits
- ‘Credits’ for men and women who take career breaks for the care of dependent adults and dependent relatives with disabilities (short term)
- Introduction of paid parental leave for employed single parents of children up to the age of three years on the basis of a means test

Childcare Provision

There is the need to do more to raise the employment rate of women and to remove the obstacles which continue to prevent women entering the labour market. This mainly depends on both men and women; reconciling family and work requirements must be consistently pursued. Accessible and affordable day-care facilities for children and others in need of care are to be made available

- regulation of current pre-school childcare facilities,
- provision of public-private partnership of childcare facilities that are accessible and affordable,
- home-based child minding
- after school pre-adolescent care and assistance
- ‘fee ceiling’ of pre-school facilities.
- Regulated home-based child minding
- After-school facilities for children and pre-adolescents

The NCPE acknowledges the gender equality approach inherent in these three decision principles.

Value System 06: Adjusting the Existing Pensions System in a Balanced Way (04.6)

The Contribution Period for the Accumulation of the First Pillar Pension (04.6.2)

Decision Principle 33

The extension in the period of accumulation from 30 years to 40 years has been fashioned with a “typical” male in mind. Whilst even some men may fail to have a full 40 year contribution (e.g. those who continue studying for a post-graduate and postpone entry into the labour market, say into their late 20s), this is even more discriminatory in the case of women, who in addition, may have to make a number of gaps in full-time work, (reduced hours, part-time work, parental leave, career breaks or even a number of years

of inactivity) because of family responsibilities. Women returners require time for re-training and re-skilling for adequate re-entering the labour market. Age discrimination, although against the law may also be an obstacle. The situation may be even worse for single parents (male or female).

The text leading to Decision Principle 33 does in effect mention that the option to allow individuals to make voluntary payments to bridge any gaps in the contribution record necessary to accumulate the 40 years' contribution should be positively considered. Whilst the NCPE agrees that it should not only be considered but implemented, it also recognizes that this may in itself place undue burden on those same individuals, who whilst going through a period of much decreased income, may have to find themselves compelled to suffer financial outlays in order to safeguard a future pension.

The NCPE requests that these issues are recognized and addressed urgently.

Value System 06: Adjusting the Existing Pensions System in a Balanced Way (04.6)
The Time-Based Period for the Calculation of the First Pillar Pension (04.6.3)
Decision Principle 34

The NCPE has the same concerns regarding this decision principle as for the previous decision principle 33. Women would be severely disadvantaged if they have a number of lower contributions, or worse still a number of missing contributions

The NCPE feels that this issue needs to be urgently addressed.

The point to be remembered is that women (or even men for that matter) who withdraw from the labour market because of family caring responsibilities are ACTIVELY CONTRIBUTING TO THE COUNTRY'S SOCIAL CAPITAL and therefore should never be penalized for this.

Value System 08: Recognising Periodic Gaps in Labour Market Participation (04.8)
Atypical Employment Nature of Women (04.8.1)
Decision Principle 40

The NCPE welcomes this paragraph and decision principle and agrees with its content, which basically addresses the issues raised above. NCPE looks forward to be involved in discussions regarding the policy instruments which are to be introduced.

The NCPE however objects to the choice of words used in this section and decision principles, namely the words "atypical employment" and "handicaps". Such wording not only demeans women but also the very nature of the recommendations to be taken in this regard.

Parental Responsibilities in Relation to Child Bearing and Raising (04.8.2)
Decision Principle 41.

The NCPE agrees and urges that the Decision Principle should not just be "positively considered" but "should be implemented". In addition, please refer to comments already

made under Decision Principle 33. It is worth stressing that such a policy instrument should not at the same time work adversely on the same beneficiaries it aims to protect. Therefore in devising such a policy instrument, it is important to keep these issues in mind.

In addition the NCPE recommends that the decision principle be widened to include also care of elderly persons and dependent relatives with disabilities

Parental Responsibilities in Relation to Child Bearing and Raising (04.8.2)

Decision Principle 42.

The NCPE fully agrees with this decision. In the preceding text, the NCPE recommends adding flexible working patterns, remunerative part-time, and more reduced hours options to be mentioned.

Rapidly changing employment and career patterns (04.8.3)

Decision Principle 43

Agreed.

There is the need of a strategy at National level to address the issue of undeclared work

Recommendations:

Defining undeclared work and identifying the types

Preventive measures.

Incentives to declare work

Effective monitoring by the relevant authorities

Life long learning (04.8.4)

Decision Principle 44

This section has clearly identified the importance of lifelong learning

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Recommendations

2. Research needs in work and employment with regards to life-long learning systems

In future, the shift in the population age structure and the resultant need to redistribute scarce resources which cannot be increased in proportion to the demand will make it necessary for businesses and social security systems – and for the ageing population itself – to rely longer than at present on older people's working skills and knowledge.

The following considerations should be taken into account:

- In which fields older workers will be able to put their skills to particularly good use, even with increasing age
- With regard to the transition from full-time employment to retirement, pre-retirement flexible arrangements at the workplace can be introduced to ensure that they are of benefit to older workers, businesses and social security systems alike and to delay the age of exit from the labour market.
- Devising schemes for knowledge transfer so that older workers' skills and wide experience over many years can be passed on in such a way that younger

people are happy to take "old" knowledge on board and make it a part of their "new" body of knowledge, both for their own benefit and the benefit of their company

Chapter 5 – Implementing the Proposed Changes
Implementing the Proposed Changes to the Pensions System (05.1)
Graph 10: The Proposed Pensions System
First Pillar Pension

“To consider credits for Parental responsibilities” to be changed to “Credits for parental responsibilities.....”

Subsequently see all previous comments.

Impact of the Proposed Changes to the Pensions System (05.2)

It may have been pertinent to include a short gender impact assessment in this section.

Impact of the Proposed Changes to the Pensions System (05.2)

Impact on Beneficiaries (05.2.1)

Table 11 mentioned in line 9 is on pg 90 not on pg 65.

Last paragraph on pg 89. There should be a reference to Table 12 on pg 92.

Table 11

The scenarios presented here are for full-time employees. Could a similar table depicting a reduced employment profile be constructed? Whilst a reduced employment profile is applicable to both men and women, it is more likely that it would definitely be more applicable to women, in the present context.

Impact on the Cost of the Pensions System (05.2.2)

Graphs 11 & 12

Consider using circles for either base or model as it is rather difficult to differentiate between the two curves as currently depicted.

Pg 93 – Second paragraph below Graph 12 – the date should be 2033 not 2023.

Pg 94 – Second paragraph – Again “changing gender roles” could be added to the list.

Abstract of the Proposed Principles and Recommendations

See previous comments.

Reconciliation of the Proposed Principles (05.4)

See previous comments.

Also under column New, third line from bottom page, to use “gender sensitive” rather than “gender neutral”.

Appendix IV – Modeling Options

Pension Specific Variables

First Pillar Pension – Point 03.11 – This is not quite clear.

Definition of wage earners (05)

How do women with less than full-time or less than 40 years' employment fit in here?

Appendix VIII – Brief overview of the Special Funds Regulation Act.

Independence Requirements

Summary pg 151

Retirement Scheme Administrator Independent From:

Last line to read “Retirement Fund Administrator” rather than “Retirement Scheme Administrator”?

Conclusion

The expert report on the future of social policy and social security recently noted that the commonly held perception of social protection undermining competitiveness, economic growth and high employment levels is hardly defensible in empirical terms and that countries such as Sweden, Denmark, Austria, Luxembourg and the Netherlands, high economic performance goes hand in hand with a high level of social protection. The countries which take the lead in competitiveness all make high investments in social policy and social security systems and show low poverty rates .

See: European Policy Centre (2004) Lisbon revised – Finding a new path to European growth (quoted in the May 2004 report of the high-level group on the future of social policy in an enlarged Europe.