

Joint Report on Social Protection and Social Inclusion 2010

**Policy Development and EU Affairs Directorate
Ministry of Education, Employment and the Family**

Documents

The presentation is based on the following three documents:

- **Key Messages** (COM (2010) 25 FINAL)
- **Joint Report** (SEC (2010) 98 FINAL)
- **Country Fiche** (SEC (2010) 99 FINAL)

Contents

- **Introduction – Joint Report**
- **Key Messages – Main Points**
- **Overview of the Social Situation as a result of the Financial Crisis**
- **Country Fiche – Malta**
- **Key Messages – Malta's Position**

What is the Joint Report?

- Reviews the main trends in social protection and social inclusion across the EU through analysis of MS' National Reports on Social Protection and Social Inclusion
- National Reports on Strategies for Social Protection and Social Inclusion identify priority objectives and monitor progress in the area of:
 - **Social inclusion**
 - **Pensions**
 - **Health and long-term care**
- The 2010 report draws on the impact of the financial and economic crisis on social policies to ensure a lasting recovery and address long-term structural challenges.

Key Messages/1

- Firm policy intervention and the automatic stabilisers embedded in European welfare systems have limited the economic and social impact of the recession.
- The human cost of the crisis is difficult to evaluate fully as yet. The impact on labour markets and on the population, especially the most vulnerable, is still unfolding.
- The crisis has highlighted great diversity within the EU. The capacity of national welfare systems to provide adequate protection varies.
- Not all Member States have the financial means to meet rising demand and some have large gaps in their safety nets. Narrowing these gaps is now a priority.

Key Messages/2

- Containing public spending calls for enhancing the quality of social intervention.
- The crisis has aggravated poverty in its multiple aspects.
- Integrated strategies to address housing exclusion and homelessness have an important role to play in post-crisis policies.
- Fighting unemployment and promoting inclusive labour markets to avoid risks of long-term exclusion.

Key Messages/3

- Active inclusion can reconcile the goals of fighting poverty, increasing labour market participation, and enhancing efficiency of public spending.
- Old and new forms of poverty and exclusion.
- The crisis has aggravated poverty in its multiple aspects.
- Integrated strategies to address housing exclusion and homelessness.
- Efficiency of health care systems

Key Messages/4

- The crisis and lower growth prospects are likely to impact on all types of pension schemes and aggravate the ageing challenge.
- The added value of policy coordination through the Open Method of Coordination on Social Protection and Social Inclusion.
- The need to foster sustainable growth along with job creation and social cohesion.

Key Messages/5

- EY2010 offers a timely reminder to strongly reaffirm the EU commitment for a decisive impact on combating poverty and social exclusion.

Social impact of the crisis

Citizens' perceptions

- According to a Eurobarometer survey conducted in the autumn of 2009, citizens' perceptions are that the economic crisis has a serious impact on their lives.
- About one fifth of Europeans feel that their households are facing financial difficulties and that, on occasions, they did not have enough money to settle ordinary bills or to buy food, in the last twelve months.

Unemployment

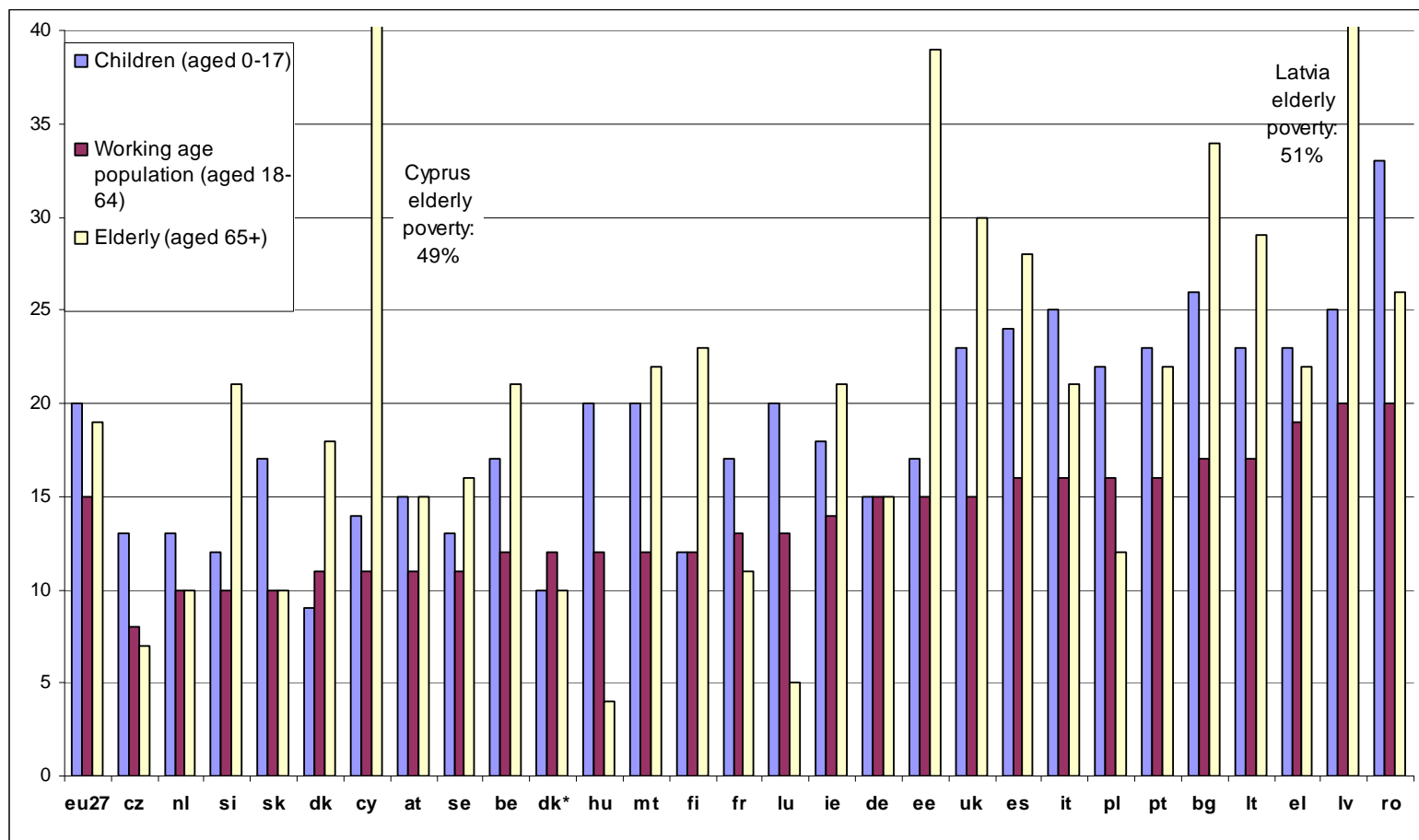
- Unemployment in the EU reached 9.6% in December 2009 and it might rise further to 10.2% by the end of 2010
- The rate is more than double for young workers (21%) and migrants (19.1%).
- With 4.6 million more unemployed than at the outset of the crisis, many households have seen their income drop and are more exposed to risks of poverty and over-indebtedness
- Unemployment rates may stay high for some time, with the attendant risks of long-term unemployment and exclusion.

Risk of Poverty

- Despite economic and employment growth, the original objective of the Lisbon Strategy to significantly reduce poverty, has not been met.
- At EU level between 2005-2008:
 - the at-risk-of poverty rate stood at 17%;
 - the at-risk-of poverty rate of children and elderly stands at 3 percentage points higher than the overall population;
 - In-work poverty remained stable at 8%;
 - the risk of poverty of the unemployed rose from 39% to 44%.

At-risk of poverty rate by age group, 2008

Source: EU-SILC (2008)

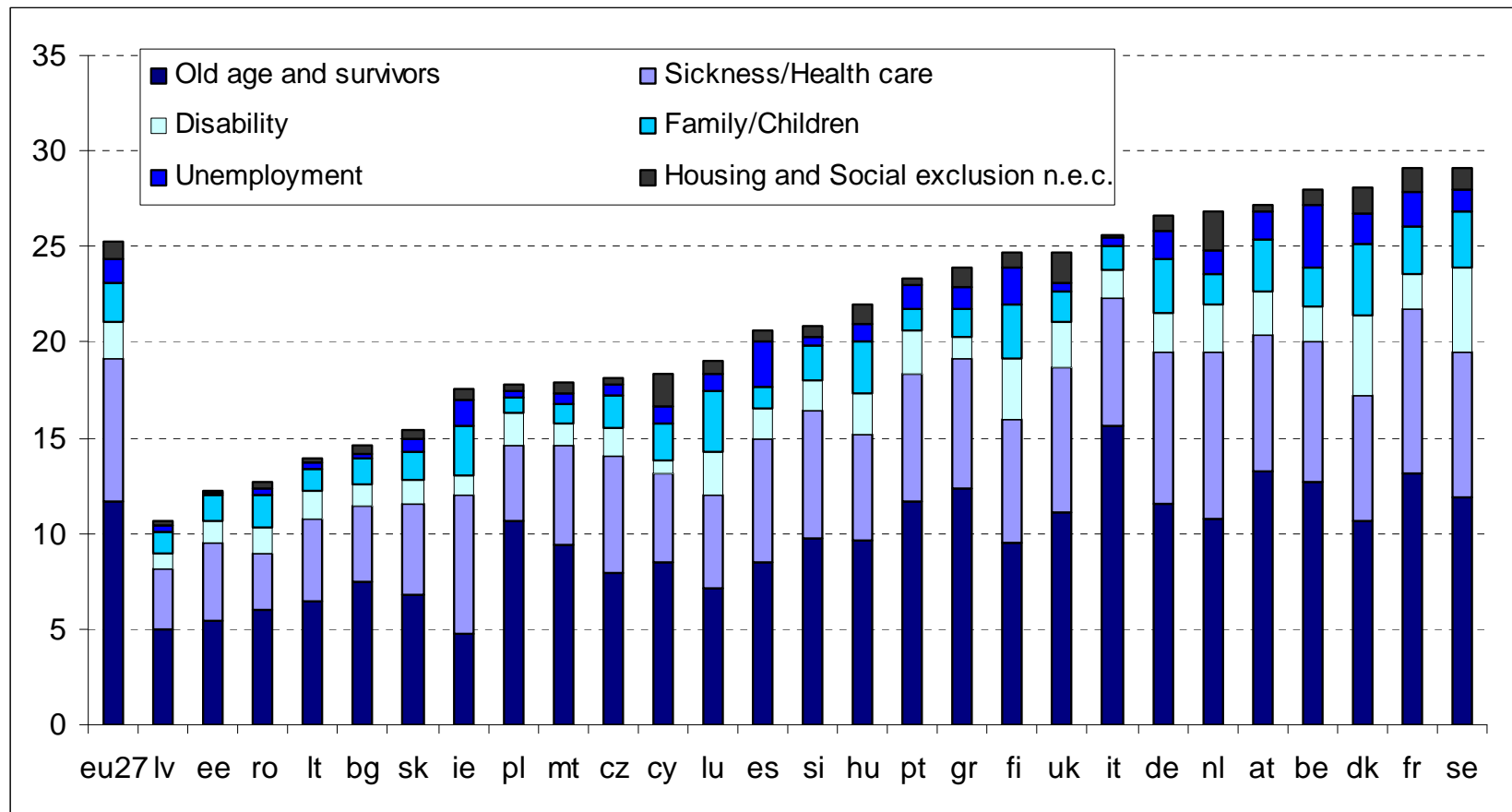


Social Protection Systems

- Social protection systems play a redistributive role over the life-cycle.
- Size and structure of social protection systems vary greatly across the EU.
- Generally, more affluent countries spend a larger share of their GDP on social protection.
- Social expenditure in the EU is expected to increase by 3.2 percentage points of GDP between 2007 and 2010.

Expenditure on Social Protection Benefits

Source: Eurostat – ESSPROS 2007



Pension Systems

- Variations in the ability of funded schemes to weather the present crisis show that differences in design, regulation and investment strategy matter.
- Long-term unemployment and other interruptions in normal earnings can negatively affect the accrual of entitlements and reduce individual pensions. Given this:
 - opportunities should be provided for people to extend their working lives and minimise employment interruptions
 - a better balance for pension savers between security, affordability and returns needs to be achieved
- A number of Member States consider increasing the pensionable age in the wake of the crisis to restore a balance between working years and years spent in retirement

Health and Long-Term Care

- In general, healthcare expenditure represents a significant share of Member States' financial resources.
- On average, Member States spend about 9 % of GDP on health, including both public and private outlays, which varies from 5% in Estonia to 11% in France.
- Average expenditure has grown by about 1pp of GDP over the past decade.
- The financial crisis and the size and growth of health costs have prompted calls for health systems to obtain better value for money and to improve effectiveness and efficiency.

Homelessness and Housing Exclusion

- 2009 was the focus year on homelessness and housing exclusion within the social OMC
- The shortage of adequate housing is a long-standing problem in most European countries.
- Due to the crisis and rise in unemployment, some countries reported more defaults on housing loans and repossessions.
- The cost and quality of housing is an important element of living standards
 - 38% of people at-risk of poverty spend a very large share (i.e. more than 40%) of their disposable income on housing (as against 19% of the overall population).
 - 27% of people at-risk of poverty live in overcrowded accommodation (as against 15% of the overall population).
 - 38% of people at-risk of poverty suffer from at least one housing deprivation problem (against 22% of the overall population).
- Data on rough sleepers and on people without accommodation provide a mixed picture, but show that the situation has worsened in a number of countries

Malta:

Homelessness and Housing Exclusion

- No visible signs of homelessness like in Member States.
- In Malta:
 - 2.6% vs 12.3% EU average of the population live in a household where housing costs represent more than 40% of the total household income;
 - 3.6% vs 17.3% EU average of overcrowding rate;
 - 90.7% vs 75.2% EU average of acceptable living standards;
 - 5.4% vs 18% EU average of people living in deprived households;
 - 0.5% vs 0.9% EU average of social protection benefits expenditure destined to housing benefits.

Malta's Position on Key Messages/1

- We support the Key Messages.
- Despite signs of recovery, we acknowledge that the full impact of the crisis and the negative spill-over effects will be experienced for some time.
- The crisis may aggravate poverty in its multiple aspects particularly for vulnerable groups.
- We welcome the focus on tackling poverty and child poverty in particular, since this is crucial in combating intergenerational transmission of poverty.

Malta's Position on Key Messages/2

- Policies and measures that address homelessness and housing exclusion need to form an integral part of post-crisis strategy.
- We recognise that the containment of public spending calls for the enhancement of the quality of social interventions.
- Monitoring of social trends and the impact of the crisis is crucial for designing effective policy responses.

Malta's Position on Key Messages/3

- The crisis has emphasised the added value policy coordination through the Social Open Method of Coordination (OMC)
- Only through the adoption of achievable evidence-based national targets that policies can reflect the specific realities and priorities within the different Member States.
- The EY2010 should give a voice to people experiencing poverty and social exclusion and reaffirm the importance of collective responsibility.

Adoption by Council

- This Joint Report on Social Protection and Social Inclusion 2010 was adopted by EPSCO Council of Ministers on 8 March 2010.

Joint Report on Social Protection and Social Inclusion 2010

Thank You