

Introduction

Anti-Poverty Forum Malta is a platform organisation made of 13 NGOs working in the field of poverty and social exclusion. APF – Malta is affiliated with the European Anti-Poverty Network (EAPN). The aim of the forum is in line with the European Anti-Poverty Network (EAPN) to fight against poverty and social exclusion and promote social justice. Through policy recommendations, consultations and evaluation of current ongoing scenarios the APF seeks to put in the centre of political debates the fight against poverty and the most vulnerable. With the help of our network of NGOs, APF finds strength to fulfill its objection and keep perceiving to be on the side of people in need.

What is poverty?

Poverty is difficult to interpret and therefore is an ongoing challenge that constantly needs to be addressed by society. This brings several disagreements when defining and measuring this concept. According to Scott and Marshall (2004), the term poverty is defined as “a state where an individual or a group of people lack the sufficient resources to maintain a healthy lifestyle or even lack the necessary means to achieve a standard of living which can be considered as being suitable in a particular society.” (p. 276-77). Throughout time policymakers, sociologists and researches have classified poverty as absolute and relative. Anywhere in the world where individuals or families are not able to meet essentials, such as food, water, health, clothing and shelter are suffering from absolute poverty. These are fundamental to the human existence, as everyone must have the right not to live in such conditions (Giddens, 2001). According to Townsend (1979), relative poverty is seen as a standard of living according to a given society. The needs of societies could differ significantly. In most industrialized countries, having a phone or T.V. is considered as the norm; people who against their will do not possess such goods are living in poverty (Giddens, 2001)

Social Exclusion

Social exclusion is not a recent phenomenon. The term social exclusion was coined by the French Deputy Minister for Social Action, Rene Lenoir back in the 1970s. In his book “Les Exclus”, Lenoir (1974) focused on those groups within society that were continuously struggling to integrate with others due to salary limitations and rights to social citizenship. Throughout the years, this term has become more mainstream, evident in public discourse and government policies. Operationally, social exclusion refers to the situation in which individuals cannot fully function in various areas of society, such as political, social, economic and cultural activities. This shapes the lifestyle of these people and sets them apart from many other members of society. The European Observatory for National Policies against Social Exclusion started operating in 1990. (Room, 1992) It was set up to produce reports related to social services in different countries and their importance to fight social exclusion. This ideology has

evolved since the 1990s and, at present, social exclusion is more connected to poverty in its many formats and the lack of access to goods and services.

The AROPE Indicators

Poverty does not refer solely to monetary or material poverty, but also to other forms of poverty, such as feeling excluded from the society in which one lives by not being able to participate in and experience the same kind of lifestyle which is the norm for the average individual in the same lifestage and context in that country. In the EU, a measure of this is the At Risk of Poverty and Social Exclusion (AROPE) which is an amalgam of three indicators (Eurostat 2020a) Persons are considered to be at-risk-of-poverty or social exclusion if they are, at minimum, in one of the following states: at-risk-of-poverty, severely materially deprived, or living in households with very low work intensity.

What is AROPE?

The number of people at risk of poverty or social exclusion (AROPE), corresponds to the sum of persons who are:

- 1) At risk of poverty (as indicated by their disposable income); and/or
- 2) Face severe material deprivation (as gauged by their ability to purchase a set of predefined material items); and/or
- 3) Live in a household with very low work intensity (adults worked 20 per cent or less of their full work potential during the previous year).

People experiencing poverty perspective

People experience poverty do have several struggles including to live decently due to lack of sufficient income regarding. Below will highlight some of the struggles people experience poverty go through.

Food

Low-income households are currently entitled for regular packages of free foodstuffs through the FEAD and SFFD schemes coordinated by the Ministry for Social Justice and Solidarity in Malta, the Family and Children's Rights and distributed by the Foundation for Social Welfare Services (FSWS). Households eligible for food aid include those receiving non-contributory means-tested benefits and having two or more children below the age of 16, as well as those with two or more children below the age of 16 and with an income not exceeding the National Minimum Wage (NMW). Non-single households eligible for non-contributory means-tested age pensions also qualify for the food aid, as do other household categories where there are 3 or more children. Multiple packages are distributed annually, with the number of packages per household depending on household profile. The FEAD is distributed three times yearly,

approximately every 4 months, and the SFFD is distributed twice yearly. The foodstuffs distributed typically comprise breakfast cereals (some wholegrain), pasta, rice, couscous, nuts, teabags, long-life milk, as well as canned tuna, sausages, vegetables, tomatoes, baked beans and fruit.

“I need around 15 to 20 euro daily to feed my family and I am a single parent. These money go just for the breakfast, school lunches and dinner. If not for the help of my parents, I would not know how my children and myself would eat. Due that I do not have a car I can't go to big supermarkets to benefit from discounts. Therefore, I have to go to local shops which sometimes goods are more expensive.” (Single mother with two children)

Health

Low-income earners who suffer from certain health conditions and whose income does not exceed an established threshold are generally entitled to Free Medical Aid (In Malta known for Pink Form) under the Social Security Act. More specifically, they are entitled to the free provision of pharmaceuticals from the Government Out-patient Formulary List compiled by the Directorate for Pharmaceutical Affairs within the Ministry of Health, as well as other health and ancillary services, such as dental services, ophthalmic services, spectacles, dentures and other prosthetic aids, hearing aids, telecare, telephone rebate and handyman service. This free Medical Aid is also available to those in receipt of Social Assistance, Social Assistance for Single Parents, Unemployment Assistance, Non Contributory Age Pension, Increased Severe Disability Assistance, or Severe Disability Assistance. This Aid may also be awarded to a fostered child living with a family, or a student attending fulltime education as confirmed by documentation from the educational institution. Persons who are suffering from chronic diseases may also be eligible for a Yellow Card (Schedule V). This card is not means-tested and is issued by the Department of Health.

Due to the natural ageing process and greater risk for health problems, the older elderly may need to visit a specialist consultation at least once a year. Should such a consultation be required, and timely access not feasible within the NHS, a cost for private services would be incurred. The elderly may also need to make a visit to their family doctor at times when their closest Community Health Centre in local villages in Malta may not be open, or they may need to consult with a doctor serving from a pharmacy close to their home, or even request a home visit for some minor but emergency ailment. Similarly, families with school-age children also often resort to the family doctor for common ailments, due to the family-doctor relationship. Sometimes, circumstances require visiting a doctor close to home, or requesting a home visit, due to time-strapped lifestyles, the parents' work schedules and especially when a Community Health Centre is not available in one's home town or village

“Although I use the polyclinic service (health service in local villages in Malta), sometimes as an elderly person I can need to call my family doctor. When I get sick

sometimes, I have not enough strength to walk through the village to get to the health center. This means that the doctor will ask me for 20 euro for his visit and adding on to this I need to spend 40 euro for medicine on average. This means a total of 60 euro. At times I do need to visit a professor for my health condition which this visit cost me 40 euro. At my age health insurance is very expensive, so either I wait or pay a lot of money for a private hospital.” (Elderly man)

Household Services

Laundry and household detergents, cleaning materials and other non-durable household goods for dishwashing and for cleaning of floors and other surfaces (e.g. bathrooms and wall tiles), such as dusters, sponges, floor cloths and a cleaning set (broom, dust pan and brush, squeezer etc.) are all basic additional expense that families need to do to keep their homes decently clean. In Malta the usage of electricity do to the use of air-condition (which is needed due to extreme high temperatures) and water is set to be higher than other moments.

The costs of energy and water usage for each household category reflect the residential tariffs as regulated by the Malta Resources Authority at November 2019, with applicable subsidies based on the Energy Benefit for low-income households (see Appendix J). As at 2020, families who are in receipt of social security benefits and/or whose net income does not exceed €9,961 per annum, are entitled to an Energy Benefit. This benefit provides for a reduction on the cost of electricity consumption and on electricity and water meters rental.

“Children are growing up and they waste more water and electricity.” (Single parent & 2 children)

Education

Low-income families are typically eligible for assistance under Scheme 9 of the National School Support Services of the Ministry for Education and Employment, run in collaboration with the Department of Social Security of the Ministry of Social Justice and Solidarity, the Family and Children’s Rights. Under this Scheme, based on benefits received by the family and /or meanstesting, families have a choice of being given a grant for basic stationery, normally at the beginning of the scholastic year, or a grant for the school uniform, or daily free packed lunch for their child/ren. It is also often the case that when a school’s management team is aware of vulnerable pupils or students, they will assist further with providing some basic stationery, photocopies, or by paying for entrance fees and transport related to school outings.

“Although my children use their stipend to buy stationery, sometimes I have to fork out something extra to cover all the expenses related to education. Although stipends do help, education material can sometimes be expensive.” (Single parent & 1 child)

Housing

There are two types of Social housing: one where the property is owned by the State, and the other where the property is leased by the State from third parties. Other schemes are available for those individuals who lease their property directly from third parties. Families are eligible for a HA subsidy on their Social housing rental costs based on their income (see Appendix P). Subsidies range from 70% for those with an income of 11,001 euro or over per annum, up to 85% for those with an income of 7,000 euro per annum or less. Taking an average of the commercial rents payable across localities for a 3 bedroom apartment (2,975 euro per annum) (as per personal communication with HA officials in December 2020), and considering a maximum subsidy of 85%, annual rent for such an apartment would work out at a rate of 446 euro yearly. Similarly, taking an average commercial rent of 2,125 euro per annum as the rent for a one bedroom apartment and applying the full 85% subsidy, the rent for such an apartment would work out at 319 euro yearly. No means testing is carried out on applicants in receipt of Social Assistance, Social Assistance for Single Parents, Unemployment Assistance, Age Pension and National Minimum Invalidity Pension. It is worth noting that according to current housing policy, the minimum subsidised rent payable is 197 euro per annum.

“I am living with my parents because after the separation from my husband I could not afford to pay 700 euro for rent. I had my own place which I decorated nicely. After my separation I lost all and now I can’t afford to rent with my salary. As I need to buy things for my two children including stationery and food which are expensive.” (Single parent & 1 child)

These experiences show the struggle of low-income earners that go through in essential categories such as housing, health, education, household services and food. This does not mean that these are the only 5 categories that are burden for low-income earners, other categories such as transport, travelling, technological devices such as laptop and smartphone expensive are among many items that are making it harder to live decently.

EU population at risk of poverty or social exclusion

In the EU-27, 92.4 million people equivalent to 21.1 per cent of the EU-27 population were at risk of poverty or social exclusion. (Eurostat, 2020a) The risk kept being higher for women than for men (22.0% compared to 20.2%), despite Europe being considered one of the richest continents, in 2019. 40.3 % of those living in single adult households with dependent children were at risk of poverty or social exclusion. Moreover, on average, 21.4% of single adult households with dependent children in the EU-27 was at persistent risk of poverty in 2018; that is, they were below the poverty threshold in 2018 and had also been below the threshold for at least two of the three preceding years. Social protection measures, such as social transfers, provide an important means for tackling monetary poverty. In 2019, social transfers reduced the EU-27 at-risk-of-poverty rate from 24.5 per cent before social transfers (pensions excluded) to 16.5 per cent, bringing the rate down by 8.0 percentage points. (Eurostat, 2020a)

At-Risk-of-Poverty

The at-risk-of-poverty threshold is set at 60 per cent of the national equivalised income which was computed to be €9,212 in 2019. (NSO, 2020, Dec 16) Around 82,758 persons, or 17.1% of the population living in private households, were estimated to be at-risk-of poverty when considering total household disposable income. The value of social transfers is evident as when one considers household disposable income excluding all social transfers, 36.8% of the population living in private households were estimated to be at-risk-of poverty. Looking at the figures from an age perspective, the largest proportion was the cohort of elderly persons aged 65 and over, standing at 27.7%. From a tenure status of the household perspective, the largest cohort was those who were renting as tenants or subtenants at 31.8%.

Poverty and Social Exclusion in Malta

According to the EU-SILC, in 2019 the AROPE rate for Malta was estimated at 20.1 per cent of the population living in private households. (NSO, 2020 Dec 16) The highest groups at-risk of poverty and social exclusion in Malta were the elderly, the unemployed and single parents with one or more dependent children. One in four children under 18 and one in four retired persons were at risk of poverty and social exclusion.

The relative median at-risk-of-poverty gap is an indicator which measures the extent to which the income of those persons who are at-risk-of-poverty falls below the at-risk-of-poverty threshold. In 2019, this was calculated at 17.1 per cent. When looking at different personal or household characteristics, considering age, the largest gap was for children younger than 18 years of age at 20.6 per cent. Considering household types, the three largest gaps were for households with two adults, no dependent children, and at least one adult aged 65 or more at 29.6 per cent, households with two adults, three or more dependent children at 33.1 percent, and most significantly single parent households with one or more dependent children at 42.9 per cent.

Material and Social Deprivation

In 2019, in Malta, 17,506 persons, equivalent to 3.6 per cent of the population living in private households, were estimated to be severely materially deprived persons; not being able to afford four of the specified list of 9 indicators (NSO, 2020, Dec 16). A higher proportion of 8.4 percent of the population was considered to be materially deprived; not being able to afford at least three deprivation items. For both categories, the most prevalent deprivation item was the inability to pay for a week's annual holiday away from home. Close to one out of three persons (30.8 per cent of the population in private households) reported this inability. However, one must also note that at a more basic needs level, 5.8 per cent of the population in private households could not afford a meal with meat, chicken, fish or vegetarian equivalent every second day, and 7.8 of this population in private households were not able to keep the home adequately warm in winter.

The EU-SILC data collection goes beyond the material dimension and also aims to capture the social dimension of poverty. A person is considered to be materially and socially deprived if his/her household cannot afford (because of an enforced lack) at least five of thirteen items listed (see Table 4). These include, for example, the ability to replace worn-out furniture and worn-out clothes, as well as social pursuits undertaken regularly, such as leisure activities and meeting with family and friends for a drink or meal. In 2019, in Malta, 9.9 per cent of the private-household population were considered to be materially and socially deprived, an increase of 0.6 percentage points from 2018. More specifically, 7.9 percent of adults aged 16 and over could not afford to get together with friends/family for a drink/meal at least once a month; 12.0 per cent could not afford to spend a small amount of money each week on him/herself (“pocket money”) and 13.6 per cent could not afford regular leisure activities.

Gini Coefficient

The Gini coefficient measures the inequality of income distribution. It may take values ranging from 0 per cent, which implies perfect equality in the income distribution, to 100 per cent, which signifies absolute inequality.

In recent years, the 60 per cent threshold of median national equivalised income of persons living in private households under which one is to be considered at risk of poverty has gone up consistently in Malta, indicating a rise in average wages. Whilst on the one hand this is a positive trend, on the other this means that persons who are on a fixed income at the lower end of the continuum have fallen behind. This is confirmed by the Gini coefficient which has shown inequality levels being fairly high in the past decade, having seen an increase from the most recent lowest of 27.1 in 2012 to a high of 28.7 in 2018 and then a slight decrease to 28.0 in 2019. (Eurostat 2020c)

<https://ec.europa.eu/eurostat/web/products-eurostat-news/-/EDN-20201016-2>