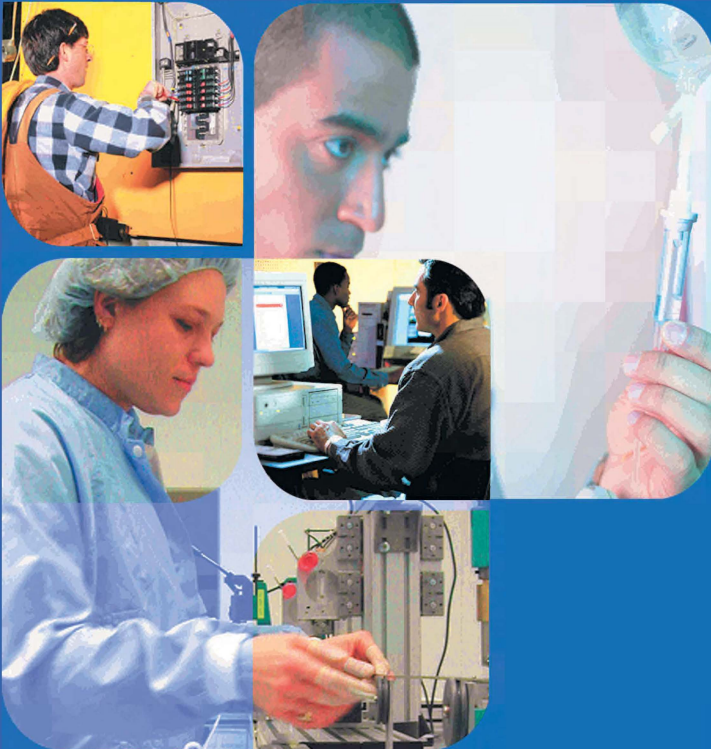




European Employment Observatory Review: Spring 2005

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Malta

Gender equality action plan

Tax credit for women returners to work

Introduction

Malta has by far the lowest female employment rate in Europe. Eurostat data for 2004 show that Malta's female employment rate stood at 32.8%. When compared with the EU-25 average of 55.8%, this indicates a very low participation rate. It also has the greatest difference between male and female employment rates, with a gap of 42.4%. An important reason behind the low female employment rate can be traced to the Maltese traditional culture which dictated a strict division of labour with men as the only breadwinners and women relegated to childbearing and homemaking activities. Up to the early 1980s, females in the public sector had to resign from their post upon marriage. As these values started being increasingly challenged, more women joined the labour force during the last two decades. However, many still thought about jobs as a temporary activity whose main, if not sole, purpose was to financially help to build and furnish their home. Indeed, many working women tended to leave their job on the birth of the first child.

Unlike trends in several EU countries, the female employment rate in Malta did not register a significant increase in recent years. In line with the Lisbon agenda, the Maltese government committed itself to increasing the female employment rate to 40.7% by 2010. This target was viewed as more realistic than the EU target of 60%. The joint action plan (JAP) and, subsequently, the national action plan for employment (NAP) (2004) added impetus to the government's commitment to increase female participation in the world of work and to enable men and women to strike the ideal work-life balance.

In order to implement its plan, among others, the government strengthened the legal framework meant to eliminate gender differences in Maltese society. The recent Employment and Industrial Relations Act (2002) and the Equality for Men and Women Act (2003) are the most important laws in this regard. In 2003, the Employment and Training Corporation (ETC), Malta's public employment service, set up a Gender Equality Unit responsible for promoting equal opportunities in employment and training. This paper will examine one of the interesting initiatives taken by this unit, namely the 'Gender equality action plan' (GEAP). Besides, it will also highlight the government's new tax credit measure given to women returning to employment.

The Maltese context

The first GEAP was developed by ETC officials together with other experts and covered the period 2003-04. Several of its suggested actions were planned to be delivered in partnership with other entities. The Maltese government has emphasised the need to involve social partners and the civil society to achieve its employment goals. The ETC used the GEAP to promote the utility of partnership to achieve greater gender equality in the field of work. This served to remind the public about the government's agenda. GEAP was thus useful to increase awareness about the need for greater gender equality.

The government had started implementing measures aimed at enhancing gender equality much before the drafting of this plan. The GEAP served as an important tool which outlined such measures and initiatives in a more comprehensive way. The gathering of such information in one document created a greater focus on the most important aspects of such a complex topic. It clarified many questions relating to the current scenario of female employment in Malta. Furthermore, it reviewed the crucial issues for Malta. Finally, and most importantly, it listed a set of programmes and initiatives meant to address the various issues highlighted in the document. The success of the first GEAP led to the drafting of a second GEAP for the period 2005-06. This GEAP was used to evaluate the success of the first GEAP.

The GEAP can be viewed as a supplement to the NAP focus on gender equality. Among the numerous measures listed in the NAP there was an interesting one stating that women who have been inactive for at least five years will be given a 'one-off tax holiday' in the first year of their employment in the private sector. This measure was also mentioned in the 2005 budget speech by the Prime Minister in his capacity as Minister for Finance. This measure was formally labelled 'Tax credit (women returning to employment) rules' (2005) and formed part of the income tax (CAP. 123). It came into effect on 1 January 2005. Apart from having been absent from the labour market for at least five years, in order to benefit from this credit, women must have been in employment for at least 24 consecutive months prior to leaving the labour market. These women may benefit from a tax credit of MTL 700 (EUR 1 630) in respect of profits from employment. This credit may be availed of over two consecutive years commencing from the year when the return of employment takes place.

Objectives

The ETC Chairman described the measures in the GEAP as aiming 'to give women and men a real opportunity to freely choose the way in which they balance family life and work'. The initiatives listed in the first GEAP were grouped under four objectives:

- General measures meant to mainstream gender issues throughout the corporation. This objective derives from the assumption that policies and measures are rarely gender neutral, and therefore require to be evaluated in terms of how they affect both genders;
- Promoting equal access to employment. The ETC seeks to reduce gender segregation and create an environment where males and females have similar work opportunities;
- Facilitating retention of employment. This objective seeks to decrease the number of women who quit work, especially due to an inability to reconcile work and private life;
- Enabling progression at work. Very few women occupy high managerial and administrative posts in Malta. The ETC seeks to enable more women to break the 'glass ceiling' and progress in their career.

The same themes of the first GEAP remained as the guiding objectives behind the second GEAP. The GEAP 2005-06 lists 17 key initiatives that should be taken within the two-year working period.

The initiatives earmarked for 2005 include the launch of an ESF project scheme designed to encourage employers to open childcare centres at the workplace. The first part of the project involves the training of childcarers. The training programme consists of both theory and practice in a childcare facility. The second part provides for a package of incentives for a variety of providers to start and run childcare services. The incentives include the provision of childcare expertise to entities wishing to provide such services and a start-up grant which covers expenses to providers involved in rendering the property safe for children as well as the educational and play materials necessary for proper childcare. The grant also includes half the salaries of trained childcarers.

Other initiatives to be taken in 2005 include: the setting of a register for part-time workers; a new training and employment scheme for women; the launch of a manual for employers; gender-related training to ETC staff within the Employment Section; a telework study and seminar; a parental leave awareness project for men; research of work segregation and career outcomes.

The proposed initiatives listed for 2006 comprise: a seminar for fifth formers from area secondary schools; a project meant to increase gender sensitivity among journalists; further training of guidance teachers and ETC staff; a conference on women and work in southern Europe; a new entrepreneurship scheme and training for women; a qualitative study on early school leavers.

The 'Tax credit (women returning to employment) rules' (2005) are being offered by government to encourage more women to return to the labour market. Both GEAP and the tax credit rules are in line with the NAP's objectives.

Organisation, implementation and funding

The Employment and Training Corporation (ETC) is the organisation responsible for the GEAP. However, in order to achieve the plan's goals, it needs cooperation from other social partners and civil society. Most of the initiatives listed in the GEAP 2005-06 are solely funded by the government. A few others are in large part funded by the European Social Fund.

The Inland Revenue Department is responsible for the implementation of the tax credit measure. The measure is funded by the government. In order to complement such a measure, the ETC is concurrently organising several back-to-work training programmes designed to assist women who wish to join the labour market after an absence of five or more years. The programmes include training in a combination of job-specific skills and empowerment skills.

Performance and achievements

The measures in the GEAP 2005-06 were drafted on the experience of the GEAP 2003-04. The last GEAP served to highlight the actions that were taken between 2003 and 2004. The ETC is in charge of evaluating the progress achieved in the execution of the GEAP's planned actions. According to the Gender Equality Unit, the majority of measures listed in the first plan were implemented. It states that some of the listed initiatives were modified, while some others unforeseen in the first GEAP were carried out in order to meet emerging needs. The unit, however, admits that some of the initiatives never materialised for reasons beyond its control. The GEAP requires collaboration from other entities which is not always forthcoming. This is considered to be its major weakness.

The tax credit measure is still in its early stages. ETC officials believe that this measure needs to be given greater publicity among women and have started working on a promotion campaign. The number of women who benefited from such measures will be calculated by the Inland Revenue Department in 2006, after collecting the 2005 income tax reports.

The implementation of the GEAP measures and the tax credit measure can go a long way in challenging the cultural values in a small country with a strong traditional Catholic outlook. However, they have not yet resulted in a substantial increase of the female participation in the labour market. According to the Labour Force Survey of April 2005, the female employment rate stands at 35.1%. On the other hand, one may argue that the increase in female employment is the final outcome resulting after the gradual change in people's mentality and should not be expected to happen rapidly. People's mentality, especially that of the younger generations, is in fact changing. This can be seen from the postponement of marriage to an older age, the bearing of fewer children, and the continuation of studies beyond compulsory schooling by an increasing number of women.

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