



# Thinking of the long-term common good

Proposals of the Justice and Peace Commission for the 2020 Budget

## 1. Introduction

The Church's Justice and Peace Commission, is once again putting forward a number of measures in relation to the upcoming budget for the year 2020. These recommendations are partly a response to the pre-budget document recently presented by the government and partly an outline of proposals collected through a consultation process held with groups or organisations working within the Maltese Diocese.

The Commission gladly embraces the continued GDP growth and increase in prosperity which is being recorded year-on-year. Such increases can definitely be used to improve the quality of life of all individuals within our society, yet, this will not occur without the direct steering of funds to areas which require more assistance. Indeed, the Commission's main concern, is that this prosperity is making rich people richer, whilst placing vulnerable people to a greater detriment. Thus, the commission reiterates that the GDP figures should not be used as the sole indicator of the country's success (or otherwise).

In relation to this notion, the government's decision to name the pre-budget document, 'Sustaining inclusive growth' is commended. This gives an indication that the authorities are aware of some of the growing concerns of vulnerable groups. Yet, it is hoped that this title translates into more realistic and specific measures, both in the budget as well as in other policies drawn up throughout the year.

### 1.1 Background

As the country continues to ride this positive economic wave, the Commission believes that growth must be planned out in a thriving and responsible manner, for it be sustainable. Its recommendations are therefore being framed under three of the seventeen Sustainable Development Goals (SDGs), in the belief that these encompass the country's current most pressing issues. These goals are;

SDG1: No Poverty

SDG 3: Good Health and Well Being and

SDG 8: Decent Work and Economic Growth.

## 2. No Poverty (SDG 1)

Discussions with the various organisations working in the social realm have uncovered that the term 'poverty' is extremely nuanced. In this case, the Commission is moving away from the traditional notion tied to absolute poverty and instead takes a wider definition for 'poor', thereby including vulnerable groups such as: low income groups, people suffering abuse, children and young adults forced to live in sub-optimal conditions etc. In this section the recommendations are based on the premise that any measures introduced to assist such individuals should lead to their empowerment rather than to their dependency on the authorities, thereby preserving their dignity.

### 2.1 Housing

Not being able to afford a decent place to live in, can be considered a type of poverty, since shelter is often outlined to be one of the basic human needs. Affordability of housing in Malta has become a very serious issue over the past few months. The sudden influx of foreigners coupled with the lack of other financial instruments, which have a comparable high yield-to-maturity (whilst still being low risk), has led to greater demand for housing and hence higher prices.

Such high prices are making it impossible for young couples/individuals to get on the property ownership ladder. An increase in the rate of separations and divorces is being also witnessed, requiring many middle-aged persons to look for new housing options, whilst being unable to purchase their own property, given that the banks are not willing to lend them money. In this regard, the Equity Sharing Scheme introduced by the government, aimed at aiding individuals over 40, is partially addressing this issue.

In order to further improve the system, the Commission is also recommending the introduction of other schemes such as that of:

- i. a government mortgage guarantee and/or
- ii. a deduction of loan interest from taxes, thereby assisting individuals in potentially purchasing their own home.

The alternative to buying property is that of renting. This is also becoming increasingly unaffordable, especially for certain segments of our society. The White Paper regarding the rental market has finally been published, and is a step in the right direction. Yet, the paper does not restrict in anyway the pricing of rent. The increase in rental prices is leading to a greater number of 'working poor', that is, people who despite being in the labour market seem unable to make ends meet, due to their low paying jobs. Despite being in a vulnerable position, these people often fall through the cracks of social security. Therefore, the government should create better systems to better identify this 'working poor' segment and provide the appropriate assistance to those families and individuals in need.

## 2.2 The need for dignified and affordable housing

Unfortunately, these exuberant rental rates are giving rise to sub-optimal alternatives, being offered to the most vulnerable groups in our society at lower rates on the black market. A number of cases have been reported, whereby people were found living in squalor and unsanitary conditions. Accommodations vary from empty hotels, to stables as well as garages. There have also been reports of extreme cases, whereby beds are rented out by the hour. This is a problem being faced by low income Maltese families as well as migrants. It is thus necessary that a taskforce is setup to investigate such inhumane housing matters. The authorities are also encouraged to steer away from sensationalism and plan well-thought out approaches to offer adequate protection to these individuals. Simply throwing out tenants from such alternative housing might attract the interest of the media, yet it will inevitably lead such individuals on the streets, making them homeless.

## 2.3 Homelessness

Indeed, the lack of affordability of either owning or renting property has led to a sudden surge in the rate of homelessness. Parallel issues have consequently emerged, such as the lack of budgeting skills, mental illnesses, dysfunctional relationships, debts, substance abuse and/or previous imprisonment leading to people not being able to secure a place to stay. During a dedicated national conference earlier this year (February 2019), shelter operators stated that official figures for homeless people in Malta are drastically understated. In this regard, we propose that the government carries out a thorough study of homelessness in Malta, so as to gauge the number of individuals facing this issue as well as to identify the main determinants that might lead an individual to sleep rough. In this way, the authorities will be equipped with the necessary information required to draw up specific policies. Moreover, schemes and grants to support shelter homes are also commendable, as these are often run on NGOs' and Church's funds who struggle to finance their daily operations.

## 2.4 People suffering abuse

Individuals who are highly prone to homelessness, are people who leave abusive relationships, whom in many instances tend to live in the same household as the perpetrator. It is deeply saddening to see that in some cases, people remain in such toxic conditions, often risking their lives simply because they have no other place to go to and do not have an adequate income to afford rent. Government is encouraged to amplify social awareness concerning such issues, while provide the necessary support. Setting up a legal aid agency aimed at assisting such victims, might help them have adequate legal assistance, which they would otherwise be unable to afford.

Furthermore, consulted stakeholders stated, that in certain cases child support contributions are often withheld by the obligor who uses this as a tool to blackmail and further control the custodian of the children. The latter often end up embroiled in these requests and withholdings of money. Such a problem could be overcome with the

creation of a system whereby contributions are passed directly to a state agency who would then pass it on to the concerned family. The agency would have reserves to pay the families when the obligor fails to do so, whilst also having the authority to chase after missing or late payments. This will ease a pressure which many broken families are falling victim to.

## 2.5 Youths falling through the educational system.

To target poverty in Malta, one must also target young individuals who fall through the educational system. Even though the early school leaving rates have been subsiding over the years, a good number of youths still leave school prematurely, or without a good level of education. This limits the successful development of their skills and eventually their employability and earning prospects.

Acknowledging that not all students might be inclined towards academia, the Commission, welcomes the scheme 'My Journey: Achieving through different paths', which the government is about to launch, albeit only at secondary school level. Individually tailor-made education might result in better educational outcomes. It is recommended that the government introduces similar schemes for the youth who are beyond the schooling age. The possibility to re-enter either the formal or 'non-conventional' schooling, may be greatly beneficial to this stratum of young people to assist them in enhancing further their skill set and increasing their employability in the long-term.

## 2.6 Refugees and Asylum Seekers

Local studies have shown that refugees and asylum seekers are amongst the individuals at the highest risk of poverty and social exclusion. The Commission is deeply concerned with the wording used in the pre-budget document whereby the issues related to refugees and asylum seekers have been framed as a security issue rather than a humanitarian one. By assigning the issues to Section 5.15 – 'Strengthening National Security', rather than Sections 5.5 – 'Continued investment in social justice and social inclusion' or Section 5.19 – 'European Affairs, Equality, Human rights and social dialogue'; the authorities are perpetuating the idea that such individuals are in some way a peril to our society. Whilst appreciating that such issues put pressure on our resources and increase international tensions, reiterating last year's proposal: "The Commission renews its plea to the authorities to view asylum seekers as individuals with their own rights, rather than viewing them simply as a collective issue posing a problem to our nation". The way government frames such issues, can reinforce negative public attitudes.

In light of this, The Commission proposes once again greater investment in the "Initial Reception Centre" whereby these individuals are first welcomed to our islands, so as to ensure that they have the basic amenities. Introducing a clinic on site is also recommendable. Moreover, the government is encouraged to find alternative accommodations for the hundreds of asylum-seekers who are being detained much

longer than required at the Initial Reception Centre and Safi Barracks, in unsanitary conditions and cut out completely from the outside world, under the pretext of medical screening. Furthermore, efforts for family reunification must be made allowing individuals with subsidiary protection (and not only those with a refugee status) to apply for a family reunification process.

### **3. Good health and Well Being (SDG 3)**

The government's work in terms of improving the health of the Maltese, especially through the increased investment in the health centres and Mater Dei should be acknowledged. Measures such as the acquisition of state-of-the-art equipment to perform robotic surgery as well as the inclusion of Malta in the European Reference Networks, allowing the Maltese to be referred to as another specialised hospital within the EU are welcomed.

#### **3.1 Mental health**

Praise is due for the government's proposal to improve the national mental health care system, through upgrades of the facilities at Mount Carmel. Nevertheless, concerns remain that such upgrades will not be enough to meet the increasing demand for mental health services. Due to work stresses and other triggers, the western world is recording an unprecedented rate of mental health illnesses, a trend which does not exclude Malta. Government should channel more funds in both awareness campaigns as well as actual upgrading of related services. Moreover, the Commission reiterates its proposal of last year, suggesting the provision of community mental health support for the Family Caregivers, which are often put under great pressure in order to mind their sick relatives.

#### **3.2 Good Air Quality**

The Commission is also of the opinion that Maltese society's good health and well-being require the presence of a suitable and optimal environment. Unfortunately, in the past few years, European statistics have repeatedly shown that Malta has one of the worst air qualities amongst the member state, with the Maltese being the most exposed to pollution (26.5% vs 14% EU average), as well as witnessing the second highest increase in Co2 emissions. In the pre-budget document, reference has been made with regards to the environment amelioration, as well as the possibility to introduce more open spaces and also to encourage a modal shift from cars to alternative modes of transportation, something which the Commission has stressed in the past years

Unfortunately, governmental action is still focused on the widening of roads and creation of parking spaces, leading to the destruction of several mature trees and arable land, whilst infrastructure for alternative modes of transport is still lacking. This

contradicts with what is stated in the pre-budget document and the Malta Transport Strategy. The Commission, eagerly awaits the translation of these policies into real actions, leading to cleaner air and better health for our citizens.

Possible suggestions to improve air quality could include:

- i. offering free public transport during rush hours,
- ii. introducing safe and adequate infrastructure for alternative modes of transport while having these structures audited to make sure they are of optimal quality,
- iii. steer away from short-term measures, such as road widening, given that in the long term these will only exacerbate the problem further and
- iv. allow for more green areas, whilst halting the tree cutting frenzy that the island currently seems to be going through.

Nevertheless, one must be clear that suboptimal air quality is not just the result of traffic. One other culprit of this is the construction industry which emits a high rate of dust particles. Regulations are already in place to minimise this problem, such as the need to install dust blocking nets to avoid dispersion of such dust. In such cases, the authorities need to make sure that such laws are enforced and respected, while imposing fines and/or penalties on those who fail to abide with the set laws, acting as a deterrent for such bad-practices.

## **4. Decent Work and Economic Growth (SDG 8)**

Despite all the above issues, Malta continues to record higher than expected growth rates, low unemployment figures and controlled inflation levels. The economy seems to be thriving, driven principally by high levels of demand. Yet, the drivers behind this growth, as well as the underlying ethics and their sustainability, should be also examined.

### **4.1 Decent work**

With a growing economy, companies thriving and recording profits, it would be expected that working conditions are improved and sustained. Nevertheless, it seems that some of these profits are being made at the expense of workers, as employers skimp on health and safety standards, pay out meagre salaries and do not provide workers with the required rights. Specific industries seem to be more prone to such abuses, such as: construction, catering, domestic carers, cleaners, as well as the illegal yet present sex-service related jobs in entertainment and massage parlours. In such instances, the government should increase checks to ensure that the relevant laws are effectively abided to, while ensuring that all employees, Maltese and foreign alike, are adequately protected. The Commission encourages the government to establish systems protecting any whistle blowers and providing assistance during any initiated litigation processes.

Another proposal the Commission is putting forward is the establishment of supplementary regulations to safeguard individuals who are precariously employed. This kind of work arrangement is on the increase, with the rise of the GIG economy<sup>1</sup>. Despite bringing flexibility and being sought after by some employees themselves, this work arrangement might lead to workers' exploitation, little or no rights at all and income insecurity for the employees. It is paramount to have adequate safeguards and legal structures in place, to ensure that workers' rights are being fully respected and abided to.

In the face of such precarious and unstable income, as well as the reality of increasing prices (e.g. 4.8% rise in inflation for food), the current minimum wage is simply not sufficient for someone to live a dignified life in Malta. Whilst aware that this issue has been discussed for a long-time and that a clean-cut increase in minimum wage might spur further inflation, the commission suggests that the redistribution mechanism is to be improved, to ensure that the lower income groups can make ends meet and have a decent standard of living.

Moreover, whilst the Commission recognises the immense value of attracting foreigners to our shores, it can never condone the fact that such workers are treated as just another factor of production in the local money-making machine. Workers have human dignity, which must be respected irrespective of their country of origin. Whilst it is a commonplace, that foreign workers in Malta have been one of the major contributors to the ever-increasing GDP, it is quite shocking that the pre-budget document makes only minimal mention of such people, with the only measure targeted towards them being the cultural and language classes under the 'I Belong' project, which is an EU-funded programme. The government has the ability to increase its support towards such individuals. For starters, the government could further support NGOs who are already working in such fields and therefore have the contacts, experience and know how. Government should also make sure that the legal rights of foreign workers are being safeguarded. Third country nationals are often faced with the issue of not knowing local legislation, making them more prone to abuse. By providing them with specific legal assistance (if possible, in their native language), the government could help decrease such abuses.

## 4.2 Economic Growth

In the pre-budget document, the government states that it will 'continue investing in the Online Gaming sector'. Despite understanding the importance of such sector, the Commission believes that Malta is currently over exposed to the gaming industry and must therefore find alternative investment niches. This is especially so in the face of new developments in the gaming industry whereby greater regulation (e.g. Sweden re-regulation, Italy's ban on advertisement), resignation of key personnel, as well as the plummeting of shares, might start to shake the foundations of the seemingly

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<sup>1</sup> The 'GIG' economy, is a free-market system, whereby companies hire temporary workers without being on their payroll. These include jobs like freelancing, jobs in the sharing economy (e.g. Uber) etc.

invincible sector. By investing in new niches, Malta would be spreading its risks and mitigating any threats which might materialise in the eventuality that the gaming industry faces a shock.

It is also important to take note of the ethics behind the sectors heading our growth. Whereas profit making is not bad in itself, sectors making money through activities related to addictions or substance abuse or taking advantage of the vulnerable is not acceptable. It is therefore the government's role to make sure that the niches being tapped into, are free from such ethical issues.

In this regard, the country should take some time and think which of these sectors is really worth investing in. Which areas and skill sets does Malta want to grow and flourish in, not only in the immediate but also in the longer term?

## 5. Conclusion

In conclusion, mindful of the economic progress that is being registered, the Commission insists that the fruits of such progress should be enjoyed by all and no vulnerable groups are left behind. This doesn't only mean a proper re-distribution of the wealth generated, but also examining the source of this wealth and the cost society has to bear. Using economic growth as the most important yardstick by which progress is measured is simplistic and most of the times misleading. Ethics and sustainability are key in the measurement of progress and should be given their due weight in the decision-making process.

As Pope Francis states, we need to move away from "A politics concerned with immediate results, supported by consumerist sectors of the population, ... driven to produce short-term growth." "True statecraft is manifest when, in difficult times, we uphold high principles and think of the long-term common good."<sup>2</sup> The Commission hopes and prays that the budget exercise might be inspired by this.

*3rd October 2019*

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<sup>2</sup> Pope Francis, *Laudato Si'*, 178