

Association for

Consumer Rights Malta

Pre Budget 2016

Proposals

**Towards Consumer protection and empowerment in Malta**

There is the need for a **National Strategyfor Consumer Education** should not only cater for the ‘intelligent ‘or ‘average’ consumer but also reach out to vulnerable groups. Empowering consumers to ensure access to **education** and **information** thus providing them with the necessary tools to make informed choices and take positive action

1. **Structure of Consumer Education**

* A **National Strategy for consumer education** should cater for all ages, in tandem with the Ministry of Education, Ministry of Health including the Health Promotion Department. Ministry for the Environment, **(inter-ministerial strategy**) the business community and the NGO sector representing consumers
* **Involve all stakeholders** including the Business Community, Trade Unions and NGOs in constructive dialogue
* Programmes should not be a one-size-fits-all but should cater for the **needs of different sectors of society**
* **Exchange of good practice** through European and International Counterparts
* Keeping in touch with **developments in legislation** and new legislation and emerging consumer products at EU and Global level
* **Monitoring of progress** of the Strategy through regular surveys.
* Setting up **a permanent committee** within the Malta Competition and Consumer Affairs Authority (MCCAA) for the drafting and execution of the Strategy.
* The best scenario is for Consumer Education to be centralised within the MCCAA yet ACR strongly suggests local Advice Bureaus possibly set up within the Local Council buildings to help hands-on any consumers who need help in placing their claims or seeking information on their rights. This set-up works extremely well in UK. This will provide easy access to consumers who are seeking assistance .
* Building a library **of effective communication programmes** on consumer affairs as a tool for use on the media or for group activities to ensure interaction through active participation and feedback from target groups.
* Clear separation of information, (including labelling) advertising and education

**Recommendations**

1. **In Schools**

There is the need to consider a Consumer Education Framework Policy and Programme **at all levels of education**

* So far we do not have adequate evaluation of how consumer education is being addressed in schools at different levels, whether it is only information and little input of education. Information and education cannot be treated in the same manner.
* Consumer Education should also be provided **at tertiary level** for all students and not only for students attending specific courses
* The framework should also include **new communication programmes** with modern methods that would ensure active participation by the consumers in the various programmes.
* **Programmes should be monitored** and evaluated to ensure effectiveness with regards to empowerment of young people.
* The strategy should provide **adequate and effective education** through current programmes in schools (such as PSD, which is open to all students) for school children of all ages (mainstreamed) and not only for students who take up courses where consumer affairs are relevant
* Due to an overloaded curriculum it would be difficult to include it as a separate subject. As stated above it can **be integrated in a number of subjects with basic education programmes for all students and more specialised education and information according to specific courses**. The education programmes at all levels **should focus on skills acquisition which is the key concept of empowerment**
* Emphasis should be made on **media literacy**, educating and empowering consumers of all ages, in particular children and young people to become **active responsible consumers of the media and internet in particular, rather than passive consumers.**
* ACR recommends that there should be some form of recognition e.g. A School Leaving Certificate
* It should also include education **on responsible consumption**
* The strategy should adequately address empowering consumers through the acquisition of skills regarding reporting consumer complaints, seeking redress etc.

The strategy should seek to encourage consumers to be proactive in consumer matters

1. **Consumer Education as Lifelong Learning**

* It is important that Consumer Education should be part of the National Framework for **Lifelong Learning Framework**
* **Training** for specialised individuals for Consumer Education and Informationprogrammes should also be ensured before implementation
* Lifelong learning programmes are already providing consumer education in eg**digital competence for vulnerable groups** such as disabled, illiterate, or early school leavers, for all ages and for the elderly and pensioners
* Different entities and stakeholders, **including the business sector** also need to be educated in consumer affairs : rights and obligations and the concept of education which leads to more and better quality consumption which will give **a competitive edge to the business sector**

1. **Post-Secondary Education**

Tertiary Education involves Junior College, University, MCAST, ITS. The strategy shoud be two-forked:

* Consumer education to be formally implemented for all students **at Post-Secondary level.**
* More in-depth highly specialised education according to the different courses, which will also involve issues of ***codes of ethics***, as part of consumer education
* Consumer Education should be included in the **Systems of Knowledge**
* Addressing the needs **and the different social background of young people** should be one of the priorities
* Incentives for a stronger **involvement of Students Organisations** is one of the best ways of getting young people on board

1. **Teacher Training**

* Adequate training for **school staff to ensure skills and techniques** for the use of in-depth education programmes in the curriculum; programmes methodology should go beyond information giving
* There should be a combination **of inclusion of consumer education training in B.Ed (Hons)** course as well as in-service courses (ongoing development courses for teaching staff)
* **Specialised subjects at Secondary and post-secondary level**, in particular those that deal with accounts and economics should also have some form of training in consumer education, as it goes beyond the teaching of the subject and the aim is to give a holistic development to individuals

1. **Non-formal Education**

* ACR supports models **like EcoSkola** and the further development of such models
* Initiatives through Parent-Teacher Associations can be devised to reach parents to become educated consumers

**2. The Mass Media**

* This chapter deals with the **technical skills** required to make use of the media in various ways. One needs to highlight that most programmes are simply advertising with no elements of education at all
* Therefore there is the need to introduce initiatives which educate and empower consumers of all ages, in particular children and young people to become active responsible consumers of the media and internet in a general manner, rather than passive consumers. This should be separate from specific education programmes on the marketing of different products, but should focus on the media as products in themselves

**3. Public Authorities**

* Most public authorities provide information rather than education. Education involves more **expertise in communication skills** dealing with a variety of consumer affairs, preparation of suitable programmes for interactive activities, relevant funds etc
* Although information is very useful, there is the need **to educate consumers** to have the skills to apply the information they receive themselves
* With regards to **the Consumer Claims Tribunal**, there is the need for **better trained** and informed individuals presiding over Tribunals (although often they are lawyers and therefore should know the law) to be able to interpret the law, to take just decisions especially when dealing with traffic issues and insurance claims.
* **Local Councils** should be involved to reduce bureaucracy, that is as intermediaries but should not be responsible for investigating and taking decisions, unless an expert is employed with a Local Council (see previous recommendation on Local Advice Bureaus being situated in already existing Local Council Buildings). This role and service should be covered by relevant legislation
* A **One-stop-shop** can be considered, however, the **MCCAA** should be the overall Authority; to coordinate the various initiatives of the local bureaus, different stakeholders, to ensure education programmes are standardised, to ensure development of expertise, technical and financial assistance to NGOs working in this field and other necessary initiatives to be taken in a fast changing scenario of consumer affairs
* The members of the **Consumer Affairs Council** need to be committed, ensure that they regularly update themselves regarding information, changes in amendments in laws, new legislation, modern methods of communication in reaching the public etc. So far there is provision of information rather than education . NGOs need funds to operate effectively in the above proposals
* An information and also an education initiative to be performed by the Governent Social Services is to provide online or by a written request a personlised pension statement for all people in Malta paying NI. This will be called a Pension Statement where one is seeing all the NI contributions and how much pension this will entitle him/her. Many have no idea what sort of pension they would eventually receive. In this way this would encourage anyone to keep on working or to supplement their pension with private provision. Pension calculations are complex for most people and this statement would be a clear statement as to a personalized entitelent to the pension benefit. It would also include any relevant and personalized recommendations to increase NI by a special payment if this would be at all possible under the various legislations introduced from time to time for certain target pension contributors.

**4. Non-governmental Organisations/Private Sector**

**a. The Business Community**

* **Thebusiness sector** plays an important role. There is the need for training and education, including also officials in human resources management (perhaps co-ordination with FHRD could be one suggestion). **Educated consumers are an asset to business.(win-win situations)**
* Employers themselves need to **change their perception of consumer education**; this can be done though specific programmes tailor-made for them, which in the end will serve employers to see the economic and social value of consumer education
* Providing **consumer education in marketing departments** in the private sector can provide for better marketing skills and techniques for their products; ethics is a very important area when dealing with production and marketing

**b. Consumer Organisations**

* **Members of Consumers Associations need time, expertise and commitment**; they need to keep themselves constantly informed of developments, new issues that rise from time to time and have acquired communication skills. MCCAA should form constant liason with Consumer Associations and even help them attend seminars locally or abroad if necessary to better their knowledge.
* To work efficiently they **need funds** to employ experts and other necessary human resources, as well as use modern technology, including the social media.
* However **personal contact** and **exchange of experiences of consumers** is an essential method of **empowermen**t and I think this should be one of the priorities of a Consumer Association

**Financial Education –Educating the Consumer**

**Financial Education and Responsible Consumption[[1]](#footnote-1)**

Over the past few years, growing complexity and lack of transparency in the financial system have made it increasingly difficult to understand financial products. The European Commission and the OECD have responded to this situationand are taking action to deal with the shortcomings of the financial system, taking the necessary steps to regulate the financial market with a view to:

* increasing transparency,
* enhancing the quality of information and
* improving supervisory mechanisms.

**Recommendations:**

* The setting up of a Commission for Financial Education as proposed by the Pensions Reform Strategy is a very important step forward.
* Responsible Consumption should be part of its remit.
* More powers to MCCAA to ensure effective law enforcement
* The financial industry is in duty bound to apply relevant legislation properly and to self-

regulate in order to foster appropriate and honest practices making it easier to access transparent

financial products: consumers should know exactly what they are signing up to and should be

able to compare the market easily.

* Improvement of regulation, supervision and transparency of the financial system to increase consumer investor protection for financial products is essential.

However, citizens must still be responsible to improve their financial awareness throughout their lives and to make informed decisions to ensure the responsible consumption of financial products.

**Financial education should be seen as a comprehensive policy** in which all stakeholders worktogether:

* public administrations,
* the financial industry,
* businesses,
* trade union organisations,
* consumer associations,
* the education system, and in general terms,
* allcitizens as consumers offinancial products.

**Proposed measures and recommendations**

Demographic, socio-cultural and technological factors have given rise to new forms of financial behaviour. Consumers are now looking for tailored products and more professional customer service; they are asking for more information, taking an interest in where their money is being invested, and taking a sceptical approach.

* Education and training should be carried out by bodies free of anyconflict of interest.
* An education system which should encourage consumers to develop their criticalfaculties and financialeducation should continue throughout people's lives through Lifelong Learning porgrammes.
* Financialeducation to become a compulsory subject on the school curriculum, and followed up in training and retraining programmes for workers.
* As a subject, financial educationshould encourage responsible management of financial affairs (saving, use of credit cards, borrowing, etc.) and promote socially responsible financial products.
* The financial industry itself has an obligation to be actively involved in programmesfocusing on both microfinance and education, and in the provision of access to basic financialservices.
* In a knowledge-based society,an education system that encouragespeople to think critically, financial education is a strategic tool which should go hand in hand with thenew process of regulating the financial system.
* The idea of the "responsible consumption of financial products" encouragespeople to distinguish between what they desire and what they actually need**.** The concept of"responsible saving" is also becoming more popular. It involves thinking long-term and supportingsocially responsible products[[2]](#footnote-2) – products which perform better against environmental, social andcorporate governance criteria.
* There is the need to ensure that all segments of the population are sufficiently financially

aware throughout their lives is crucial for maintaining confidence in a well-regulated financial system,and for ensuring its development and stability.

* Financial institutions also have a key role to play. This means the financial industry giving society acommitment to guaranteeing honesty and transparency in its customer service provision, actingunequivocally in the customers' interests.
* Transparency is crucial when interacting with consumers, and it is also key in the process of winningback consumer confidence in the financial services industry.
* Transparency of information is ensured through reports and publications, responsible advice, leaflets,information sheets, guides, new ways of making enquiries, presentations of products and financialservices, etc.
* Small print, unfair terms in contracts and misleading advertising should all beeliminated.

**Looking towards the future**

* There is the need to establish strict, binding codes of conduct for staff at financial institutions, which should reduce the potential conflict of interest between giving advice and marketing products. Financial institutions should bear the burden of proof as regards their compliancewith the codes of conduct.
* Financial intermediaries (including not only banks, but also insurance brokers, stockbrokers,

etc.)should, whilst adhering strictly to the regulations in force, adopt best practice to protect the consumersof financial services, by improving the quality of information (clear, precise, tailored to needs,understandable and comparable with other products), policies that support financial training of saversand investors, and professional advice (reliable and honest) which supports consumers in their choice.

* There should be **an independent ombudsman** to defend and protect the rights and interests of purchasers of financial products.

**Governments and financial institutions**need to providesufficient resources to promote their initiatives:

* Implement common methodology to assess people's level of financial literacy and inclusion.
* Draw up national strategies on financial education, with appropriate processes for monitoring and impact assessment.
* Strengthen financial inclusion strategies. Step up efforts to target specific groups (young people, women, immigrants, people on low incomes).
* Protect consumer rights on financial products.
* Strengthen cooperation between the European Commission, the OECD and national governments to exploit potential synergies and avoid duplication of work.
* Organise a European Day for financial education, for example, endorsed by the EU Presidency of the time.
* Promote an annual conference on financial education, with the involvement of recognised experts

**The following suggestions can serve to bring together initiatives to improve people's financial**

**skills as well as measures to increase consumer protection in the field of financial products:**

* Set up **an independent body to provide advice free of charge to consumers on financial products,** and on how to incorporate environmental, social and governance (ESG) criteria in their financial decision-making: this body could give advice either face-to-face or via a phone hotline.
* Make it compulsory for **the financial industry to provide material that informs the consumers of financial products about their rights** and the steps to take if they disagree with a proposal or decision made by a financial institution.
* Include **warnings in the information provided with financial products** (similar to the warnings that come with medicines) on any secondary or potentially adverse effects and the secondary effects of the product, together with key points on the conditions of the contract.
* **Promote the widespread use of national social security accounts,** so that all employees are informed, once a year, about the pensions they would receive when they retire.
* **Promote financial products tailored to young people** (from the age of 14, in other words, before young people can leave school and start working) and give them regular updates on the characteristics of these products and how they work.
* Encourage **the toy industry to develop educational toys involving financial concepts**.
* **Broadcast short TV and radio programmes (10-15 minutes long) on basic financial issues (loans, mortgages, insurance, etc. and basic concepts such as profitability and risk),** create multimedia initiatives and promote financial education through social networks.
* **Make better use of consumers' associations** and other independent organisations from organised civil society to disseminate and implement government initiatives in the field of financial education.
* There is the need to **develop a network of NGOs for capacity building training**. NGO education should be developed further in coordination with the Council for the Voluntary Sector
* The **European Commission should increase its sponsorship of financial education initiatives in the Member States**, on the basis of good practice that is identified.

**Implementing a Digital Strategy in Health Care Systems**

**Background**

In 2012, the European Commission published **an action plan that set out the obstacles to the full use of digital solutions in Europe's healthcare systems**. This plan is now being implemented under the title "*eHealth* Action Plan 2012-2020 – Innovative healthcare for the 21st century"[[3]](#footnote-3).

The aim, of the plan is

* to **improve health care** for the benefit of patients,
* to **give patients more control** over their treatment and
* to**cut costs.**

***eHealth*,** which includes telemedicine and ***mHealth,*** is defined as follows by the WHO***: eHealth is the transfer of health resources and health care by electronic means***. It encompasses three main areas:

* The **delivery of health information**, for health professionals and health consumers, through the internet and telecommunications.
* Using the **power of IT and *ecommerce*** to improve public health services, e.g. through the education and training of health workers.
* The use of *ecommerce***and *ebusiness* practices** in health systems management.

**Patients and healthcare professionals are using telemedicine applications** and are downloading smartphone apps to **monitor their health and wellbeing.** However, **the quality of these sources of information varies greatly** and not all search engines distinguish between reliable, officially approved sources and less reliable ones.

It important to find user-centred solutions to make sure **people with lower levels of education and infrequent internet users can also have access to information. Information for the visually impaired** be made available in the way most appropriate, for example in larger print or as audio data and "simplified language" versions. Videos, possibly with sign language, could be produced to demonstrate the proper use of medical appliances (such as asthma sprays) to the deaf.

**Additional information**

**Electronic distribution of product information** need to be approved by drug licensing authorities which will also will further improve access. An electronic database of patient information leaflets (PILs) and technical information approved by health authorities (*Summary of Product Characteristics – SPCs*) can ensure the availability of up-to-date and targeted information on medicinal products

**Infrastructure and reliability of information**

Even though electronic access to information is considered to be important, it should be stressed that doctors (particularly GPs) and other healthcare professionals, such as pharmacists and nurses, are the first point of contact for patients, providing them with recommendations regarding their ailments and treatment options.

**Professionals, particularly GPs**, play a key role in healthcare systems and **high-quality information** is essential if we want to have well-informed medical professionals who can meet the healthcare needs of the EU population

**The pharmaceutical industry** should be **responsible for accurate and up-to-date information on its products.** The website/portal for officially **approved information** should be developed in **close collaboration with all major stakeholders** – drug licensing authorities, the pharmaceutical industry, which should operate and finance it, as well as patient associations, organisations representing people with disabilities and healthcare professionals – in order to best meet requirements.

**Technical research and technical development**

The designs of national databases need to be **user-friendly and widely accessible** database, including also options for audio and video data. A technical solution that is freely available should be developed that makes the most effective use of existing sources.

Often, citizens/patients do not want to use too many scanning applications on their smartphones. The database/portal should therefore be **accessible using conventional scanner technologies**, such as Open format solutions should be sought to increase take-up. It must be possible to request and view information using any kind of device (PC, tablet, smartphone, etc.).

Comparisons of technical solutions should be made and include matters related to parts of the healthcare system such as initiatives to reach people via television connections or ATMs and initiatives proposed by the European Commission[[4]](#footnote-4). For example, in Italy, pharmacies are required by law to print out updated package leaflets that the pharmaceutical industry has put on a database. Such printing – either by the pharmacist or by patients (using ATM-like terminals) – is a further complementary option and could cater for those who do not use the internet.

**Testing and presentation of content and research**

Public receptiveness to the various options must be analysed and technical solutions tested by users to check that they work.Content must be presented in a way that enables **adaptation to the individual needs of patients/citizens** and must comprise all the information required by the relevant licensing documents or by law. To enable rapid feedback for all those involved, a possibility for users to evaluate the information (above all in terms of understandability) could be incorporated. *Social media* elements for presentation, dissemination and exchange could be used for this.

**Research** must include structural questions about the testing of technical solutions in order to increase acceptance. Research is necessary **to identify the best means of encouraging active learning** and to encourage people to make use of existing sources of information. The various educational institutions (universities, adult education centres, lifelong learning programs etc.) play an important **role in strengthening the many skills involved** – e.g., working with new technologies, getting involved and managing one's health in a socially beneficial way, and imparting social and technical expertise

**Source EESC Opinion: INT 767 Towards Digital Health, Rapporteur: MsHeinisch**

**Investing in the Workforce in the Health Care Sector**:

This will impact on the number and quality of the workforce

Key areas to be addressed:

* the ageing population;
* new technologies;
* the need for healthcare services to be more accessible;
* service quality and, with that, more cost-intensive treatments;
* the outbreak and potential of epidemic diseases, and
* local availability of healthcare

Preventive and curative healthcare both have an economic component. The healthcare sector **requires trained and experienced staff with recognised qualifications. These make up a significant** part of the knowledge society.

**Recommendations**

Measures should be taken to make jobs in the health care sector more attractive to young people, so that later on, more of them enter the healthcare professions or look for jobs in the sector. If more young people, and more men, are to be encouraged to choose careers in healthcare, nursing care and social care, such employment must be made more attractive through better pay and working conditions throughout the whole of their career.

Sufficient staffing capacity should be created in health care systems to meet health care needs, boost health care, health promotion and disease prevention.

The use of new technologies in healthcare is to be encouraged where these reduce the workload of healthcare staff, improve the quality of care and support patients. The EESC is

aware that this may lead to a re-examination of how the division of tasks among health care staff works in practice.

Priority should be given to the key role of social standards in ensuring a high quality of patient care and patient safety, and is unequivocally opposed to any attempt to undermine these (no race to the bottom).

Emphasis should be put on the key part the professions play in the health care sector, alongside hospitals and publicly-run health services, since it is in large part through these professionals that personal treatment and care can be secured in an environment of competence and safety.

Healthcare institutions and their staff provide services of general interest and that more use should therefore be made of the Structural Funds for their training. It is vital to ensure conditions which can enable healthcare professionals to participate in continuous training programmes, thereby ensuring they can extend the breadth and depth of their skills, and also helping to remedy the under-provision of healthcare in structurally weak regions.

Priority should be given to the outstanding role the social partners and social dialogue in determining pay, working conditions and skills for healthcare workers.

The contribution of social professions who play a key role in patient welfare and care and thus have a significant role in healthcare should be considered and acknowledged.

It has been noted that the proportion of women working in the health care sector has risen over the last few years, and that their number is very likely to increase further and therefore suggests measures to make it easier to reconcile professional, family and private life in order to secure the supply of health service employees and skilled workers in the sector.

**Investing in human capital continued…**

**Many of the issues raised in the Reform of the Pensions System in Malta must be addressed in Budget 2016 and beyond**

**Inclusion and Training of Older workers in the labour market**

More attention needs to be given to the impact of demographic change and the challenges of an ageing workforce. In this context, more investment in the quality of jobs and in working conditions favourable to older workers; in order to make workers physically and mentally capable of remaining longer in active employment, particularly by encouraging older workers to be more involved in further training and by reducing pressures at work and adapting working conditions (e.g. incentives to develop health protection in the workplace, widely available company health promotion, preventative medicine and employee protection programmes);

Measures to raise awareness of the value of older workers (appreciation of experience and transfer of skills acquired in the course of a working life to younger workers) and advice and support for companies, especially SMEs, in forward personnel planning and the development of forms of work organisation favourable to older workers;

**Reference to Pensions Reform**

**Recommendations 04 and 08 Removing the ceiling on the payment of Contributions Post-65 years of age**

**The Association for Consumer Rights (ACR) while agreeing with this proposal, is of the opinion that a draft policy be issued for consultation to ensure the social and economic impact on employees is minimal and that it caters for the different workers and not on a one-size-fits-all basis**

The removal of the mandatory Retirement Age requires a careful study of the

a. type of work including work that is physically strenuous or stressful; possiblity of adapting to other forms of work

b. hours of work – full time, part time etc

c. financial advantages or disadvantages beyond the allocation of retirement pension schemes in the current situation of the Mandatory Retirment Age .

d. to be introduced on a voluntary basis

e. motivation/incentives for elderly persons to opt on working beyond the retirement age

f. other

**Incentivising Active participation of elderly persons through the removal of the mandatory Retirement Age**

***Aspects to be considered***

* Addressing age discrimination attitudes and practices at the workplace
* The Lifelong Learning Strategy needs to ensure a wider spectrum of area of studies, training and skills acquisition programmes to address the needs of older persons
* Participation in lifelong learning continues throughout person's lifetime.
* All stakeholders need to continue to develop an approach that emphasises lifelong learning for individual older people, employers and communities;
* Greater solidarity and cooperation between and within generations;
* Governments to ensure the digital inclusion and training of older people;
* Employers to adapt the working environment and find contractual arrangements to meet the needs of older workers;

Older people are dynamic, capable and vital members of our society. They pass on knowledge,skills and experience to the next generations. As individuals and collectively they contribute toour economy, to our neighbourhoods and to carrying our history. As family members olderpeople are responsible for encouraging cohesion and solidarity in our society.

Active social, cultural, economic and political participation of older people relies on a correct image ofage. We must discourage the use of overly dramatic language by the media and governments to describean ageing society.

**Addressing barriers for older people in the Pensions Reform**

Pensioners need to be incentivised to work beyond retirement age and keep paying their NI. If they are healthy they may want to keep on working. Yet this should be compensated with a larger pension when these finally retire in proportion to the extra years worked up to a certain limit say 5 years.

As stated in the Pensions Report, Malta’s further economic and social development is intrinsically tied with the competency, skills and knowledge of its human capital which demands upgrading and deepening of such values. Persons with further and higher education have a higher gross value added. To keep such persons in the workforce, there should be incentives.

**Stakeholder Pensions**

Learning from the experience of other countries that have reformed their pension systems, the UK can

serve as an example to be adapted according to Malta’a needs. The UK Government realised that people

are not saving for their pensions. Also not all employers were offering an occupational pension system to

their employees. In order to stimulate savings and provide easy access, the Government introduced

Stakeholder Pensions to be offered by all employers except those offering their own pension. Theemployer does not need to contribute to this but has to make it available to his employees. So the employer who employs above a specified number of employees, has to set up a pension scheme for his employees.

These pensions should satisfy the following:

* management charges can’t be more than 1.5% pa of the fund’s value for the first 10 years and 1% pa after that
* pension holder is to be able to start and stop payments when he/she desires or switch providers without being charged

**Investing in human capital continued……**

**Facilitating the transition of Workers from the Shadow to the Formal Ecomomy**

***Identifying and addressing undeclared work[[5]](#footnote-5)***

Undeclared work exists across different sectors: agriculture, construction, craft manufacturing

(textiles,clothing, footwear, etc.), retail, hospitality, catering, maintenance and repair services,

care work and domestic services.

Falsely declared work involves a very diverse range of people: employees not covered by social security, or without a contract or paid partly in cash; family helpers; workers who do not declare their second job; self-employed workers who choose not to follow the rules; the bogus self-employed; and workers from third world countries who are subcontracted without minimum standards for decent work[[6]](#footnote-6).**Specific measures are required for the transition from informal to formal work** according to the different situations

Addressing the two types of undeclared work: falsely declared or bogus self-employment and

care workanddomestic services require different strategies.

**Measures designed to prevent and deter undeclared work** requires the efforts of all stakeholders including government (as regulator) social partners (Trade Unions and Employers) and Civil Society and should combine a variety of tools: controls and sanctions with smart regulatory measures, through a legal framework, using efficient methods so as to encourage employers to declare work and comply with the law, including through tax incentives and simplified systems for the payment of tax and social security obligations and education campaigns and tax incentives to coax undeclared work into the open.

The involvement **of irregular immigrants in undeclared work** is a serious problem that must be tackled as part of the overall strategy to counter irregular immigration. For many irregular immigrants undeclared work is an unavoidable survival strategy.

In the **provision of services to the family** (domestic and care work) three main areas need to be distinguished:

* Home-cleaning,
* Childcare
* Care for the ill, those with severe disability and the elderly.

It is important to distinguish between these areas because the skills and qualifications needed,

though often linked, differ to some extent, as do the status and perception of the people who

deliver them. Bringing this work out of the shadows, giving these jobs professional status and making

them into real careers, with employment contracts, training, social protection, career progression and

rights equivalent to those of other employees, are prerequisites for their development. It is clear that the

jobs in question, especially in the area of home-cleaning, are still often considered notto require

particular knowledge or skills.

The development of the sector also requires the development of businesses – cooperatives, associations or companies – which act as intermediaries between people requiring services and those who are qualified to provide them. The business is responsible for finding customers and for offering the employee a work schedule. The employee would then have a single employment contract, which would make social protection easier, taking leave or taking part in training courses. This intermediary would also give a commitment to the customer: to send employees who are competent, honest, discreet and properly trained

1. EESC Opinion on Socially responsible financial products, OJ C 21/06, 21.1.2011, p.33. [↑](#footnote-ref-1)
2. EESC Opinion on Socially responsible financial products, OJ C 21/06, 21.1.2011, p.33. [↑](#footnote-ref-2)
3. COM(2012) 736 final. [↑](#footnote-ref-3)
4. [http://www.mobilehealthglobal.com/in-the-news/interviews/46/interview-with-peteris-zilgalvis.](http://www.mobilehealthglobal.com/in-the-news/interviews/46/interview-with-peteris-zilgalvis) [↑](#footnote-ref-4)
5. 1 European Commission (2014), *Undeclared work in the EU*. Special Eurobarometer 402; A.T. Kearney, VISA, Schneider, F., (2013) *The Shadow Economy in Europe* [↑](#footnote-ref-5)
6. *.2.* EESC SOC 511 Undeclared Work [↑](#footnote-ref-6)