



AGE Platform Europe Policy Statement

AGE assessment of the 2017 European Semester Input to the 2018 Annual Growth Survey

November 2017



Executive Summary

AGE Platform Europe, Europe's largest network of organisations of and for older persons, is following the European Semester process since its inception to make sure that the fundamental right of older persons to live a life in dignity and independence is respected and promoted during the process. AGE is particularly vigilant to ensure the fulfilment of the Europe 2020 strategy and its social targets. AGE has assessed the 2017 European Semester together with its member organisations, resulting in this report that echoes the national situation in seven member States.

The European Semester 2017 has shown a further shift towards highlighting more social considerations. However, the general premise that the European Semester is first and foremost concerned with budgetary controls and that **social policies are subordinate** to this in the Semester process remains.

- There is more prevalence of recommendations that focus on the **fight against poverty and social exclusion**, the adequacy of social benefits including pensions. However, in some member states that are lagging behind in the fight against poverty and social exclusion, the Council has not proposed recommendations. There is an absence of analyses on **the gender aspect of old-age poverty. More ambition is needed to act on the Europe 2020 target on poverty.**
- For **employment of older workers**, the numerous calls for improving and developing **life-long learning** are crucial to ensure lifetime employability. However, **age discrimination** in the labour market not covered by the Semester and the **difficulties of carers, mainly older women, to stay in or re-enter the labour market** are absent from the Semester. **Gender gaps in late-career employment** are not highlighted enough.
- While **pensions** are assessed to be more financially sustainable, **the question of adequacy should be further present** in the assessment of pension systems. The promotion of complementary pensions should not lose out of sight the importance of robust and decent statutory pensions. The **gender pension gap of 40 %** needs much more attention.
- More recommendations are concerned with **universal access to health care**. Some interesting proposals are made to make health care more efficient. However, the **coverage of health care in terms of access**, also in rural areas, is not highlighted enough.
- Calls for **investment into long-term care** should be much stronger to build the capacity to cope with demographic change. Especially the **provision of all forms of health care to the most dependent persons** should be put up front, to ensure that no-one is falling through the gaps
- The **Silver Economy**, as a sector that needs to be developed to transform demographic change into an opportunity for the European economy **is not taken up**. The accessibility of goods and services, private and public, the access to essential services in urban and rural areas, mobility solutions for older people, the digital gap, loneliness and energy efficiency could have a stronger



role in the European Semester in enabling older people to play their full part in society, benefitting social cohesion and the economy.



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Part I: European Semester 2017 – analysis from a European perspective

Overall analysis

The European Semester has been **designed to apply the fiscal rules of the ‘two-pack’, and under the ‘six-pack’ sanctions** are foreseen in case of non-compliance. However, recommendations stemming from the Semester are touching upon many areas which are not of direct European competence, and **sanctions for non-compliance are not the same for different member states**. The fiscal rules of 3% of GDP new debts per year, 60% of total debt and a maximum structural deficit of 0.5% GDP are limiting the possibility of member states to conduct policies in view of a recovery. **Social policies are seen still as adjustment variables** to fulfil the economic criteria, and this assumption is still underlying the Country Reports, without paying due attention to other roles of public expenditure than a cost that has to be contained. Especially wage policies should ensure decent and stable income. Austerity politics have aggravated inequalities between European member states and regions and have created a confidence deficit of the European institutions.

After these general remarks, in the 2017 edition of the European Semester, **a notable shift can be observed towards more investment** – in line with the Commission’s communication on a ‘positive fiscal stance’. This translates into recommendations that are more positive from the point of view of older people than in previous years: in a number of cases, social investment is recommended. **There are more references to life-long learning, investment into long-term care, universal access to health as well as the creation of second-career and late-career labour markets and the reduction of long-term unemployment**. This correctly follows the Commission’s analysis of an improving macroeconomic situation.

However, **AGE would like to stress that severe problems persist**: especially in the fight against poverty, even though the inadequacy of social assistance benefits is highlighted in a number of cases, there could be more ambition to work towards the **Europe 2020 target of reducing the number of Europeans living at risk of poverty** and social exclusion. While the Council shows more ambition on developing services and active inclusion strategies for the long-term unemployed, in the Country-Specific Recommendations, the specific needs of older workers, who are more at risk of long-term unemployment than mid-career jobseekers, are seldomly mentioned. Many **positive recommendations have a lower priority than the fiscal recommendations**, which might counteract the calls for more social investment. However, in some countries, the Commission rightly calls for increasing the part of investment into the economy – without highlighting **the important role of social investments** though.

In a number of cases, the Council only brings **blanket reference to the costs of ageing** without looking at opportunities or explaining how to mitigate future costs (CZ, MT, PL, PT, SI, LU, LT, FI). While it is correct that ageing puts pressure on public budgets in many member states, the time has come to seize the opportunity of population ageing, by developing products and services that older people need, including in the health and long-term care sector. This would be a driver for both growth and job creation.

Poverty and social inclusion

In this field, the recommendations seem rather positive and include **concerns for the inadequacy of social benefits, including pensions, tackling the problem of rising housing prices**. The **specific risk of old-age poverty** is mentioned in a number of member states. The number of recommendations in this field is higher than in previous years, which also is a positive development. However, there is a lack of recommendations on this in member states where pensions have not been indexed for a long time and are trending towards inadequacy.

However, **the EU is only back to 2008 levels rather than heading towards the 2020 targets** that it has set itself. Under the figure of declining poverty and social exclusion, **a decrease of joblessness and material deprivation hides an increase in the risk-of-poverty rate** in relative, monetary terms. The **pension reforms** that have reduced especially the replacement rates of future pensioners still pose a challenge to the adequacy of old-age income, notably for low-income earners, women, persons who have had health problems throughout their lives. In countries where the last years of contribution yield higher accrual rates than the actuarially neutral ones, a common incentive to work longer, **those who have health problems when approaching retirement age can lose out on these essential last years of contribution**, disproportionally lowering their pension. Also, the **gender pension gap still stands at almost 40 %** and does not recede significantly.

Against this backdrop, the Commission identifies the lack of progress towards the Europe 2020 poverty-reduction target only in one member state. **The target, long considered as 'politically binding', should be much more prominent** especially after the Commission's analysis that the target is 'unlikely to be attained'. **This analysis should not imply discouragement, but should be a call to arms to fight poverty more concretely and on all levels, including the European one.**

Relevant recommendations:

- Older people identified as a group at risk of poverty (BU, SI, LV); support for indexation of pensions to fight old-age poverty (LT)
- Remarks on the rising risk of old-age poverty and inadequacy of pensions (DE)
- Minimum income arrangements (BU, ES) or unemployment benefits (HU) identified as inadequate
- Mention of non-achievement of the national anti-poverty target (DK) and expression of doubts about the adequacy of financial resources allocated to fight poverty (IT, LT)
- Recommendation to increase social benefits, including pensions, in line with productivity growth to ensure adequacy (EE)
- Pinpointing of rising housing prices as a problem and recommendation to invest in social housing (IE)
- Positive reference to recently introduced minimum inclusion income linking passive and active labour market policies (RO)

Employment of older workers

After a period of pension reforms that raised or are raising retirement ages, the idea that older workers need labour markets that allow them to stay employed makes its way, which is a very positive development. Especially the gender dimension is taken into account more strongly than before in the Council recommendations. The reality of **different retirement ages between men and women, which disadvantage women on the labour market and in their access to pension entitlements**, is criticised in two member states. Repeatedly, the Council recommends **investing into adult learning** and/or improving existing systems – a measure which is particularly important to enable workers to stay in employment throughout their working lives. In some cases, the Council recommends better **reaching out to those furthest away** from the labour market.

While these developments are welcome and important, it is important to note that **still, only one in two persons between 55 and 64 are in employment**. This requires that **resources, including financial ones, are put into the realisation of active labour market policies**. The road into employment can be long and winding for many long-term unemployed, especially after a certain age. For workers over 50, **transitions from unemployment into employment are still exceptional**, more often jobseekers move into inactivity. This should be further underlined and it should be ensured that **public employment services learn to cater for older jobseekers**. The issue of age discrimination in the labour market, a striking reality for older workers and job-seekers, is not sufficiently addressed in the Council's recommendations on the labour market. Also, **the gender aspect of employment rates** of older women, which in many member states fall dramatically short of older men's employment rates, is hardly taken into account.

Relevant recommendations:

- Ageing labour markets (DK); reduction of active population due to demographic change (RO, LT) and low employment rates of older workers (BE, PL; SI, LU) or specifically older women (MT) identified as problems
- Support for an action plan to increase employment of older workers (SI)
- Identification of little capacity to reach out to those furthest away from the labour market (CY, HU)
- Upskilling and reskilling opportunities deemed insufficient (IE)
- Call for investment in adult learning (FI, SI, UK, LU, LT) and assessment of underdeveloped adult learning systems (IT, PL, SK, LT) especially in the fields of ITC (PT, LU)

Pensions

The Council makes an overall **positive assessment concerning the financial sustainability** of pension systems. While this is a welcome development, it highlights also that pensions are still seen as a budgetary problem only, and not also as one of social protection. The **question of adequacy** should be made central. The 2015 Pension Adequacy Report has pinpointed the difficult situation for persons who are not able to contribute for a full career to the pension system: in many cases, **women with career breaks, workers who acquired health difficulties, workers with longer periods of unemployment**. They

still are the ones who lost out in pension reforms, posing not only a challenge to their dignity and independence guaranteed by the EU Charter of Fundamental Rights, but also to social protection systems: persons living below or slightly above the poverty threshold have it much harder to age actively and healthily, causing costs in the health and long-term care systems.

In some cases, the Council recommends **paying more attention to the gender aspects of pension reforms** and the adequacy of pensions, but overall **pensions are still seen as a budgetary problem** rather than seeing it equally as one of social protection and solidarity between generations. The **Council continues to recommend an automatic link** between life expectancy and pension age, while **healthy life expectancy kept stagnating** for the last couple of years. **AGE has repeatedly called for healthy life years to be taken into account when raising retirement ages.** Positive elements are the recommendations towards two member states to raise inadequately low pensions, although these do not meet the deficit criteria. However, this still shows that considerations for the adequacy of pensions are subdued to the overall budgetary assessment, which takes the precedence.

There are recommendations to increase the coverage of **supplementary pension schemes** and to make second-pillar pensions more transparent, resilient and fair, which is rather welcome. It should be stressed that the concrete definition of second-pillar pension policies should be made by social partners, while the aims of increasing transparency of supplementary pensions can be welcomed. However, **supplementary pensions should be supplements to robust statutory pension schemes that guarantee a life in dignity, rather than to try to provide an answer to the challenge of adequacy.**

Relevant recommendations:

- Budgetary sustainability problems linked to pensions (BE, PT, SI, SK, LU)
- Pensions seen as a diversion of resources that could be used for social inclusion (IT)
- Favouring of an automatic link between life expectancy and statutory retirement age or call to raise retirement age (AT, SI, SK, LU, LT, LV, PL)
- Criticism for different retirement ages for men and for women (PL, RO)
- Call for an assessment of the impact of recent pension reforms on adequacy and gender coverage of pensions (MT)
- Deficit due to the raise of inadequately low pensions accepted (LV, LT) under the condition of pursuing reforms
- Unclear comments on whether increased contributions to second-pillar pensions do not constitute a drag for the economy (NL: 'An appropriate intra- and inter-generational distribution of costs and risks beyond the adopted rules on indexation and financial buffers (financial assessment framework) would help households allocate their financial means in more growth-friendly ways.')
- Concern for the transparency, fairness and resilience of second-pillar pensions (NL)
- Recommendation to increase the coverage by supplementary pension schemes (SI)

Health

Where health issues figure in the Council recommendations, they are still more often than not **seen as a budgetary problem**. Recommendations include concrete and potentially sensible proposals of **centralising public procurement, reducing the overreliance on hospitals and to support primary care**. However, it should be stressed more strongly that **the shift from hospital to primary care implies developing primary care before reducing the capacity of hospital care**. Especially in rural areas, but also in cities, patients can leave hospital care prematurely, without primary care systems in place to take over the medical and social care needs that these persons still can have.

A very positive development should be noted in that the Council has started to address **issues of lack of access to health care** in a more concrete manner, recommending **increasing the coverage of health insurance, reducing out-of-pocket payments and informal payments**. This is a welcome shift after years where the health sector had to roll the costs of austerity over to patients and their families, in the form of out-of-pocket payments. This had the effect of barring access to health care to the most vulnerable and constitutes a threat to public health.

There are **recommendations on strengthening the disease prevention** and public health, but these concern only one member state and could be **emphasised better and more concretely**.

Relevant recommendations:

- Health care costs seen as a problem for financial sustainability (FI, SI, SK)
- Identified problems with accessing health services (BU, HU, RO, LV), recommendations to increase low coverage by health insurance (BU, CY)
- Recommendation to reduce out-of-pocket payments (LV, LT); informal payments in the granting of access to health care identified as a problem (RO, LT)
- Positive comments about programmes for disease prevention and public health
- recommendation to strengthen cost-effectiveness in the health sector
- Make hospitals more autonomous to allow cost-effectiveness (CY)
- Support primary care to reduce costs of hospital care (AT, SI); support for shifting to outpatient care (RO, SI, LT)
- Use EU-wide public procurement in health services (AT), centralise public procurement for lowering hospital costs (SI, PT), use of generics (PT)

Long-term care

The area of long-term care is a sector where **public investment is badly needed**. Without systems of quality social care, the **majority of care will still be provided by informal carers**, now providing an estimated 80% of care. In line with the comment on health, **affordable, accessible and quality long-term care services should be developed** before reducing the capacity of institutional care, to ease the burden of care on informal carers – still a major barrier for many women to stay in the labour market.

The Council has **identified the absence of long-term care facilities** as a reason for low female employment rates and the inequalities of coverage between different regions as a problem in some cases. Recommendations include the creation of long-term care services, and only in one case concerns about the costs of long-term care. However, given the challenge of demographic change in combination with the – important – shift of paradigm towards more home care, **investments are needed and should be encourage much stronger by the European Semester**. Otherwise, recommendations on fiscal discipline might affect this sector and thereby jeopardise the intentions of developing modern and person-centred long-term care systems.

Relevant recommendations:

- Absence of long-term care facilities identified as a reason for low female employment rates (AT, IT)
- Unequal development of long-term care facilities in different regions identified as a problem (ES)
- Recommendation to create a system for long-term care services (SI)
- Concern about the costs of long-term care (LU)

Silver Economy

The Commission is supporting the development of the ‘Silver Economy’ by numerous measures in the fields of structural and investment fund as well as an inter-service coordination group on the Silver Economy. This issue is highly relevant in turning the demographic change into an opportunity for growth and jobs in Europe. Unfortunately, the Silver Economy is only sketched out only in a scattered manner in the European Semester. The remarks made above on health and long-term care as well as on life-long learning are especially important to develop a ‘white jobs’ sector that will be growing. But other elements are also not taken into account, although the fulfilment of the single market is mentioned in a number of recommendations:

- The accessibility of the goods and services market as well as of public services, although regulated by different directives, is not taken up much in the country-specific recommendations. This concerns for example the visibility and audibility of signs and announcements, which often constitute barriers in the access to private and public goods and services
- While energy efficiency is part of some recommendations, the specific difficulties of older persons unable to upgrade their housing conditions are not taken into account. Many older homeowners face age discrimination in the access to credit, barring them from energy-efficient renovation. Older tenants are more likely to have long tenancy periods without renovation works from landlords, leaving them in badly insulated housing. Energy poverty is a real problem for many older people in this context. These considerations could be further taken up in the Council’s recommendations on energy efficiency.
- The importance of the digital gaps, in terms of access to digital skills and to equipment by older citizens and in terms of coverage by broadband networks of rural areas, where many older citizens live, is not sufficiently taken into account



- The growing divergence between rural and urban areas is seldomly highlighted. This especially concerns access to essential public services and public goods such as mobility, energy efficiency, health and long-term care, but also to essential private services such as banking or telecommunications
- The non-monetary aspects of social exclusion such as loneliness and isolation, both in urban and in rural settings, are not mentioned, although they have a tremendous impact on public health and quality of life of senior citizens

Part II – The European Semester 2017 from a country-by-country perspective

This section is the result of AGE’s consultation of its member organisations and provides a member state perspective on the European Semester. This section covers the following member states: Belgium, Denmark, France, Italy, Malta, Netherlands and Spain.

Belgium

General remarks

- Highlighting investments as a key issue in the country report is positive and welcome, however in practice, public investment is not encouraged and local authorities have more and more difficulties to engage long-term investments. Especially the application of the accounting norm SEC 2010 on local level in Wallonia is seen as an obstacle to local public investment (see an article of the [Union of Walloon Cities and Communities](#))
- The Commission highlights the lack of investment in sectors such as energy, education and transport; however, long-term investments are still constrained because of fiscal rules.
- The analysis on the ‘resistance’ of the Belgian economy to the crises since 2009 does not go into detail to explore the role of the social security in this resistance
- The report covers social policies on one half page and only looks at the fight against poverty; however, more space should be dedicated to analysing the social security systems, its challenges and strengths.

Pensions

- The Country Report highlights higher retirement ages, new restrictions for early retirement and the development of supplementary pensions as positive elements. Pensions are seen mainly as an adjustment variable of employment policies, not as social policies that engage costs in order to cover social collective risks and a certain redistribution. Interestingly, despite positive predictions for the population growth in Belgium in the Commission’s 2015 Ageing Report, this development is not reflected in the assessment of the Belgian pension system, which will benefit from the demographic growth of the recent years (see an [analysis created for the Belgian social security](#))
- The negative impact of the ‘tax shift’ on the finances of the social security system is not mentioned
- The Country Report sees home-ownership as a pension pillar, however, acquiring a home is not a possibility all citizens have, therefore it should not be considered as such.

Poverty

- The report’s executive summary explains the progress made in attaining the Europe 2020 targets, but does not mention the target of fight against poverty, although this target is far from being attained.

- The analysis on the aggravation of the situation of household income could benefit from additional precisions, such as through [the precariousness indicator](#).

Country-Specific Recommendations 2017

The European Commission has given Belgium **three recommendations**, which focus on fiscal reforms, ensuring access of disadvantaged groups to education, vocational training and the labour market, and fostering investment in knowledge-based capital.

The Belgian **employment rates for older people** in the labour market are far below EU averages. Moreover, the amount of people in long-term unemployment has grown significantly between 2012 and 2015 and is especially high among older people. Structural barriers prevent people from making a successful transition from unemployment to work. We support the recommendation on ensuring the access of disadvantaged groups to quality education, vocational training and the labour market, and demand that attention is paid to all generations in this regard. Furthermore, it is necessary to address ageism and age discrimination in the labour market and to strengthen support services for older people in the labour market.

Just like in last year's recommendations, the European Commission pays very limited attention to **pensions** in the 2017 recommendations. In the section with the considerations, the Commission merely takes note of the higher retirement age and the limits on early retirement in order to encourage older people to stay or return to work. Pension adequacy is not covered. Neither is the potential impact of longer careers on the availability of informal care, which may put even more pressure on the expenditures in long-term care and on the balance between work and family life for employees with care duties (e.g. child care, care for parents at later age, people with disabilities, ...). Special attention is necessary to avoid the gender pension gap. The recent plans seem to increase the differences in pension level between men and women, for example the reduction of periods assimilated to working, and the availability of pension bonuses only to workers with complete career contributions.

While the Commission does note that Belgium is expected to fall short of its 2020 greenhouse gas emission reduction target, it pays no attention to the even more dramatic progress on the target regarding **poverty and social exclusion**. The overall poverty risk in Belgium has stagnated, without much improvement. While the risk of poverty among older people is not as high as it used to be, older people still face a higher poverty risk than most other age groups. Of all the people in poverty, about 1 in 4 is older than 65 years.

Denmark

There is no country-specific recommendation concerning older people in Denmark in the 2017 edition of CSRs.

The main reason that the Danish economy looks strong is the decision to increase the retirement age in line with life expectancy – older people are contributing to the labour market and the overall economy.



The entry age for the voluntary early retirement scheme (efterløn) was increased from 60 to 60.5 years in 2014, and the increase continues. Therefore the number of 60+ in the workforce has increased significantly and the increase will continue, when the pensionable age is increased for 65 to 67 from 2019-2022 and again to 68 in 2030 (and so on).

Unemployment is not higher for the 60+, but 60+ who lose their job spend longer time in unemployment than younger. And as unemployment benefits are only paid for 2 years that is a problem. The security part of flexicurity is not really there anymore.

Too little is done to make sure the workforce has the necessary qualifications to make it possible to stay in the workforce to the new higher pensionable age (72 in 2050). It is necessary to invest more in continued education, lifelong learning etc.

Recent developments

The Government wanted to increase the pensionable age faster. 67.5 years (or 68) in 2025 and then 68.5 (or 69) in 2030 etc. The intention was to use the increased revenue to cut taxes. However they gave up by the end of May, because a majority in parliament are against. The government has now presented a less ambitious plan, with a change to the residency rules that give rise to pension entitlements.

As the rules stand today persons have to reside in Denmark for 40 years between 15 and 65 (4/5 of the maximum time between age 15 and 65) to be entitled to a full pension. The new proposal is that you have to reside in Denmark for 9/10 of the years between 15 and the pensionable age. The proposal will not affect those already retired, but it will mean a reduction for persons that are not yet retired even though they are close to the retirement age. This might create a distortion for those who are close to retirement age and who have expected to be able to draw on a full pension, based on their biography.

France

The coordination of AGE France has released a paper with the main analyses and recommendations concerning the state of older people in France. The following text is but a summary, the full version [can be found \(in French\) on the AGE website](#).

France is faced with a number of challenges. Technological change will mean the disappearance of many professions as we know them, but also the creation of new professions. The French excessive deficit has to be reduced for enabling economic developments in the middle and long-term. French leaders should be more affirmative and make the fundamental choices and a long-term vision, rather than focussing on the incremental adaptation of rules inherited from the recent past. Priorities for the French society in general are:

- Basic education and improving the outcomes of the educational system;
- Reform life-long learning; current systems are often expensive and do not target the needs or are inefficient;



- Adapt the labour law to make labour markets more fluid, integrate new forms of labour, encourage companies to engage more in in-work training and to adapt to change;
- Reforming the unemployment benefit scheme (encourage return to work, compensate temporarily for loss of resources, better, more efficient and evaluated trainings)
- Increase the financial means to maintain growth, in the tax and social contribution systems, in re-establishing the equality between French companies and their EU competitors; adopt new rules that are clear and simple

Employment of older workers

- Current laws are hindering the employment of older workers and to keep them in employment. They need trainings to adapt to new technologies
- Older employees are flexible if work rhythms and workplaces are suitable to them and when the gradual ending of their career is foreseeable
- Companies should be supported by lowering the cost of labour for the most innovative and the most export-oriented companies, as well as for companies who hire apprentices.
- The Silver Economy should be developed drawing on the experience of older workers, to become a growth enabler
- New adaptations should be promoted, such as progressive phasing into retirement, employee-driven flexible working time, opportunities to participate in social responsibility
- The links between education and the labour market should be reinforced, especially through traineeships, professionalization contracts for all ages, intergenerational exchange of knowledges and experience and the creation of intergenerational teams within companies. Older workers should be present in programmes of professional schools to present real-life experiences from their profession
- Use the unemployment benefit system to encourage senior jobseekers to take up smaller jobs or volunteerships for charities on the model of 'ADT Quart Monde', allowing them to contribute their experience all while being financially compensated; relieving the unemployment insurance from part of the expenditure linked to benefits and transforming them into a social investment
- Create an awareness-raising campaign to support these initiatives in a comprehensive way and to highlight the resources that older workers can contribute

Pensions

- The debts of the social security and the old-age solidarity fund are estimated at 150 billion euros and institutions such as the European Commission, the OECD and the French committee for the orientation of pension policies (COR) recommend fundamental reforms to ensure adequate and sustainable pensions.
- Since 2016, no significant change can be seen to go into this direction. AGE France reiterates therefore its 2016 recommendations:
 - Start a fundamental reform of the current pension system, based on the numerous reports and analyses that are available

- Give the working population the free choice of their retirement date to assure the permanent balance of the social security pension
- Start reforms to ensure intergenerational solidarity

Fight against poverty and inequalities in old age

- Ageing in dignity should be the foundation of public policies, all while taking into account current challenges. Therefore, it is crucial that the view of older people and their expectations are taken into account, but also what they can contribute
- The income of the pension system seems to be under control. However, the minimum benefits (minimum for old age, survivor's pension, guaranteed minimum) do not allow to live in dignity. The ONPES 2015 report on reference budgets highlights this clearly. The minimum benefits should be gradually increased in light of the financial needs for the dignified ageing of older persons. The question should be discussed openly and include both national solidarity and redistribution inside the pension system as vectors for solutions
- The debates around basic universal income have not included the situation of older people. However, from those asking for the old-age minimum benefit, 14% are still working and 27% are ill or are persons with disabilities, therefore these persons are extremely vulnerable
- The creation of regional health agencies and the territorial hospital groups has created economies of scale, including allowing for a better use of available human resources. However, this has hampered the accessibility of health services for certain diseases and poses additional challenges for rural and isolated territories
- The programme MONALISA has allowed to create 300 citizen teams to fight isolation and loneliness at the local level. This programme should be enlarged and supported, especially in rural areas. A new challenge is however the isolation of family carers, especially of carers for persons with Alzheimer's disease. Some improvements have been made in the law on the adaptation to ageing, but these measures are insufficient
- Accessing social services is still based to often on a system 'by application'. Certain benefits should be made automatic from the moment from which other benefits have been requested. A virtual 'safe' with basic documents that a person has already submitted should be explored for this use.
- Many households are faced with the problem of housing of pensioners. The majority of pensioners are homeowners, but their housing is often degraded and energy-consuming. A real plan to support renovations and energy efficiency are necessary
- Older persons should be accompanied by competent services in these areas
- Older people are represented and listened to at local level and in social action services, however the number of seats for older person's representatives has been reduced on the national and departmental level, which is in contradiction to the demographic growth of this population group.

Autonomy and daily living

- It is important to continue putting resources in the development of support services in people's homes, as this solution is favoured by the majority of older persons and is compatible with the idea of healthy ageing.
- This makes an adaptation of housing and of transports necessary. Good conditions of accessibility and mobility within the existing social environment is crucial, however this call for integrated mobility plans across the whole mobility chain (buildings, streets, intermodal transports, networks etc.)
- It is still often the case that while housing and means of transport themselves are more easy to access, the direct environment (such as walkways) does not follow this idea
- In rural and suburban environments, even these adaptations are still not accessible. The development of 'cities accessible for all' is important to allow the access of the most frequented common spaces.
- While new technologies can bring a direct help to senior, they also bear the risk of replacing the presence of human carers or person-centred services.
- While digitalisation itself does not seem to create a great problem to people who just enter pensionable age and who know how to use electronic devices, the development of virtual public and administrative services and the disappearance of paper-based documents make procedures more complex. In thinking the relationship between citizens and public services, the maintenance of physical support services and one-stop-shops is necessary to maintain the inclusion of the most vulnerable.
- The development of 'guiding schemes for accessibility' and the 'agendas for programmed accessibility' is pursued by all cities and regions. To accompany this development, the information for travellers should updated to account for multi-modal modes of transport. Especially in large train stations, announcements are useful and well-made, but often not understandable in terms of sound quality
- Signs and signals, both visual and audio, should be more consistent, memorisable and reproducible
- Information on the wheelchair-accessibility of public spaces (presence or type of elevators) is more and more available, but should be further developed
- Transport-on-demand should be further developed by the authorities

Older people in rural environments

The specific conditions of rural environments pose challenges to older people and their families: health care, social support and home care structures are more distanced and families more often put into question the feasibility of keeping older people in their homes. Independent living however constitutes a fundamental right and corresponds of the aspirations especially of older people in rural areas. It should not be conditioned on the health status exclusively, as not all of them are in need for care and as they maintain social and cultural activities of their communities. Modern social innovations and technology should be used with this in mind.

Concerning rural areas in general:

- The maintenance of public services in all their forms should be ensured
- The whole territory should be covered by fast network connection, a prerequisite for many policies for rural environments
- The cultural development should be supported by the financing of local initiatives
- A mobility policy adapted to the needs and the geographical constraints should be defined and implemented
- The creation of larger regions in the past legislature should not disadvantage more rural departments

Concerning vulnerable older people:

- Develop information and prevention policies that are close to the target group
- Implement a preventive policy of improving housing conditions
- Start a reflection on how technology such as robotics and smart housing can leave the laboratories and put to use in the field of urban areas
- Stronger incentives are needed to favour the establishments of medical centres and independent doctors
- Develop citizen's initiatives, such as 'Monalisa'
- Work and favour all operations in the view of intergenerational cohabitation, exchange of services etc.
- Favour a better interoperation of all health actors in home care
- The access to goods and services is a precondition for the establishment of pensioners in smaller towns and rural areas, which can also be beneficial to the housing offer in urban areas

Areas not covered by this contributions, e.g. health and social care, the conditions of older persons with functional or cognitive disabilities, the maintenance of family relationships and of cultural and social inclusion, and exchanges between generations, have been covered by previous contributions to the European Semester by AGE France and remain valid.

Italy

Italian AGE members have created [an analysis of the National Reform Programme](#) (in Italian) and [of the Economic and Financial Document \(DEF\)](#) and have disseminated it nationally.

General Remarks

- The reforms that Italy has engaged in are overall positive, although the situation of Italians in terms of employment, household income, production and inflation still fall short of the European average
- Confidence of citizens is not very high and large sections, including many older people, are living below the poverty threshold.

- The inclusion of additional indicators in the Economic and Financial Document on welfare indicators, such as the average available income, the inequality index, the rate of non-participation in work are positive
- The fight against poverty and the implementation of the poverty alleviation strategy figure as priorities in the National Reform Programme, a positive aspect.
- The focus on more inclusive growth and the inclusion of the analysis of economic, technological, demographic and migratory change is welcome in the National Reform Programme.
- The choices made in terms of interventions and investment appear to be weak and hardly able to support a stable and propulsive recovery
- Overall, the Economic and Financial Document does not present a way to bring the older population out of a situation of social and economic discomfort
- Welfare should no longer be seen as a burden on society, but as an indispensable factor for economic expansion
- Income of citizens with low and average incomes should be strengthened by fiscal and social measures

Poverty and social exclusion

The national poverty plan and its different elements is highly important and figures prominently in the national reform programme; especially its comprehensive approach is important. Important elements are the introduction of the inclusion income as a national measure and the widening of beneficiaries; the reallocation of welfare benefits in the fight against poverty and the strengthening of the coordination of social services. The effort to fight poverty is welcome, is however not ambitious enough to fit excluded groups of older citizens

The index of material deprivation for 65+ has deteriorated from 8.4 % to 11.6 %; about 38 % of all pensioners live at risk of poverty. The adequacy of the allocations introduced in the 2016 law on the inclusion income seem not to be guaranteed, as they are expected to cover 770,000 citizens in a context where 24.5 % of the population is at risk of poverty. About 1.6 million pensions are not above minimum level – 500 euros – representing less than 40 % of median income, a situation contrary to Italy's commitments under the European Social Charter.

Fighting exclusion and isolation of the elderly and encouraging collaborative and integration actions among the generations of all ages should be a priority.

Recommendation

- Lift the minimum pension entitlement gradually to 40 % of the national average income
- Swiftly implement the law on poverty by delegated legislative decrees
- Support the implementation of the law by adequate financial resources
- Include households of pensioners living at risk of poverty in the application of the law and in measures fighting isolation

Pensions

- Pensioners represent almost ¼ of the population and should be considered as an engine for the economy and the adequacy of their income should be seen in this light
- The NRP highlights measures to safeguard pension sustainability and the protection of young people's future pensions. It also announces the strengthening of the second pillar pensions
- The Economic and Financial Document shows that the public expenditure for pensions is reducing in the medium term until 2028, and after an increase will peak in 2045 to reduce again heavily in terms of share of GDP.
- The Commission pinpoints some reforms going, in the view of the Commission, in the wrong direction in terms of safeguarding the sustainability of the pension system and sees the size of pension expenditure as a problem; however, the Commission takes only the correlation between contributions and expenses to the pension system, while the social security institute also is responsible for paying non-contributory benefits, financed by the national state budget. Contrary to the Commission's assumption that pension expenditure represents 15.4 % of GDP, excluding non-contributory benefits, the figure is only at 11.5 % and in the EU average.
- The increase of the lowest pensions via the increase of the 14th month payment and the lifting of the threshold of the untaxed part of pensions is welcome, but is not sufficient to alleviate the living conditions of older people, who can still end up under the poverty threshold.
- The flexibilisation of retirement age is a positive step forward in the new pension's law.
- Purchasing power of pensions has suffered a severe and progressive decline in the last decade, as the annual revaluation mechanisms did not take account of the specific consumption patterns of pensioners.

Recommendation:

- Pensions should be revalued to the real cost of living by reforming the revaluation mechanism. This should be done defining a specific basket of goods and services of older people, including also pharmaceutical expenses and specialist services that are not reimbursed by the National Health Service. The price index for families of workers and employees should be abandoned in favour of the ICPA indicator, that excludes the consumption of companies. The double-indexation of pensions according to prices and wage developments should be reintroduced.
- The implementation of the flexibility of retirement age should be speeded up by decrees specifying the rules for early retirement; costs and interest rates for voluntary retirement for personal reasons should not be prohibitive
- Strenuous professions should be included in the application of the flexible retirement age, as well as self-employed
- Guarantee adequate pensions on a minimum levels even for persons with irregular contribution biographies

Health

The Commission raises the case of health care spending as a budgetary problem in the Country Report; however the public expenditure on health care is below EU average while providing high healthy life expectancy in European comparison. The programmatic spending for health care in 2018-2020 foresees an increase of 1.3% - this could lead to resource constraints and lower performance of the public health sector, as health care needs are increasing as well. It is worrying that the private expenditure for health care is increasing as more people have to pay out-of-pocket fees to access health care.

The Senate has established an opinion calling for more resources allocated to health in the budget law. Several other proposals in the law should also be further explored, such as the introduction of health indicators, to bring health coverage in the north and the south to an equal level, to restore the function of moderating tickets to regulate the demand rather than creating a source of funding for the National Health Service.

There should be more investment in preventive and public health, primary care and the integration of health and social care, as well as measures to tackle health inequalities

Recommendations

- Give general practitioners a primary role in the establishment of multidisciplinary medical pools
- Overcome the regime of 'intramural' health, which does not take into account the views of doctors or the needs of patients
- Bridge the qualitative and quantitative differences between regions and territories in health care provision
- Find new resources through a targeted rationalisation of services and procedures, rather than overall cuts and reduction of services and protection levels.

Long-term care

For the moment, almost the entire burden of long-term care is lying on families in Italy. Support measures for families, including tax benefits, are necessary, just as the integration of health and social care throughout the territory. There are wide disparities in long-term care provision between the regions.

The National Fund for non-self-sufficiency is under-resourced: it is established with a 100 million euros and its funding has since been varying between 100 and 400 million. It is scheduled to reach 500 million in 2017 – still, these resources are insufficient as there are about 2.7 million people faced with dependency needs and when including caregivers and family members, around 5 million people are affected by care needs. Supporting them is a precondition for their labour market integration.

The support for persons with disabilities also is insufficient: almost 80% of families with persons with disabilities are not supported by public home services, and 70 % have neither public nor private assistance.

Recommendation

- Provide the national fund for non-self-sufficiency with adequate resources to perform essential interventions that allow dependents to lead a life in dignity, all while alleviating the burden of families
- Reform the system of assistance to the benefit of people in need for care, especially regarding housing assistance
- Introduce a law recognising the role of family caregivers and provide employment and social security benefits to informal carers
- Reorganise the hospital network by allocating resources and staff to long-term care

Malta

Maltese members have published their detailed assessment of the European Semester for Malta:

http://www.age-platform.eu/sites/default/files/MT_2017_Semester_assessment.pdf

Poverty

The Country Report recognises that despite higher growth rates than average in the EU, poverty and social exclusion risks are still substantial for older people. The relative median income ratio of people over 65 is 75 %, below the EU-average of 93 %. The at-risk of poverty rate of older people is at 21 %, by 6 points higher than for the rest of the population and by 7 points higher than the EU-average. According to the National Statistics Office, this rate has a rising tendency. A report by Caritas Malta has identified older people as one of the most vulnerable parts of Maltese society. Malta forms an exception in Europe – together with BU, EE, LT, LV – in that poverty rates of older people is higher than for younger people.

Health

The Commission points out in the Country report that health care costs are weighing on the budget and that investment in the health care system reaches EU average (9.8 % in MT, 10 % in the EU). However, the number of older people who are waiting to enter residential care homes is high, although financial support for health services has been extended.

Pensions

A worrying trend is the number of women without pension entitlements: the coverage gap is 36.5 %, among the highest in the EU. The World Economic Forum's Gender Gap Index 2016 has seen Malta lose 24 places in the ranking since 2013, standing at 84 out of 108.

It is anomalous that the Two-Thirds Pension is reduced if someone is able to draw on a Service Pension. This situation is partially redressed, as the service pension is only reduced by 200€, but it will take many years until someone with a service pension will be equal in income to someone without.

It is also questionable that, due to the non-indexation of the maximum pensions for some years, many people are receiving the same amounts of pensions despite different contribution levels during their lifetime.

- Pensions have been heavily cut by non-indexation or indexation below the growth levels of wages. Pensioner's organisations have asked to lift the ceiling of the maximum pension income, which has not been conceded
- Amount of pension payments are unequal according to the date of birth of 31/12/1961. Indexations are not the same for pensions before and after this date, meaning that the pensions of lower citizens are lower for the same amount of work and relative income than for younger pensioners.
- It is positive that the guaranteed minimum pension for single households has been increased to 60% of National Median Income; however, pensions for married persons still fall short of this line; also, the reference year has been fixed in 2014 and does not take into account the evolutions of National Median Income
- While incentives to work beyond retirement age have been introduced, these incentives are not available to workers in the public sector, therefore this measure has only a partial impact
- The raising of the ceiling of tax-free pension income is beneficial for low-pension earners, but will only come into effect in 2018.

Health

- The high costs of private health care draws people to the free state-provided assistance. This creates pressure on the public health system and still creates long waiting lists for the treatments of some conditions, such as operations, examinations and tests. Appointments are now made outside of regular working hours, but this has not shortened the waiting lists.
- In 2014, 31 % of health expenditure was private, an amount above the EU average of 23 %. Due to the overcrowding of the public health systems, more and more patients turn toward the high-cost private system. It is uncertain that public tariffs will be maintained during the privatisation of hospitals and public health services in Malta/Gozo.
- It is positive that the list of free medicines for which there is a shortage has been considerably reduced

Employment

- Life-long learning systems are popular among older unemployed, and the exchange between younger and older generations inside these courses is both positive for the social participation of older citizens and for the quality of the courses

Country-Specific Recommendations 2017

Malta received no Country-Specific Recommendations regarding older people in 2017, however, some of their issues are addressed in the considerations in the CSR communication.

Notably, the Commission highlights the expected rise of expenditure linked to population ageing, notably in the field of pensions. It also highlights that labour market participation of older people is among the lowest in Europe.

While the low participation rates of over fifties is an issue, a larger issue is the low participation of women. This labour market participation will increase with more incentives, such as free child care facilities, and opportunities for women and older people to find work are improving. The CSRs omit to mention that employment for other age groups is higher than the EU average and many EU nationals migrate to Malta to find work, sign of the vitality of the Maltese economy.

A comment is made in the CSRs on the expectation to moderately lower poverty rates for older people. It is true that the rate of severely deprived people has decreased by almost 50 % in the last three years, but this mainly reflects progress in one-person households, not in households with several persons. The net replacement rate of the guaranteed income has increased, but the equivalised income of a couple or of a couple with children has not increased. In the room for improvement highlighted by the condition, improvements should be targeted at these multi-person households. The rate of poverty risk of older persons (65+) still figures higher than the rates of other population groups (21 % for 65+ vs. 16.3 % for the whole population).

Previsions for the 2018 budget

- Pensions will be increased as of January 2018 across the board - affecting some 90,000 pensioners - by € 2 per week. Moreover a Cost of Living increase of € 1,75 weekly will also be paid out. These figures, though welcome, will do little to alleviate the current anomalies in the pension *regime*. Moreover, the inequalities between pension rates for single pensioners as opposed to married ones will remain.
- The non-taxable ceiling on pensions has been increased by € 200. It is still unclear, however, how this will be correlated to the figures quoted in the same sector as a result of the Budget for the current year.
- Financial grants will continue to be paid out to pensioners aged 75 and over who continue to reside in their own homes, and thus within the community.
- A new scheme allowing pensioners with missing Social Security contributions to become eligible for a pension has been announced. Details still have to be made public.
- The issue of Government Savings Bonds for persons aged 62 and over at an enhanced rate of interest - which had been put forward last year by the National Association of Pensioners Malta, accepted by Government, and since announced has proven to be extremely popular - will be extended next year. The Association's call for this interest to be tax-free across the board for holders of these bonds - all aged 62 and over - has not to date been heeded.

Netherlands

Dutch member organisation OVN has produced its detailed assessment of the 2017 European Semester: http://www.age-platform.eu/sites/default/files/NL_2017_Semester_assessment_OVN.pdf (in Dutch)

General remarks:

- The Dutch government has reformed its system to subsidise NGOs, forcing some NGOs to merge and to follow more closely the priorities of the government. This removed a lot of energy that was present in the NGO sector and has reduced support of grassroots members for some NGOs

Employment

- In the implementation of the Law on Work and Security (WWZ), it seems that many more short-term employment contracts have been created rather than open-ended contracts, which was against the aim of this 2015 law. An evaluation is planned for 2020, meaning it will only be assessed in the legislature after the current one. The evaluation should be scheduled earlier, in light of the unsatisfactory results of the law.
- There is a promotion campaign for work accident insurances for self-employed; however, these insurances still seem too expensive for most self-employed. A public debate on insuring the accident risks of self-employed should be held
- The reduction of taxes on labour is welcome for low-income earners, however it also increases the differences in income between people who are employed and those who for various reasons are unable to work.
- The plan 'Perspective for 50+' with 50 billion euros is very interesting, but it is unclear what it contains for different categories of older workers, such as older women who have lost their jobs in the care sector. Some jobseekers over 50 lose their right to employment assistance because they no longer qualify for unemployment benefits
- Income statistics divide age categories at 59/60 years and 64/65 years, however pension age is now set above 65 years – as many problems concern the last years of working age, statistics should follow the rise of pension age to cover the challenges of the last, additional years needed in careers
- Much useful work is being done by volunteers; however they do not receive financial or educative support.
- Forcing jobseekers to make a 'counterpart' contribution to benefits leads often to degrading situations, where people with long work experience are forced to do manual work to 'keep their connection with the labour market'. The system could be improved by supporting local authorities in offering volunteer work to jobseekers, which matches the skills and interests of a jobseeker
- Sanctions against jobseekers risk putting jobseekers at a very low income level, cementing their social exclusion

Pensions

- The non-indexation of pensions creates worries among older people about the future of their pensions
- There will be changes in the second-pillar pensions to ensure their financial sustainability, which is of high importance

- There is still a large gender gap in the coverage of occupational and AOW-pensions, which could increase due to the specific problems of older women in finding jobs and the raising of the pension age. This risks creating significant challenges in the future.

Poverty

- The housing market is catching up and prices are rising; it is therefore not excluded that a housing bubble is about to be formed. It is questionable in this context whether people without any own financing can buy houses with a 100% subsidy. This concerns especially people who are just about the income threshold under which they would qualify for social housing and who do not find housing to rent on the free market. They risk taking up high mortgages
- Reducing taxes on wages does not resolve the problems of many jobseekers who simply do not find jobs in their sector and suiting their living realities; it also does not resolve the problem of the working poor.
- The popularity of food banks shows that despite the affirmation of the government that social protection and income support are adequate, this does not hold true for all categories
- Divorces and breakups of relationships pose a particular challenge to older women, who have great difficulties in finding jobs. This specific category should be targeted with supporting measures to avoid that older women living alone stay at risk of poverty

Long-term care

- The situation of carers is worrying, as they often have lost their jobs and income, and with these also the social protection and benefits linked to these. They earn income support, but this is not sufficient. The 2016 conclusions of the Committee on the Elimination of All forms of Discrimination Against Women (CEDAW) has highlighted the issue of the situation of carers.
- It is often stated that care should not be an obligation, but there is social pressure on women to take up caring tasks and the transition to community-based care on local level often requires more involvement of informal carers.

Country-Specific Recommendations 2017

The Netherlands received two Country-Specific Recommendations.

Housing

The recommendation pinpointing the debt bias for households is correct, however not all of the debt bias is linked to tax policy and deductibility of mortgage interest payments. The debt bias also stems from the very low-interest rate environment promoted by the ECB.

Employment

The reforms suggested on the labour market are difficult as they suppose a difficult balancing act between promoting entrepreneurship and reducing incentives for the self-employed without employees. This category is growing in numbers, and most of the self-employed are not sufficiently ensured for social protection risks. It should be noted that the category of 50+ workers has not substantially changed

in the past year. The government will offer financial support for projects promoting employment of older workers, but for the moment there are no tangible results.

Pensions

The recommendation to 'make the second pillar of the pension system more transparent, inter-generationally fairer and more resilient to shocks' intervenes in a context of intense discussions on the second pillar pension system, awaiting the formation and policies of the new government. Some of the problems of the 2nd pillar are linked also to ECB monetary policy, and are external to the system. The suggestion to strengthen inter-generational fairness is unnecessary, as this factor is always emphasised by all parties. It should be avoided to portray the system as being generationally biased.

Spain

Country Specific Recommendations 2017

Employment

It's true that the national economy is growing and keeps a rather healthy growth rate, but unemployment remains a big issue. This is particularly high for young and low skill people but it's also high for 50+ workers. Unfortunately these are not mentioned in the Country-Specific Recommendations as a target group. The 2016 CRS didn't mention this group either.

The level of temporary contracts is one of the highest in Europe. There's a great number of one-week or even one-day contracts. These are typically related with services such as: waiters, cleaning, etc. Although mentioned in the CRS, it is questionable whether the Spanish Government is not promoting enough the transfer from temporal to permanent contracts.

Sustainability of current pension model

It's very surprising to do not find any mention to this important issue. A lot of talks between different political parties and NGOs have taken place, but nothing tangible is coming out from those forums.

Long-term care

It should also be noticed that there is no mention of the lack of proper support to dependants and their families which are in charge of a dependant person with minimum or no support at all from the government.
