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Independent Experts A Study of National Policies
on Social Inclusion Liechtenstein

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Country Profile Liechtenstein 2013

A Study of National Policies

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COUNTRY REPORT - LIECHTENSTEIN

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1. Summary

The economic and financial crises have left their mark also in Liechtenstein. In 2009 the national balance sheet had shown a revenue surplus, slightly below the level of 2007, but from 2010 onwards it became more and more obvious that national income was being highly influenced by the structural problems in state finance. Thus, the government of Liechtenstein began a restructuring process in 2010. The outcome of this is a variety of proposals for measures with the goal of saving up to 180 million Swiss francs and – for the period 2013 to 2016 – to realize a reduction of 2% in the operating expenses per year.

By the end of 2012 Liechtenstein's economy shows a slow recovery in the direct importation and exportation of goods since the decrease in 2009. From January to December 2012, the direct exportation of goods increased by about 1.2% (current value is 3'369 Mio. Swiss francs) compared to the previous year. Similar positive effects have been noticed in the labour market. As of 30 November 2013, the unemployment rate had dropped by 0.3%, to an average of 2.5% compared to the average rate in 2009.¹ Within this period, the population reached 36,838 persons by the end of 2012.²

As one can see by the 2012 end-of-year results these measures will not be sufficient to bring a stable and final turn-around. The government has therefore proposed further cost-cutting measures to the Liechtenstein parliament in 2013. Currently, Liechtenstein faces three main financial challenges. One is the tax act, which was revised and came into force in 2011 with some sustainable changes in the bases of taxation resulting in lower tax earnings for the government. Another challenge is the public pension fund for civil servants and for employees of several public institutions and enterprises (PVS), which suffered a financial shortfall of approximately 331 million Swiss francs (as per December 31, 2012). Finally, the very well-known problems of the Old-Age and Survivor's Insurance (AHV) have not been solved and have resulted in a sustainability gap of approximately 68.6% of the gross domestic product (GDP) as published in March 2013. In respect of the AHV, the main reasons for this result are the weaker fiscal position (2012 compared to 2005), the 2012 newly introduced care allowance, and the income foregone due to the not completely revenue neutral total revision of the tax system. These figures were published in a study by independent experts combined with the conclusion that the existing financial reserves (financial reserves of approximately 1.5 billion Swiss francs) are not sufficient to grant actual and future pension benefit claims.

Thus, unchanged to 2012, Liechtenstein is facing a reduction in public revenue and the consequent need to take measures to cut expenditure has increased. Main effected areas are the tax system to create more fiscal income, the public spending in the sense of cost cutting programs and the country's well-developed social security system. Therefore the government had defined a range of political decision to carry out various measures in a socially supportable way. However, some of the proposed economies affect the entire population and thus also those with a low socio-economic status. On the plus side, there is a very low level of unemployment and compensation

¹ Source : http://www.llv.li/pdf-llv-as-arbeitslosenstatistik_2012

² Source: http://www.llv.li/pdf-llv-as-bevoelkerungsstatistik_31._dezember_2012

for short-time working; preventive measures and an active and efficient jobs market service make an additional contribution towards the favourable employment situation. The well-developed social network which includes unemployment insurance, the care of the elderly, health insurance, welfare – plus many other measures, services and sources of financial support – has so far managed to prevent poverty in Liechtenstein. Nonetheless, efforts to protect especially vulnerable groups must be continued. Both the legal basis and the institutions established to fight discrimination and social disadvantage should be upgraded and reinforced. There is also a need for independent ombudsman offices. The envisaged Centre for Human Rights can perhaps in future take over such a function.

Further measures to increase AHV income (e.g. increase of the contribution payments) and reducing costs (e.g. years needed for a full pension, raise of pension age) are necessary to ensure long term sustainability.³

Finally, there is a broad consensus existing within the political elite as well as among the public in Liechtenstein that a small state like Liechtenstein should not run into public debt at all. Based on the financial forecast 2013 to 2016, the state financial income (without external borrowings) will not be sufficient to finance the net investments for even one year of the above mentioned time period. This effect is basically the result of the estimated excess spending. This can also be seen in the indicator “self-financing” which is expected to be between -500% to -100%, whereas the defined target value by the government for Agenda 2020 is >90% (see also Art. 27 of the Financial Budget Act).⁴

The given situation forced the government to launch the Agenda 2020 and to set up specific indicators (by February 2011) to measure the overall development to reach the goal of the Agenda 2020. The Agenda 2020 contains six strategic targets which have a high degree of coverage regarding the European Strategy 2020 goals:

- Make use of small state opportunities in globalisation;
- Increase domestic political effectiveness;
- Preserve ability to act on fiscal policies;
- Strengthen the country as a centre of finance and commerce;
- Secure the natural foundations of life;
- Increase the quality of life.

Until today, two years of government activities have passed and some milestones have been reached. Nevertheless, it is a rather short time period in terms of estimating the long-term positive or negative trends of the indicators. In the following chapters we comment on progress in three out of the six main targets of the Agenda 2020, which have a strong impact on social inclusion and will create the basis for

³ Source: Erste Ergebnisse der Generationenbilanz 2012, Stabstelle für Finanzen.
<http://www.regierung.li/index.php?id=158&uid=1206>

⁴ Source: http://agenda2020.li/fileadmin/Dokumente/Monitoringbericht_FL_2012.pdf
add. Source:

<https://www.gesetze.li/Seite1.jsp?LGBl=2010373.xml&Searchstring=Finanzhaushaltsgesetz&showLGBl=true>

understanding Liechtenstein's situation. These are namely: "preserve ability to act on fiscal policies", "strengthen the country as a centre of finance and commerce", and "increase the quality of life".⁵

In respect of the AHV (where the Disability Insurance is also administered), the main reasons for this result are the weaker fiscal position, the 2012 newly introduced care allowance, and the income decrease due to a not completely revenue neutral total revision of the tax system. The respective figures were published in a study by independent experts combined with the conclusion that the existing financial reserves were not sufficient to grant actual and future pension benefit claims. Further measures to increase AHV income (e.g. increase of the contribution payments) and/or reducing costs (e.g. years needed for a full pension, raise of pension age) are to be necessary to ensure long term sustainability.⁶

By now, the government has not yet adopted any measurements with an impact on the current structure of the Disability Insurance and the long-term care for people with disabilities. Thus no direct impact of the financial situation has to be stated so far in respect of residential institutions, service provision etc., including the state budget.

2. New measures or changes in existing measures taken by the government

In common with other countries, Liechtenstein is confronted by the great challenge of falling public revenue and the consequential need for significant savings in public expenditure. In October 2012, the government presented its financial outlook for the coming years. This revealed a budget deficit forecast for the year 2013 of around 200 million Swiss francs – more than 20% of the country's entire public expenditure. Future prospects continue to appear gloomy, despite the government and parliament having decided on numerous savings measures in recent years.

A package of measures designed to reduce public expenditure was submitted to parliament by the government already in 2010 (Government Report and Submission No. 73/2010). The package proposed total savings of 160 million francs, with the aim of balancing the budget in the medium term and thus of meeting the targets set out in the financial model. Neither the political parties nor the general public have expressed serious reservations about these targets.

In the first round of savings, launched in 2010, the foreseen retrenchment reflects cuts essentially affecting various different areas, mainly the financial funding allocated to the municipalities and the contributions to the health insurance. The following table shows the foreseen allocation of the cost and contribution cutting measurements in 2010:

Measurements of first round of savings in 2010	Swiss francs
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⁵ Further information is given by the report "Liechtenstein survey and comparison of the country's challenges towards 2020" of December 2012, W. Marxer.

⁶ Source: *Erste Ergebnisse der Generationenbilanz 2012*, Stabstelle für Finanzen. <http://www.regierung.li/index.php?id=158&uid=1206>

personnel expenses	15 million
material expenditure	15 million
Financial funding allocated to the municipalities	50 million
Health insurance contributions	23 million
Contribution to insurance for the elderly and those left without support	15 million
non-workplace accident insurance	12.5 million
international humanitarian cooperation	8.2 million
areas of assistance	21.3 million

As a result of the outcome of the 2010 national audit it was possible to lower the savings goal of 160 million by 25 million.

The government's report and proposal No. 47/2012 concerning the package of measures designed to balance the national budget (30 April 2012) was a signal from the government that further action was required. At the time of the 47/2012 report, savings of 84 million francs had been achieved, primarily as a result of adjustments to the grants to the municipalities, a revision of the state contribution to the AHV (pensioners and widows) insurance fund, and the scrapping of the state subsidy to the non-workplace accident insurance scheme.

Further savings measures amounting to 89 million francs had already been decided in principle by the government and were waiting to be approved by parliament – such as the proposed savings on health insurance, a further reduction in subsidies to the municipalities, a revision of the rules for early retirement of civil servants, abolition of the subsidy on high-density housing, abolition of the state contribution to unemployment insurance, and a measure in the area of facility management.

Table: Status of the projected package of measures (April 2012) (in million Swiss francs)

	Achieved	Decided or planned	Total	Goal
Staff costs	2.1	5.9	8.1	11.0
Material costs	1.7	3.9	5.5	10.0
Subsidies	39.2	31.6	70.8	71.0
Grants	39.0	10.0	49.0	49.0
Subtotal expenditure	82.0	51.4	133.5	141.0
Income	2.0	37.9	39.9	40.0
Total	84.1	89.3	173.4	181.0

The second package of measures proposed by the government was approved in the 23 May 2012 sitting of the national parliament, with a clear majority of 20 votes in favour to five against. The attempt is being made to spread the burden of the savings package and as far as possible spare those in particular who are socially disadvantaged, also in the future. Nonetheless, most members of society are affected by the cuts in state benefits, even if to differing degrees. For example, the cuts in the health insurance subsidy, the abolition of state support for the non-workplace accident insurance scheme, and the increase in ticket costs on public transport are felt by many, in part by everyone. The cuts in municipal financial equalization grants also restrict the municipalities' room for manoeuvre, which has a knock-on effect on the levels of support for individuals and associations, which may come under pressure in the medium term.

In 2013 the government launched additional cost cutting measurements based on the financial forecast for 2016, which still shows a financial deficit on the financial state budget by then. These measurements were additionally set up to the desired restoration goals of a total amount of 181 million Swiss francs and should ensure a further cut down on the Liechtenstein national household by 52 million Swiss francs. The declared goal is to prevent Liechtenstein from falling into debt. Furthermore the political will is that the savings regime should be spread across many shoulders and should also be designed in a socially supportable way. In considering how to make savings, the officials must also take into account that there is a long list of budget items which allow no room at all for manoeuvre, due to contractual agreements and obligations, or which should not be cut for social or other reasons. In the past these have included numerous items which relate to social and economically at risk groups. These include, for example, financial aid for the blind, support for the Association for Curative Education (Heilpädagogischer Verein) and for special residential schools, rent allowances for families, financial help for those in need of support, national funding for old people's and nursing homes, welfare services for children and young people, and supplementary contributions to the insurance fund for pensioners and the widowed and bereaved.

The 2013 taken measures by the government can be structured as follows:

	Measurements of savings in 2013 (figures in Swiss francs)	redress of the state budget (total sum by 2013; figures in Swiss francs)
personnel expenses	1.2 million	12 million
material expenditure	2.0 million	12 million
contributions	10.4 million	81 million
Financial funding	-	49 million
Earnings	39.0 million	79 million
Total	52.6 million	233 million

Half of the proposed cuts in personnel costs relate to savings on staff costs for civil servants working in the national administration, with the other half coming from the sphere of education and training. In connection with this, social security payments for civil servants, so-called "bridging days" for workers, and early retirement models will

be examined, and international comparisons made in the area of funding for education and training.

It was and remains clear to the political actors that in view of the envisaged reductions in contributions the high level of prosperity in Liechtenstein cannot be maintained.

In detail the following reductions have been decided by the government with a direct impact on the amount of insurance premium or benefit of each effected inhabitant in Liechtenstein

Measurements of savings in 2013	figures in Swiss francs
removing funding for the Disability Insurance	2.000 million
the abolition of the child promotion of housing	0.500 million
Integration of the blind allowance into the Disability Insurance	0.220 million
Reduction of the child and youth aid	0.150 million
Reduction of contributions to associations in the health sector	0.126 million
Removing funding of the accident insurance for pupils	0.112 million
Reduction of the integration measures	0.050 million
Removing the public funding of the Caritas	0.040 million

Any reductions in the state contribution to health insurance have a knock-on effect on the individual monthly health insurance premiums, as also on the level of the insurance excess which those insured have to pay. It must be remembered that up to now around half of the health care insurance costs are borne by the state. The exemption from health insurance for children, lower insurance premiums and either no or reduced excesses for young people and the retired are made possible by the state subsidies.

The first stage of the proposed reductions in state support for the pensioners, widows and bereaved insurance (AHV) would have no direct effect on those insured. In any event, transitional grace periods will be put in place so that those who are about to retire are guaranteed their legal rights and can plan securely for their future. However, consideration is being given to a change in the age at which early retirement can be taken (currently from the age of 60, with reduced benefits), and also to a possible change in the official retirement age (currently 64 for both sexes).

With the conclusion of the collective actions transmission from the Disability Insurance to the State in 2015, there will remain a small amount of State allowance funding. Therefore an initiative was launched to evaluate a complete removing of the State funding and a change set up of the Disability Insurance as an autonomous social insurance institution, financed by contributions. Results out of the evaluation are expected by 2015.

The first attempt to the abolition of the child promotion of housing was suggested by the government in 2009. The Parliament at the time being refused the proposal. Due

to Art. 23 (1, 2) of the Housing Construction Subsidy Act, LGBl. 1977 Nr. 46, a child promotion of Swiss francs 5'000 is granted for each minor child if the total household income is below the maximum permissible income. As in 2009 the government is of the opinion that this promotion is not in line with the originally set outcome goal of the Housing Construction, as it reflects much more a measurement of family support for a specific group. The Subsidy Act should therefore be amended under the given financial situation. Within first half of 2014 the government will present a specific request to the Parliament.

The planned reduction in the level of financial aid to international humanitarian cooperation and development amounts to around a third of the budget allocation for this purpose for the five-year period 2010 to 2015. In addition to the reduction in development aid, it is also planned to reduce staff numbers at the office of the Liechtenstein Development Service. It is acknowledged that as a result the country's image abroad may be negatively affected.

Beside all measurements to cost and allowance cutting, the main focus is nowadays on the aspect of generating additional income. Additional income was to be generated by changes to taxation law. Therefore the Parliament decided in April 2013 the following measurements which will be effective from the fiscal year 2013 onwards.

- A tax tariff rebalancing and introducing of new tariffs in the area of property and income taxation for natural persons. This will lead to extra revenues of Swiss francs 7 million (combined with a reduction of the financial government assistance to the municipalities of Swiss francs 3 million).
- The tax income out of the lump sum taxation will no longer be divided between the State and the municipalities. Therefore the State will generate an additional income on his side of Swiss francs 4 million.
- The limitation of the carrying forward and offsetting of losses of max. 70% of the net income will lead to additional tax income depending on the positive financial findings and will therefore function as a minimum tax income. Quantifications had not been possible.

The expected extra revenues can be listed as follows:

Measurements of extra income in taxation	figures in Swiss francs
tariff rebalancing and introducing of new tariffs in the area of property and income taxation for natural persons	10 million
lump sum taxation allocation by the government	4 million
Increasing the minimum revenue tax to Swiss francs 1'900	16 million
Allocation of tax income by person with restricted tax liability to the government	6 million
decoupling of the annual nominal yield of 4% and the equity income interest deduction 1.5%	2 million
Various fee adjustments	0.547 million

The government in calculating with these extra revenues communicated a reduction of the predicted financial shortfall of Swiss francs 52 million within the time period 2013 - 2016.

At the moment there are some further possible measurements evaluated which will add additional surplus on the revenue side. These are especially taxation at source for Swiss residents who commute daily to work in Liechtenstein, and a fair structure of taxation to all levels of taxable inhabitants with an income above the breadline. This last aspects has been discussed broadly based on the fact that in 2011 out of the 23'083 taxable inhabitants 29% did not at all pay tax in Liechtenstein and 18% were taxed on a very, very low basis. This is not the result of a high amount of poor inhabitants, living at the breadline, it is more the outcome of the tax structure and the high basic exemption amount in the given tax law. Changes in this area could come in place at the earliest in 2015. By the end of 2013 the Liechtenstein parliament has also debated on a second tax amnesty, but a decision on this matter will not occur before March 2014.

3. Main gaps and challenges for reaching the poverty and social exclusion reduction target

The government and the parliament are at pains to spread the load of the forthcoming savings measures as widely as possible and in particular to spare as much as possible those who are most at risk socially. Nonetheless, the savings goals do affect these sectors of society, as described above.

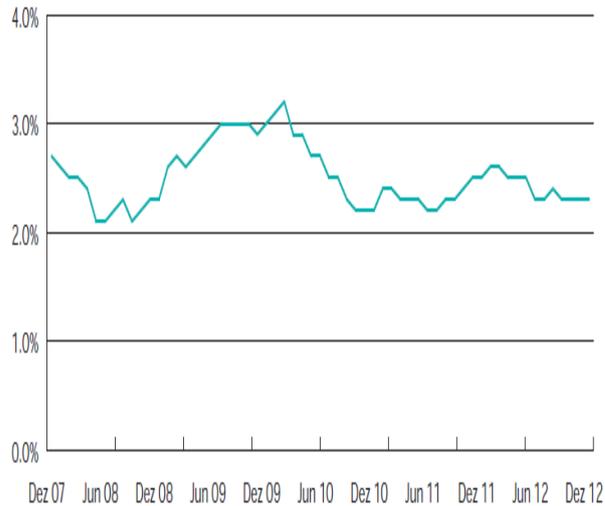
However, it should be mentioned that the social security systems have been developed to a high level and financing them has so far presented no serious problems. The savings measures decided upon do not, therefore, lead inexorably to poverty in Liechtenstein. It is true that in the studies on poverty in Liechtenstein carried out so far there was a presumption of a certain risk that some people might fall into poverty. However, thanks to the existing social security systems, poverty has so far been prevented. The social services which those affected can count on include in particular measures in the employment market, social assistance, disability insurance, supplementary benefits for those receiving a pension and a range of support services, including financial support, for families with children.

Nonetheless, demographic change presents an increasing challenge in general. The population is getting older and were it not for immigration the total population number would be falling. Studies have shown that the sustainability of social security is at risk and thus measures to ensure its long-term functioning are required. There is a particularly acute and serious shortfall of around 300 million francs in relation to the pension cover for civil servants – amounting to more than six percent of GDP.

Despite falling public revenue figures, Liechtenstein finds itself nevertheless in the fortunate position of having a very low unemployment rate. Looking at the preliminary results of the employment statistics for 2012 it can be said that within the period 2012 to 2013 the unemployment rate in Liechtenstein increased by about 0.2% to 2.5%. As of November 2013 this amounts to a total of approximately 490 unemployed persons in Liechtenstein. Between 2007 and 2013 the unemployment rate was consistently between 2 and 3 percent. The number of those out of work has remained stable even

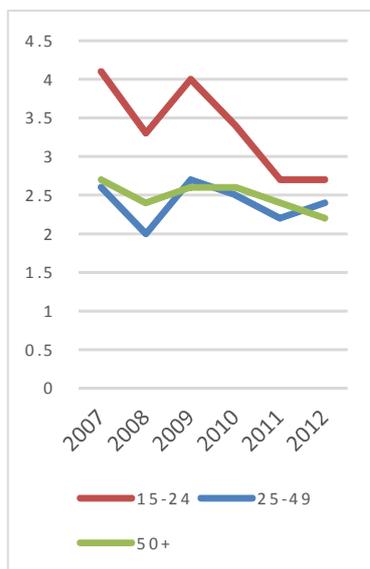
in 2013. At the end of December 2012 there had been 443 persons registered as being unemployed; in the same month in 2011 the figure was 463.

Graph: Unemployment rate 2007-2012 (by end of December and June)



Source: Statistical Office – Unemployment Figures 2012

Graph: Unemployment rate 2007-2012 (by age groups)



Source: Statistical Office – Unemployment Figures 2012

The Employment Service Office (AMS FL) is the first port of call for those leaving the world of work and who are thus, at least temporarily, excluded from the marketplace. The collective work programmes offered mean that the unemployed are immediately taken up into the reintegration process. They have a right to support, advice and

active job placement mediation. These services are open to all. The central location of the office ensures unhindered access. The web portal launched in 2010 has made the job search process significantly more efficient. Jobseekers are making good use of this online option, which increases the ease of access to the services.

The Social Services Office has the primary responsibility for the provision of social services. It works closely together with the AMS FL. The Social Services Office is a public institution, whose services (for children and young people, the general social services, the therapeutic service and the internal service) are available free to all residents of the country.

The Social Services Office occupies a special position in the social welfare life of the country and carries out many functions on three levels. Its fundamental task is to provide advice, care and support for its clients. In addition, the Office has a broad range of social tasks to fulfil, ranging from the protection of young people to financial social assistance. Thirdly, the Office performs certain services for the government in the fields of planning, promotion and support, and coordination. The services of the Office comprise: advice on personal, social and financial matters; the provision of financial assistance; advice on budgeting; dealing with debt; mediation in work projects; help in finding and securing accommodation; the provision of information about social security; and making custodianship, guardianship and legal representation arrangements for adults.

In relation to particularly endangered groups it can be said that Liechtenstein law is broadly in line with international standards in its provisions for combatting discrimination. There are, for example, specific laws dealing with equality between women and men, and also a law relating to equality for people with a disability. Penal law forbids discrimination on the basis of ethnicity or race. In addition, the constitution guarantees freedom of religion and conscience. However, the country has no general anti-discrimination law and lacks adequately resourced and independent complaints offices or ombudsman offices. Because the anti-discrimination provisions are spread across a number of laws, their coverage is in part patchy. The existing ombudsman offices – such as the department of equal opportunities, the office for equality of treatment for people with a disability, the ombudsman office for children and young people, and the victims support office – suffer from inadequate financial and staff resources and many of them are too dependent on the state.

In relation to the organisation of ombudsman offices, new avenues are currently being explored. As a result of the restructuring of departments, some tasks of the Equal Opportunities Office will be integrated into the new department for Society and Social Welfare, which is in place as of March 2013. This department is responsible for all topics regarding the societal and social Policy) in Liechtenstein, which include the aspects regarding social aid, social insurance, Old Age and Widow's/Widower's Pension Insurance etc.

Since the launch of the new organisational changes the non-governmental organisations fear that the independence and effectiveness of these institutions might be further diminished. In the same proposal, the government also foresees the creation of a new Centre for Human Rights, which is not in place by the time of this report. This is meant to take over the tasks of the former Equal Opportunities Office –

in respect of which there has long been a demand for greater independence from the political world – and also those of the ombudsman office for children and young people. The Centre for Human Rights is intended to be the appropriate institutional solution for current and future discrimination issues and also function as an independent foundation for public law. Its thematic focus has not yet been finally defined, but the government's report suggests that it will probably cover the following areas: the elderly, gender, refugees and asylum seekers, people with a disability, migration and integration, racism, and sexual orientation. It should remain open to integrating other thematic fields. The Centre for Human Rights, according to the government plans, shall be managed by a private Association for Human Rights which would be financially supported by the government.

In any event, the minimum international standards for an independent national human rights institution should be met, and the centre should be in line with the "Paris Principles" adopted by the General Assembly of the UN in 1993, which called for the setting up of independent national human rights institutions (NHRI). It is hoped that the new centre will be approved as an NHRI by the "International Coordinating Committee", which is the precondition for international recognition and for participation in the UN's Human Rights Council. It is a matter for concern, however, that there is no provision in the proposals for any significant increase in the budget for the new human rights centre by comparison with the level of funding for the workload currently carried by the other offices and centres. It would seem probable, therefore, that the present shortage of resources will continue. It should also be mentioned that despite the intention to establish a human rights centre, the legal anti-discrimination provisions will initially remain the same as they have been in the past. The deficiencies and gaps referred to above are therefore likely to remain, at least in part.

The second Country Report for Liechtenstein dated 16 October 2012 (for the Universal Periodic Review (UPR) of the UN Human Rights Council), included an up-to-date list of the problem areas in respect of the protection of human rights – in particular from the perspective of the authorities. This took into account the criteria of the UN Convention on Human Rights. It also examined the criticism levelled in the first Country Report for Liechtenstein and/or in the UPR review of 5 December 2008. The final chapter includes a list of points of criticism – which were taken up on 27 September 2012 on the occasion of a discussion of the Country Report with a group of invited NGOs. Some of the points from that report are tackled below – with additional critical commentary where appropriate. Some of the subject areas from the second Country Report will not be touched upon, namely: the right to life and the ban on slavery and torture; jurisdiction and the right to equal protection through the law; the right to ask for asylum; the right to physical and mental health; international solidarity.

3.1. Gender

The right to equality of opportunity and treatment for both sexes is enshrined in law. In practice, however, inequalities persist – for example, in respect of the under-representation of women in political posts, significantly lower average earnings for women by comparison with men, a lower rate of employment for women, and a higher rate of domestic violence for women. Numerous legal reforms, research studies and public campaigns have been carried out over the years in the hope of getting closer to a factual equality between men and women. However, traditional role models stand in the way. In recent years there has been a significant expansion in the provision of day-care for children (day nurseries and day-school arrangements), making family and work more compatible.

In 2012, 61 single parent households out of a total of 487 households were claiming social welfare. In 22 cases the reason for claiming social welfare was part-time work with a low income. Comparing these figures with the results of 2011, a decrease of about 1.6% was reported. The main reason for this positive development can be found in the family policy of the Liechtenstein government. Specific measures to promote efforts to reconcile work and family life for men and women, implemented in 2012, resulted in a denser network of out-of-house childcare. By the end of 2012, 459 children were in daily childcare facilities, 252 pupils used the possibility of afternoon child care, and 315 were registered for flexible out-of-house child care. Additionally, 92 children were supervised by private child-minders.⁷ The out-of-house childcare offer is subsidised by the public authorities and some institutions offer a stepped tariff system based on the household income. By the end of 2013 266 requests for a care-place are open (waiting list), whereof 76 requests were dated with a start in 2013 which could not have been fulfilled due to the given resources.

The part time working model is much more used by women than by men. In 2012 only 11% of the part time workers had been men. 52.6% out of all employed women in Liechtenstein are working part-time, which makes it obvious that the classic role model with childcare and household lays mainly in the hands of women. In respect to further job carriers in the future, a part time model is not supportive. Comparing the employment rate of men and women in Liechtenstein within the age of 15 to 65 years, clear differences can be seen. The employment rate of men lies at 81.7%, the one of women at 65.5%.

A wide range of NGOs are concerned with gender issues (information and drop-in centre for women, women's network, association and competence centre for men's issues, and others), in addition to the government's Equal Opportunities Office. These bodies are part of an international network, and in Liechtenstein they offer a range of advice, networking and education, and training services to the public.

3.2. Children

The new law on children and young people which entered into force on 1 February 2009, as well as a reform of the criminal law relating to sex offences, which came into force in the first half of 2011, mean that adequate legal provisions for the protection of children and young people are in place. Based on these laws, an ombudsman office for children and young people was installed. In addition, and in the context of social change and challenges in the area of family politics, the government presented a "mission statement" on the family in 2011. The current catalogue of measures for 2012 and 2013 places emphasis on the areas of: compatibility of work and family; debt prevention for young people; open youth work; and education for parenthood. Special attention is also being paid to youth unemployment. The level of unemployment in Liechtenstein – including youth unemployment – is generally low. The current unemployment rate for young people (age 15 to 24) lays at 3% by November 2013. This reflects an increase of about 22% compared to the same month in 2012. This low unemployment rate is in part due to the dual education system, which provides most young people with a certificated professional training. In addition, the Liechtenstein Employment Service uses a variety of measures and programs to get young people into a job as quickly as possible (including "Chance Liechtenstein"; "Job

⁷ Source: Interview on 2012 annual report, Office for social services, Mr. Gstöhl.

Speed Dating”; “100pro!”; “Project Zuender”; foreign internships and apprenticeships within the MOJA project of the EU).

In Liechtenstein’s well-functioning education system access is guaranteed for all children and young people, regardless of origin, religious affiliation, sex or a possible disability. It is of course a fact that the socio-economic status of the parents has a strong influence on the educational success of the children and young people. This inevitably means that in particular children from immigrant families – where the parents have a different mother tongue and are often of lower social status – are at a disadvantage in terms of equality of opportunity. To counter the disadvantage children of such families can receive special remedial lessons in German as a second language. Other educational, socially remedial and school support measures are also in place.

3.3. The elderly

Thus far, Liechtenstein has managed to prevent any of its elderly citizens from falling into poverty, thanks to its well-developed care for the elderly and state financial support. The three pillars of care for the elderly are: the mandatory AHV insurance for pensioners and widows; the occupational pension; and the private pension. Various forms of supplementary financial assistance – such as rent allowances and pension top-ups – are available if necessary to prevent a person falling into poverty. The pension age in Liechtenstein is 64 for both sexes. Early retirement, with a pension, can be taken from the age of 60, but in this case the pension payments are correspondingly reduced.

Older people are especially at risk of becoming unemployed. Pressure in the workplace has increased markedly. The Employment Service maintains a range of programmes aimed at preventing job loss for older people – retraining courses, for example – or at reintegrating them into the world of work if they do become unemployed. Here too, the options include retraining and further education. In 2011 the “45plus – using your talents for Liechtenstein” project was launched by organisations dealing with adult education and learning provision. The “Arbeitsleben.li” (‘Worklife Liechtenstein’) competence centre has a website on which it presents information and courses on generation management, personnel management, occupational work capacity management and business trips (www.arbeitsleben.li). The focus here is on generating greater awareness of the potential of older citizens in the world of work. By the end of November 2013 the unemployment rate for persons with age 50+ was 2.9%, meaning that 140 older persons had been seeking for a job. Compared to the same month in 2012 this reflects an increase of 10.2%.

Looking at the older people whose pension is not sufficient to cover their monthly cost of living, we still cannot talk about real poverty. Based on the given headline definitions and the granted maximum additional social help per year (since 2011 Swiss francs 19’956 for singles and Swiss francs 29’934 for couples), this grants an income above the headline. In 2012 a total amount of Swiss francs 9.24 million was paid on additional social help.

	2009	2010	2011	2012
Total amount of additional social help recipients	666	633	672	699
- in addition to the pension (AHV)	372	363	377	402

- in addition to the disability pension (IV) | 294 | 270 | 295 | 297

Source: annual report of the Old Age and Widow's/Widower's Pension Insurance

3.4. People with a disability

The 2006 law on equal opportunities for people with a disability is the basis for the protection of people with a disability and the avoidance of discrimination. The law was also the impetus to set up a special office dealing with the issue of equal opportunities for people with a disability. The office is currently run by the Liechtenstein Association for People with a Disability, but will in future be integrated into the new Centre for Human Rights. A variety of initiatives and measures have come into being since the 2006 law came into force. The "Sichtwechsel" ('Changing Perspectives') project (www.sichtwechsel.li) coordinates measures and provides public information. Another project "Mittendrin" ('Inclusiveness') makes use of local newspapers and its own brochures to publicise information and events.

People with a disability receive particular financial support through the disability insurance, which includes a right to an incapacity benefit, and also to occupational retraining and further education, a wage subsidy and the provision of disability aids. In April 2012 the government decided on a new plan aimed at improving the integration of people with a disability into the world of work. The idea includes the creation of a central contact point for people with a disability and for their relatives and employers. Efforts are being made to make official websites user-friendly for people with a disability. The government is currently working on the ratification of the Convention on the Rights of People with a Disability. The efforts to achieve equality of opportunity and provision for people with a disability have significantly increased in recent years. Numerous measures have been taken – in particular by the national and local authorities – in relation to ease of access to public buildings and facilities and in the use of public transport. The demands on the private sector are fairly modest and primarily function on a voluntary basis, combined with financial assistance from the state and/or the disability insurance fund in certain cases. The main attention is given to all measurements which support the integration of people with disabilities into working life. In 2012 the full financial "effort" was at Swiss francs 51.76 million, whereof approximately 70% was driven by disability pension payments.

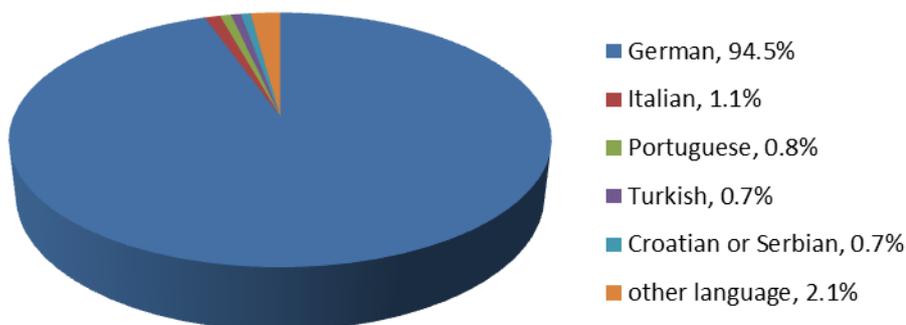
3.5. Migration and Integration

Around one-third of the population of Liechtenstein are foreigners, despite the fact that about half of the total workforce lives outside Liechtenstein and commutes daily, mainly from Switzerland and Austria, to work in Liechtenstein. The foreigners resident in Liechtenstein belong to three groups: nationals of EU/EEA countries; Swiss nationals; and nationals of other countries.

A special agreement between Liechtenstein and the EU/EEA states and Switzerland states that the right to freedom of movement and residence is subject to some restrictions, while the rights of those from other countries are even more strictly regulated. Immigration is subject to numerical controls. If someone secures a job in Liechtenstein, they are allowed to work, but they cannot automatically reside in the country. Thus in recent years, the number of those who work in Liechtenstein but who have settled in one of the neighbouring countries has significantly increased.

The integration of foreigners living in Liechtenstein is a high priority. The aim of the idea and slogan "Fordern und Fördern" ('make demands and support') is to prevent discrimination against foreigners, but also to require the latter to be proactive in terms of their integration – for example in learning German and acquiring knowledge of the country's laws, political system, history, and culture. The integration plan agreed by the government in December 2010 – which will remain in force from 2011 to 2013 – comprises five main ideas: to develop the potential of the people who live in Liechtenstein; to promote diversity; to position Liechtenstein as a multi-cultural society; to encourage those living in Liechtenstein to identify themselves with the country; to promote multi-lingualism.

The following chart is based on the 2010 census results showing the breakdown of language distribution among Liechtenstein inhabitants.



Source: census 2010.

On the downside it should be noted that it is difficult for those foreigners coming from outside the EU/EEA and Switzerland to get permission for their families to join them. Liechtenstein also has very restrictive citizenship rules. Anyone wanting to become a citizen of Liechtenstein must either submit themselves to being approved – or not – in a local referendum, or have been resident in Liechtenstein for 30 years (though the years before a person reaches 20 count double). In addition, if someone gains Liechtenstein nationality, they must forfeit their previous citizenship. There are more liberal rules for foreigners who marry a Liechtenstein citizen.

The unemployment rate of immigrants is at present approx. 2 times higher than the one of Liechtenstein nationals. There are no specific reports or academic studies to explain this gap. However, there are presumptions based on the experiences of various local foreigners' associations that in cases where two candidates for a specific job have equal qualifications, the one with Liechtenstein citizenship will be preferred. The same has been found in the case of seasonal work, where working contracts with non-Liechtenstein citizenship workers were more often terminated than others. Another reason might be found in the fact that the employer's contribution to supplementary pension insurance, which is a compulsory contribution, is linked to the employees' annual level of income. Within some companies there is a trend to hire

and fire workers in order to avoid additional social insurance premiums. All these aspects are based on individual observations and were mainly given in relation to immigrants from non-German speaking countries or outside the EEA. In many cases their individual educational profile shows a lower level compared to that of the above-mentioned immigrant group. The lower level of vocational qualification leads to worse labour market opportunities in the event of the loss of gainful employment. Thus, immigrants with a low education level are more at risk of poverty than Liechtenstein nationals or immigrants with a high education level, namely the ones from German speaking countries.

The integration department of the Office for Foreigners and Passports looks after integration issues and public relations. Numerous private institutions also support this work – such as, for example, the various clubs and associations for the different nationalities, and the Association for Inter-Cultural Education.

3.6. Racism

§283 of the Penal Code allows for punishment for racist behaviour; §33 states that such behaviour can be considered as an aggravating factor in assessing punishment. In 2003, the government instituted a Commission on Protection against Violence as an umbrella body tasked in particular with keeping an eye on the extreme Right and documenting their activities, so as to be able to react to dangerous developments in a timely manner. Media reports and campaigns are designed to increase awareness of the issue among the general public. In the past, the authorities have responded rapidly and consistently to any violent attacks, with the result that the extreme Right currently refrains from such activities and focuses more on spreading its message through anonymous flyers and suchlike. Neither in 2012 nor in 2013 had been publicly known cases of racism.

3.7. Sexual orientation

A new law on registered partnerships entered in to force on 1 September 2011. This represented an important step in overcoming discrimination on the basis of sexual orientation. Same-sex partners can now have their relationship registered, though the partnership does not have the same status as that of a marriage, for example in relation to adoption. In other respects, however, equality of treatment is assured – in relation to inheritance and social security rights, for example.

3.8. Right to freedom of opinion, conscience and religion

These rights are enshrined in the Liechtenstein constitution. However, as a result of its historical dominance, the Catholic Church in Liechtenstein has a unique status. In the first half of the 20th century, around 95 percent of the population were Catholic. Today the proportion is around 76 percent. There has thus been a growth in religious pluralism- while at the same time an increasing proportion of the public now confesses no religious affiliation. There have been continuing efforts over many years to loosen the close ties between church and state. In autumn 2012 the parliament debated both a new draft concordat with the Vatican and a new law on religion. In future, the trend will be for those religious communities officially recognised (by bye-law) to be placed on an equal footing. The new rules also include provision for the churches to be financed through a special tax (Mandatssteuer), and there will also be new rules

covering religious instruction in schools. There is an increasing need to give consideration to the Muslim communities, since Muslims now account for more than 5% of the population. There are considerable obstacles in the way of the ability of Muslims to practise their religion as there is a lack of suitable prayer rooms. In relation to burials, the existing traditionally Catholic cemeteries are increasingly being made available for use by other religious communities. Equality of treatment for the various religious denominations is thus a matter under discussion, but not yet achieved.

3.9. Participation in political life

Participation in elections and referendums is restricted to Liechtenstein nationals who are resident in Liechtenstein and who have reached voting age. The voting right for foreign residents at the municipal level which has been introduced in the EU has not been adopted in Liechtenstein. The lack of formal participation for foreigners in Liechtenstein is particularly serious in view of the fact that they comprise around one-third of the total population and that many of them have resided in Liechtenstein for many years, and even decades. The majority of them have no right to vote anywhere – neither in Liechtenstein nor in their country of origin. Apart from elections and referendums, however, foreigners and their representative organisations can be involved and they can be selected to serve on committees and other advisory organs.

In respect of their right to freedom of speech and conscience, there is equality of right for non-citizens to be involved in public affairs, and they have the right to form associations and to freely assemble in public. The representative bodies, such as the clubs and associations for foreigners, are directly urged to take part and engage in intercultural dialogue. For example, in September 2012 numerous NGOs were invited to join the discussion on the draft second Country Report for the Universal Periodic Review of the UN's Human Rights Council.

3.10. Right to work

The right to work is protected under the Liechtenstein constitution. Those in active employment are obliged to have unemployment insurance. The Employment Service strives to be pro-active – intervening to prevent unemployment before it happens. Compensatory payments for short-time working also help to prevent jobs from being automatically cut in times of economic crisis; many workers are enabled to remain connected to the world of work until the economy recovers. If unemployment does occur, a rapid assessment is made and strategies developed for reintegration into the jobs market. A broad range of measures and services, including individual case management – but also including commitments made by the unemployed person – are designed to make the period of unemployment as short as possible. In addition to an active job search, professional training and further education are major elements in combating unemployment. The structures necessary to achieve these goals are well developed in Liechtenstein. In addition, international contacts are cultivated – for example via the Agency for International Education Affairs, and the EU's "Lifelong Learning" project (Comenius, Erasmus, Leonardo da Vinci, Grundtvig). The office for vocational training and advice and the adult education office are also active in the area of professional training and further education.

Since 2007 collective bargaining agreements within the framework of the social partnership have been increasingly held to be binding, making agreements between social partners binding on an entire sector. This extends worker protection to wider spheres. This development is based on the law on the declaration of universal

applicability of collective bargaining agreements. These agreements cover minimum wages, working times and other terms of employment and are designed to prevent social and wage dumping.

3.11. Right to social security and an appropriate standard of living

Individuals and households at risk of poverty can be protected against poverty and homelessness thanks to various systems of social security. The social net is well developed and covers all residents. There is no specific problem of minorities in Liechtenstein. The components of the social net are: health insurance, the AHV insurance, disability insurance, accident insurance, unemployment insurance, maternity benefits, financial assistance for the blind and other instruments of support. Low levels of income can be offset by other government benefits such as housing benefit, pension credits, social assistance, and exemption from insurance premiums. In addition, the generally low tax rate means that low-income groups are largely exempt from tax.

3.12. Main drivers for reaching the poverty and social exclusion reduction target

The government is concerned to manage the challenges arising from the current need to make savings in a socially acceptable way. In past years, programmes, different approaches, guiding principles, planned measures, campaigns etc. have been developed in respect of many sensitive areas and vulnerable social groups. In this the government and the administration work closely together with the municipalities, the private sector and NGOs. Conditions have so far been relatively favourable, as it was possible for budget deficits to be balanced out of national reserves, without creating any national debt. In this respect, the Liechtenstein situation is exceptional, when compared with the rest of Europe. Nonetheless, Liechtenstein is concerned to return as quickly as possible to a balanced budget, in order to remain debt-free in the future.

On the one hand, the need to make budget savings has resulted from the financial and economic crisis, which in the case of Liechtenstein has meant not only that companies' profits – and therefore also their tax payments – have fallen, but also that the crisis has placed increasing pressure on international centres of finance such as Liechtenstein, bringing in its wake additional negative effects. On the other hand, a new – and for most taxpayers attractive – tax regime which came into effect on 1 January 2011 has led to a significant fall in tax revenue for the state. From autumn 2012 onwards, there were discussions in the government and parliament about modifying the new law. Some results out of these discussions will be effective from 2014 onwards, others might be seen in place by 2015.

The fact that Liechtenstein is not afflicted with a high unemployment level is a decided bonus: with an unemployment rate of well below three percent, the country performs very well in international comparisons. The very high number of workplaces is also clear from the fact that there are almost as many jobs as residents. Around half of all employees are commuters, travelling to and from Liechtenstein every day from Switzerland and Austria.

The current economic situation and the pressure on public finances therefore present a challenge, and it is the task of the politicians to ensure that this pressure does not too adversely affect those social groups which are already the most vulnerable. The political will to do so is in principle present. The sixth goal of the government's Agenda

2020 – improving the quality of life – refers inter alia to ensuring social protection. The relevant legislative basis, the relevant measures and institutions for many social areas have been created and developed over recent years and decades – such as provisions for equality between the sexes, equality of opportunity and treatment for people with a disability, and much else. All these efforts should be continued and, where necessary, extended or intensified. But savings measures which affect everyone – i.e. which pay no regard to socio-economic circumstances – cannot be welcomed. Examples are the proposed increases in health insurance premiums and the raising of the excesses in the event of illness. The employees association has also made the criticism that the abolition of the state subsidy for the non-occupational accident insurance hits low-income households to an unfair degree.

Furthermore, the existing social partnership system between employers and employees is unsatisfactory in many respects. Social partnership agreements do indeed in many cases lead to collective bargaining agreements, which after the relevant change in the law in 2007 can be declared binding on an entire sector. But such collective bargaining arrangements have not yet been implemented for all sectors, and the status of the employees' representative organisations in Liechtenstein is rather weak. Only a small proportion of workers belong to a union, and the employees' association has limited resources, leaving it unable to carry out an adequate scrutiny of working practices and conditions in protection of workers.

Within the different industry sectors the average salary, based on the gross monthly wages and salaries of all employees in each sector, varies between 3,464 Swiss francs in sector 1, 6,094 Swiss francs in sector 2, and 6,477 Swiss francs in sector 3. Thus, compared with the given poverty threshold of less than 27,754 Swiss francs – according to the Liechtenstein poverty report of 2008⁸ –, the average salary of all three different sectors is far above this threshold (sector 1 annualized: 41,568 Swiss francs, sector 2: 73,128 Swiss francs, sector 3: 77,724 Swiss francs. The figures also indicate that the average wages in sectors 2 and 3 do not differ very strongly, whereas sector 1 shows significantly lower average salaries.⁹

Despite fundamental positive developments in recent years, there is still a lack of a general anti-discrimination law which would fill the gaps between the different explicitly defined grounds of discrimination in the various special laws. A further lack is the absence of independent complaints or ombudsman offices covering all the grounds of discrimination. Several such offices were created in the past – like the Equal Opportunities Office, the office for equality of opportunity and treatment for people with a disability, and the ombudsman office for children and young people. But in most cases these centres are too closely dependent on the state and they are inadequately resourced, both materially and in terms of staff. The envisaged Centre for Human Rights could close the gap – if it is given enough resources and if it is genuinely independent.

In addition, it should be mentioned though the state acts as a model in many respects – for example in legislating for equality between the sexes in respect of equal pay for equal work, or in responding to the needs of people with a disability – the obligations placed on the private sector are far weaker. In this respect the state is following a liberal economic policy whose aim is to impose as few constraints as possible on the

⁸ Disposable income = all sources of income and government welfare after taxes, educational costs based on the Liechtenstein tax law and social security costs. Not included are: capital gains, lottery winnings, income from immovable property etc.

⁹ Figures are based on the 2010 wages and salaries statistics: http://www.llv.li/pdf-llv-as-lohnstatistik_2010

business world. When it comes to social questions, however, such a liberal approach is inappropriate. Compulsory and legally binding regulations for the protection of particularly vulnerable social groups would be helpful.

The 2012 ECRI report came to the conclusion that the Law on Foreigners has clear discriminatory implications with respect to non-nationals, e.g. regarding the access to public services of third-country nationals (those who are not Swiss or EU/EEA citizens). Notably, the current formulation of the law may induce non-nationals to refrain from applying for social benefits, out of fear of not obtaining a permanent residence permit, of losing it, or even of being expelled from the country.¹⁰ Considering this issue and combining it with the results of the 2012 evaluation of sustainable development in Liechtenstein published by the government, it must be said that in some areas of social cohesion there is still room for improvement. This is mainly seen by the increases in early school leavers according to nationality and the decrease in the number of foreigners attending the grammar school in comparison to natives. Nevertheless, these results are not sufficient to justify talk of economic poverty among immigrants or even a higher percentage of social welfare recipients among immigrants, although, in this context, a higher risk of low income within the group of non-German speaking immigrants seems very likely.

¹⁰ Source: <http://www.llv.li/pdf-llv-aaa-lie-cbc-iv-2013-002-deu.pdf>

