



A new approach to family policy is underway in the Czech Republic

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ROBERT JAHODA – EUROPEAN SOCIAL POLICY NETWORK

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Description

The Ministry of Labour and Social Affairs in the Czech Republic is preparing a new approach to family policy. The current version outlines 24 reform measures which mostly relate to quality of public services, reconciling work and family life, and financial support for families with children. This approach should be approved by the Government during the autumn 2016.

The Ministry of Labour and Social Affairs (MLSA), in cooperation with the Expert Committee for Family Policy (Committee), is preparing a new approach to family policy ("Concept" in Czech). The Committee is primarily made up of selected scholars, representatives of social partners and other stakeholders and representatives of the central public administration (see MLSA, 2016a). The new approach aims to identify those specific measures whose implementation in the next five years will lead to the fulfilment of the objectives of family policy. These are "to allay people's concerns about a significant drop in their living standard in connection with establishing a family or caring for their parents or other dependent family members, to increase confidence in the future and to strengthen the cohesion of Czech society". The current version of the suggested approach discusses 24 reform measures. These can be summarised into the following five areas.

The first area contains six measures and addresses the quality of public services. These include in particular the weakest policy areas: financially affordable housing for families with children and senior citizens, children's right to a place in kindergarten, introduction of micro-crèches (public childcare service for a maximum of 4 children from 6 months up to 4 years to one nanny) and better

availability and quality of childcare facilities and leisure centres.

The second area includes five measures aimed at the reconciliation of family and work life for employees with children and at gender equality in the labour market. The measures focus on reduction of the gender pay gap and include financial support to employers implementing flexible work patterns for parents of young children.

The third area includes seven measures targeting the financial support of families with children. Two measures focus on tax policy and their main aim is to reduce negative incentives for parents returning to the labour market after periods spent on caring for a child under 3 years of age. Three measures propose greater flexibility in maternal and parental benefit, along with an increase in the level of benefits. The aim is thus not only to better financially reward care for small children, but also to facilitate an earlier return to the labour market and increase the financial motivation for fathers to get involved in childcare. Other measures are improvement of the child allowance (which should be increased and "less" income-tested) and a universal birth grant. The last two measures aim to support children from disadvantaged families (provision of school supplies and meals or introduction of an alimony paid in advance).

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The fourth area includes three measures. It considers better financial rewards for care and improving the position of carers in the labour market. This area is influenced by population ageing and the increasing numbers of people who need long-term care (given the tripling of their number by 2050).

The last area relates to free choice of reproduction patterns and combines improved affordability of assisted reproduction services with improved financial accessibility of contraceptive services.

Outlook & Commentary

The very first version of the new approach was introduced in May 2016 by means of professional public roundtables. The plan is that it will go through the inter-ministerial consultation procedure in August and will be presented to the Government for approval in the autumn of 2016.

The above mentioned timetable appears to be slightly ambitious, considering the fact that certain measures are not yet in their final form, or that there is no clear consensus on the need for their implementation. This is the case of a proposed abolition of the (spouse) tax credit which can be claimed by a taxpayer whose spouse's annual income does not exceed CZK 68,000 (around €2,500). Labour incentives are currently lower for the household's second earners and, at the same time, the measure is not neutral in terms of family forms. It only supports marital cohabitation, in a situation where almost 50% of children are born outside marriage. Most members of the Committee mention that support from the tax system should treat all households with children equally, irrespectively of the form of cohabitation. A smaller part of the Committee is

of the view that the family forms a tax unit and that the tax system should support formal families in situations where one spouse has no labour income (or a small one).

A second open question is the relationship between tax and benefit support of dependent children. Right now, there exists a combination of a universal refundable Child Tax Credit (which may take the form of negative income tax) and an income-tested Child Allowance. The total volume of Child Tax Credit amounts to CZK 30 billion (€1,111 million) in 2016. In contrast, the Child Allowance hardly reaches CZK 3 billion (€111 million) and is targeted only at about 20% of children. The Ministry of Finance admits that some families could take advantage of the system of tax bonuses and therefore it would like to limit this form of support. In contrast, the MLSA is not happy that the most significant financial support to households with children falls under the responsibility of the Ministry of Finance. These arguments back up the MLSA's proposal to enhance direct family support through child allowances.

Given the controversy and lack of clarity of some measures and due to the consultation procedure still ahead, it is certain that the planned new approach will still undergo some changes. Despite this, the MLSA singled out some of the suggested measures and passed them to the Government or the Parliament for approval. In May 2016, the Parliament approved an amendment to the Education Act, which introduces the right to a place in kindergarten for 2-year-old children from the school year 2020/2021 (this will be achieved in three stages: 4-year-olds (2017/2018), 3-year-olds (2018/2019) and 2-year-olds (2020/2021)). In May 2016, the Government approved the introduction of the Paternity Allowance (MLSA, 2016b). If

approved by the Parliament, fathers could take leave from work and receive the benefit for 7 consecutive days in the first six weeks after childbirth. Later, in June 2016, the Government approved greater flexibility for the Parental Allowance so that it can be drawn at higher levels for shorter periods.

Further reading

MLSA 2016a. Odborná komise pro rodinnou politiku. [Expert committee for Family Policy]: <http://www.mpsv.cz/cs/21022>

MLSA 2016b. Vláda schválila otcovskou dovolenou a rozšíří se i okruh lidí s nárokem na sirotčí důchod. [Government approved paternity leave and enlarged the eligibility for orphan's pension]: http://www.mpsv.cz/files/clanky/25942/Vlada_schvalila_otcovskou_dovolenou_a_rozsiri_se_i_okruh_lidi_s_narokem_na_sirotci_duchod.pdf

Author

[Robert Jahoda](#), Masaryk University