



New social measure initiatives in Malta's 2018 Budget

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Description

This report summarises and briefly comments on the nature of the new social measures announced in Malta's 2018 budget.

The Budget for 2017 provided for a small number of innovative social measures, but was mainly used to tweak a number of provisions to improve the situation of beneficiaries. It also included tax incentives for pensioners and Government subsidies on rent and the issue of Savings Bonds for pensioners at higher than market interest rates. The proposed new measures include in the 2018 Budget can be summarised as follows:

Pensions

1. The minimum retirement pension will be increased by €2 per week.
2. Service pensions (i.e. pensions received by former employees in the UK military services prior to Independence) allowances shall increase by €200 per year.
3. As of 2018, pensioners missing social security contributions, and not earning a full pension, will be subject to a new pension assessment that will take into consideration any social security contributions made between pensionable age and the age of 65.
4. Contributions paid by pensioners who continue to work after reaching their pension age, will be taken into consideration in calculating the pension as from the age of 65.

Measures primarily affecting the elderly in the community

5. A working group shall be set up with the aim of introducing a regulatory framework for Equity Release facilities to allow property owners to continue residing in that property while receiving either a one-time payment or else monthly instalments from a financial institution, in exchange for the assignment of the right over the property or a portion thereof.

Measures affecting students

6. As from the next academic year, students attending independent and church schools will benefit from free school transport. In 2018, the Government will absorb half the fees for Secondary Education Certificate (SEC) and Matriculation and Secondary Education Certificate (MATSEC) public examinations.

Measures related to housing and property

7. €50m will be invested for the construction of 700 new social housing units.
8. The Housing Authority will be offering financial assistance up to a maximum of €25,000 for the renovation of the first 100 private properties. Such assistance will be granted if these

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properties are rented out to the Housing Authority to be used as social housing.

9. Lifts in 109 blocks of Government rented apartments will be installed.

10. Elderly persons residing in retirement homes will be incentivised to relinquish their right over property rented from the Government.

11. The Housing Authority has entered into an agreement with Banks to enable prospective owners to buy their own residential property.

Measures relating to employment

12. Employees will benefit from an additional day of vacation leave.

13. Employees earning a minimum wage will receive a mandatory raise of €3 per week during the second year of employment and an increase of €6 per week during the third year of employment.

14. The In-Work Benefit will be increased from €350 to €450 yearly per child in households where only one parent is in employment. The community worker scheme will be increased by €200 per month.

Special measures for Gozo in view of its double insularity

15. Entrepreneurs who offer a minimum of a 3-year full time contract of employment in Gozo to a Gozitan employee, will receive a 30% refund.

16. Gozitan entrepreneurs operating in the tourism industry will be allocated funds aimed at improving tourist establishments.

Transport

17. Persons between 16 and 20 years old will be granted free public transport for one year.

18. No registration tax will be payable on eco-friendly vehicles. No road licence will be paid on such vehicles during the first five years following registration.

19. A grant of a maximum of €10,000 will be awarded to individuals and companies investing in wheelchair accessible taxis.

Other targeted measures

20. An additional benefit of €8.15 per week to the Increased Carers Allowance will be excluded from the means testing calculation.

21. Adoptive parents will be awarded a maximum aid of €10,000 for expenses incurred in foreign adoptions.

22. The special allowance for orphans will also be applicable to those in employment.

23. The weekly Foster Care Allowance will increase to €100.

24. As from 2018, widowers who work and receive a contributory pension at the same time will be entitled to receive sickness benefits.

Outlook & commentary

At present, the most pressing social issues is the increasing costs of rents following the liberalisation of the market and the increased level of poverty among the elderly. Not enough has been done in both regards. On the one hand, social housing should not be perpetual but be regularly assessed to ensure enough housing stock so that those who need it are properly assisted. Pensions are still very low, and the elderly are increasingly finding it difficult to make ends meet.

The novel initiatives are Release Equity; free transport for children; and the improvement of working opportunities for Gozitans.

A high percentage of Maltese are home owners but for an elderly person owning a home often becomes a liability because of the increasing maintenance costs. Release Equity proposal is a very novel concept in Malta, and only time will tell whether the Maltese will buy it, given the universal belief that the family home should be inherited by one's heirs.

Only the financial increases in pensions and salaries have been automatically implemented so far. None of the social measures announced in the 2018 Budget have been controversial.

Further reading

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Authors

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