



EUROPEAN SOCIAL POLICY NETWORK (ESPN)

# Social protection and inclusion policy responses to the COVID-19 crisis

## Malta

Mario Vassallo



Social Europe

**EUROPEAN COMMISSION**

Directorate-General for Employment, Social Affairs and Inclusion  
Directorate D — Social Rights and Inclusion  
Unit D.2 — Social Protection

*Contact:* Giulia Pagliani

E-mail: [Giulia.PAGLIANI@ec.europa.eu](mailto:Giulia.PAGLIANI@ec.europa.eu)

*European Commission*  
*B-1049 Brussels*

**European Social Policy Network (ESPN)**

**ESPN Thematic Report:  
Social protection and inclusion  
policy responses to the  
COVID-19 crisis**

**Malta**

**2021**

*Mario Vassallo*

The European Social Policy Network (ESPN) was established in July 2014 on the initiative of the European Commission to provide high-quality and timely independent information, advice, analysis and expertise on social policy issues in the European Union and neighbouring countries.

The ESPN brings together into a single network the work that used to be carried out by the European Network of Independent Experts on Social Inclusion, the Network for the Analytical Support on the Socio-Economic Impact of Social Protection Reforms (ASISP) and the MISSOC (Mutual Information Systems on Social Protection) secretariat.

The ESPN is managed by the Luxembourg Institute of Socio-Economic Research (LISER) and APPLICA, together with the European Social Observatory (OSE).

For more information on the ESPN, see:

<http://ec.europa.eu/socialmain.jsp?catId=1135&langId=en>

## LEGAL NOTICE

The information and views set out in this document are those of the authors and do not necessarily reflect the official opinion of the European Union. Neither the European Union institutions and bodies nor any person acting on their behalf may be held responsible for the use which may be made of the information contained therein. More information on the European Union is available on the Internet (<http://www.europa.eu>).

Manuscript completed in July 2021

The European Commission is not liable for any consequence stemming from the reuse of this publication. Luxembourg: Publications Office of the European Union, 2021

© European Union, 2021



The reuse policy of European Commission documents is implemented by the Commission Decision 2011/833/EU of 12 December 2011 on the reuse of Commission documents (OJ L 330, 14.12.2011, p. 39). Except otherwise noted, the reuse of this document is authorised under a Creative Commons Attribution 4.0 International (CC-BY 4.0) licence (<https://creativecommons.org/licenses/by/4.0/>). This means that reuse is allowed provided appropriate credit is given and any changes are indicated.

For any use or reproduction of elements that are not owned by the European Union, permission may need to be sought directly from the respective rightholders.

## CONTENTS

SUMMARY.....	5
1 TRENDS OF THE PANDEMIC AND SOCIAL AND ECONOMIC IMPACT .....	6
1.1 Epidemiological situation .....	6
1.2 Economic and (un)employment situation .....	11
1.3 Poverty, inequality and social exclusion situation .....	18
2 SOCIAL PROTECTION AND INCLUSION MEASURES IN RESPONSE TO THE PANDEMIC .....	20
2.1 Measures related to unemployment benefits .....	21
2.1.1 Special unemployment benefit .....	21
2.2 Measures of job protection provided through support to employers, employees and the self-employed.....	21
2.2.1 Wage supplement for hardest-hit sectors (March-June 2020) .....	21
2.2.2 Wage supplement for those engaged in the less critically hit sectors (March-June 2020) .....	22
2.2.3 Wage supplement (July-September 2020) .....	22
2.2.4 Wage subsidy scheme (January-February 2021) .....	23
2.2.5 Wage supplement (March-April 2021) .....	24
2.2.6 Deferral of tax and VAT payments due in March and April 2020 for businesses in Malta .....	24
2.3 Measures related to sickness benefits and sick pay .....	25
2.3.1 Quarantine leave .....	25
2.3.2 Benefit for people with disabilities.....	26
2.3.3 Medical benefit .....	26
2.4 Measures related to health insurance .....	27
2.5 Measures related to minimum-income schemes and other forms of social assistance .....	27
2.5.1 Measures aimed at third-country nationals.....	27
2.6 Measures related to housing support.....	28
2.6.1 Rent subsidy .....	28
2.6.2 Reduction of taxes on immovable property .....	28
2.7 Leave for parents whose children are unable to attend school or a pre-school service by reason of COVID-19 .....	28
2.7.1 Parent benefit .....	28
2.8 Other important temporary social protection/inclusion measures adopted in the context of the pandemic, which do not fall in any of the categories listed in the previous sections.....	29
2.8.1 Teleworking grant.....	29
2.8.2 Voluntary organisations emergency fund .....	29
2.8.3 Rent subsidies for industrial space .....	29
2.8.4 Assistance to Gozo-based enterprises.....	30
2.8.5 Rent refund scheme for self-employed people and businesses .....	30
2.8.6 Provision of free e-learning to the tourism workforce.....	30
2.8.7 Issue of special vouchers.....	31
3 SOCIAL PROTECTION AND INCLUSION RESPONSES TO THE CRISIS: OVERALL ASSESSMENT AND POSSIBLE GAPS .....	32
3.1 Expected cost of social protection and inclusion measures .....	32
3.2 Impact on the social protection system and on social inclusion policies.....	33
3.3 Remaining gaps in the social protection system and social inclusion policies .....	33

---

3.4 Debates and recommendations ..... 34  
REFERENCES ..... 35

---

## Summary

Between Monday 3 February 2020 and Sunday 18 April 2021, the total number of confirmed COVID-19 cases per 100,000 people was 6,740 for the EU-27 as a whole; in Malta, it was 6,834. The total number of deaths per 100,000 people was 151 for the EU-27, versus 94 in Malta.

Because of the strict preventive measures enforced, the first wave of COVID-19 was not very extensive and the death rate was relatively low.

The second wave of the pandemic is considered to be worse than the first in terms of number of infections and deaths. Deaths have occurred primarily among older and more vulnerable groups.

Measures to ensure that the economy would not stop functioning were taken early by the Maltese government. The main objectives of these measures were to ensure that businesses could survive the pandemic, and to ensure that jobs would be protected. The underlying reasoning behind this policy was based on the experience gained earlier during the financial crisis: if the economy remains active, the economy would not experience harmful lags to gear up again when the crisis is over.

Measures also covered parental leave. A new concept covering “quarantine leave” was given legal status. Certain groups, such as the unemployed, disabled people and those declared vulnerable because of underlying conditions, were specifically focused upon. Special measures were introduced to assist individuals who could not pay rents.

But what was extremely important were the measures introduced to support Maltese businesses, most of which are family-run and employ a small number of people. The cash flow of these small and medium enterprises (SMEs) was protected by the state, which deferred payments due to it. The state also provided support for rental payments and other measures, which are presented in detail in subsequent sections, to ensure that SMEs did not collapse.

As a result of these measures, the economy has remained active. Food supplies have been protected and the construction sector continues to be the main economic driver at a time when the other most important driver, tourism, is practically at a standstill. This resulted mainly from a substantial reduction of property transfer taxation rates, a measure which has enticed more people to take steps to become home-owners.

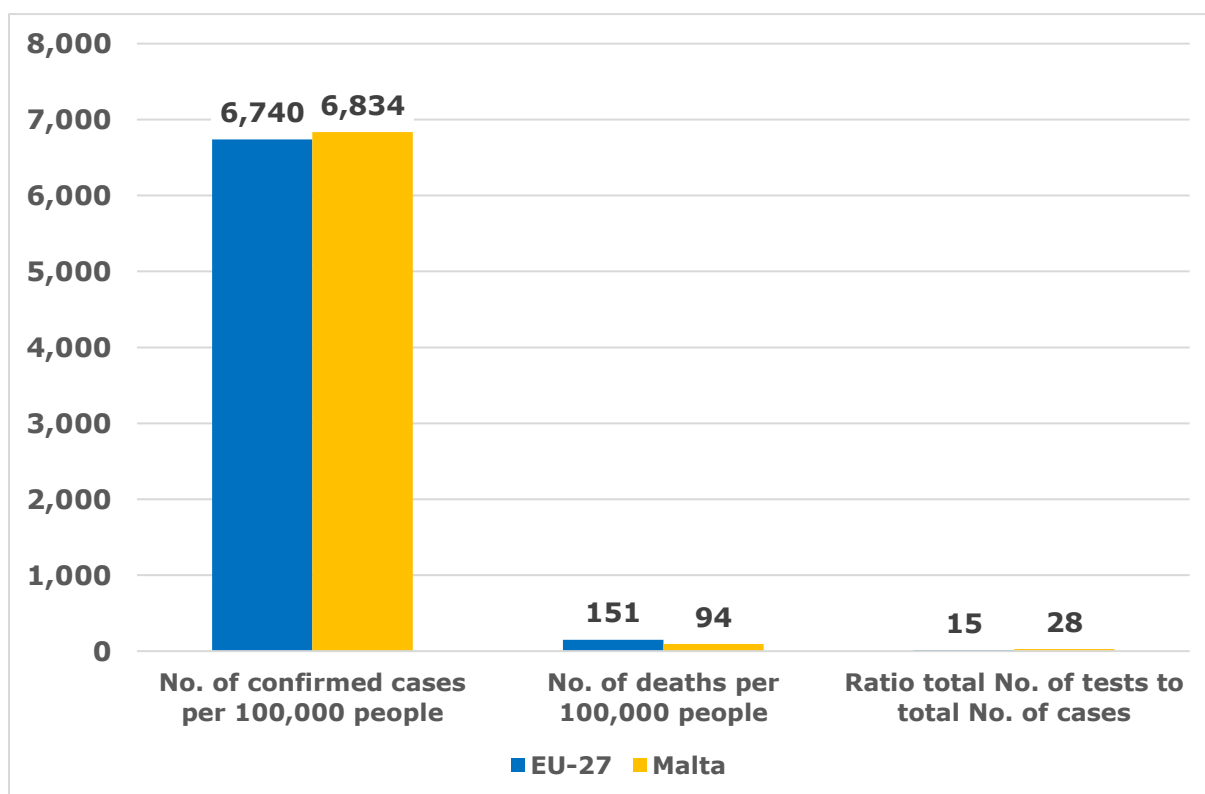
Important effects of the pandemic include teleworking and the rise of a platform economy covering food distribution and person transport. But negative aspects have also surfaced, particularly in respect of the platform economy, where workers, who are mainly third-country nationals, are being engaged on a self-employed basis at very low rates which verge on precarious work. Media investigations are pushing for legislative reforms in this sector.

## 1 Trends of the pandemic and social and economic impact<sup>1</sup>

### 1.1 Epidemiological situation

During the 63 weeks considered for these three indicators (from Monday 3 February 2020 to Sunday 18 April 2021), the total number of confirmed COVID-19 cases per 100,000 people was 6,740 for the EU-27 as a whole; in Malta, it was 6,834. The total number of deaths per 100,000 people was 151 for the EU-27 versus 94 in Malta. The ratio of the total number of COVID-19 tests conducted to the total number of confirmed cases was 15.3 for the EU-27 and 28.5 for Malta.

**Figure 1: Total number of COVID-19 cases and deaths per 100,000 people & ratio of total number of COVID-19 tests to total number of cases, 3 February 2020 to 18 April 2021 (EU-27 and Malta)**



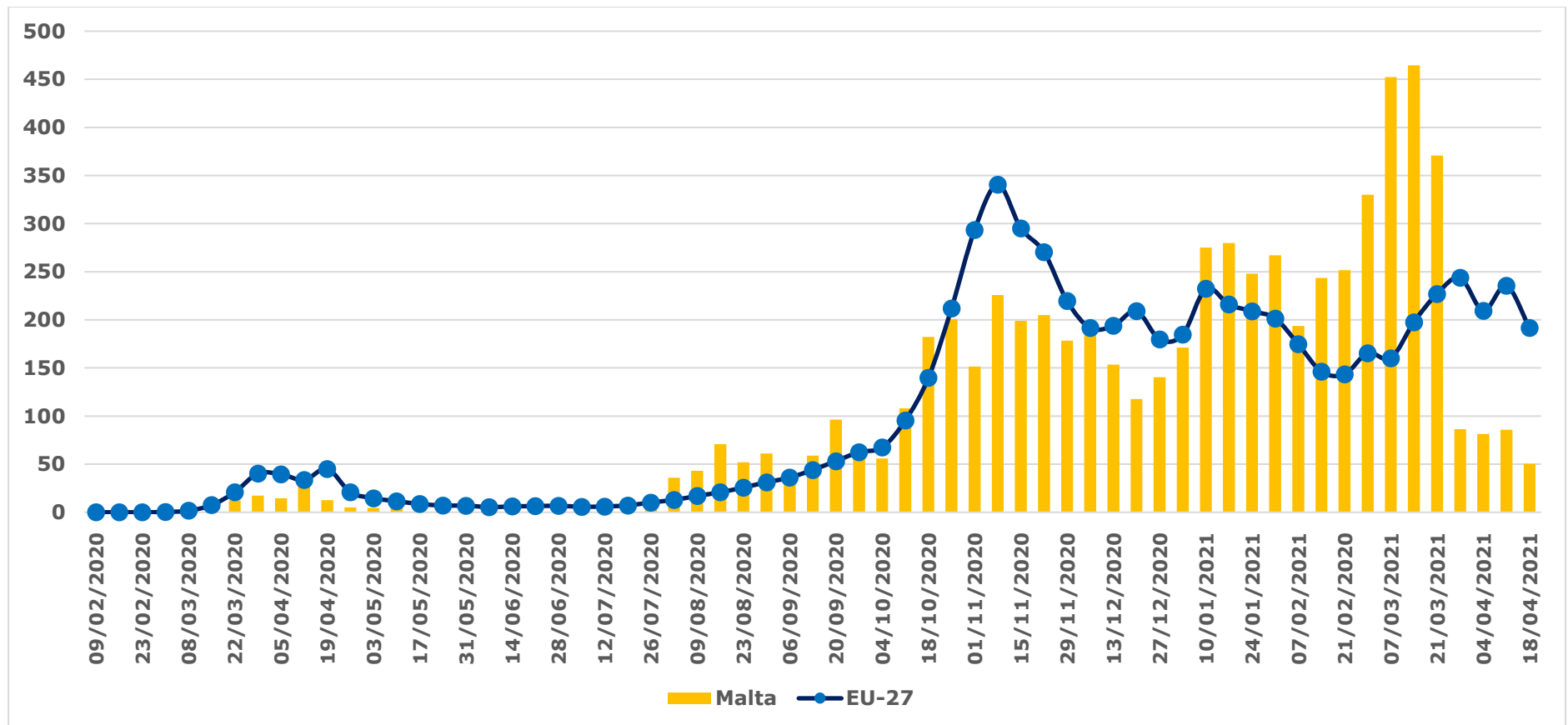
Source: Our World in Data (OWID) online database on COVID-19 - downloaded 26 April 2021

<sup>1</sup> Except if otherwise specified, the indicators presented in Sections 1.1 and 1.2 were calculated by the ESPN Network Core Team on the basis of data coming from two data sources: Our World in Data (OWID: <https://ourworldindata.org/coronavirus-source-data>) and the statistical office of the European Union (Eurostat: <https://ec.europa.eu/eurostat>). These indicators were calculated for all the 35 ESPN countries for which data were available. All of them are presented in Annex B of the following report: Isabel Baptista, Eric Marlier, Slavina Spasova, Ramón Peña-Casas, Boris Fronteddu, Dalila Ghailani, Sebastiano Sabato and Pietro Regazzoni (2021), *Social protection and inclusion policy responses to the COVID-19 crisis. An analysis of policies in 35 countries*, European Social Policy Network (ESPN), Luxembourg: Publications Office of the European Union. This report also provides additional explanations on the data sources used and the calculation of the indicators. In addition, Annex B of the report provides the country results related to all ESPN countries included in the two international data sources used (see Tables B1.1, B2.1 and B3.1 for Figure 1, Table B1.2 for Figure 2, Table B2.2 for Figure 3, Table B3.2 for Figure 4, Tables B4.1, B4.2 and B4.3 for Figure 5, Table B5 for Figure 6, Tables B6.1-3 for Figures 7a-c, and Tables B7.1-3 for Figures 8a-c). The full report and its various annexes can be downloaded [here](#).



In the last week of observations (from Monday 12 April 2021 to Sunday 18 April 2021), the number of confirmed COVID-19 cases per 100,000 people reached 191.8 for the EU-27. In Malta, it was 50.3.

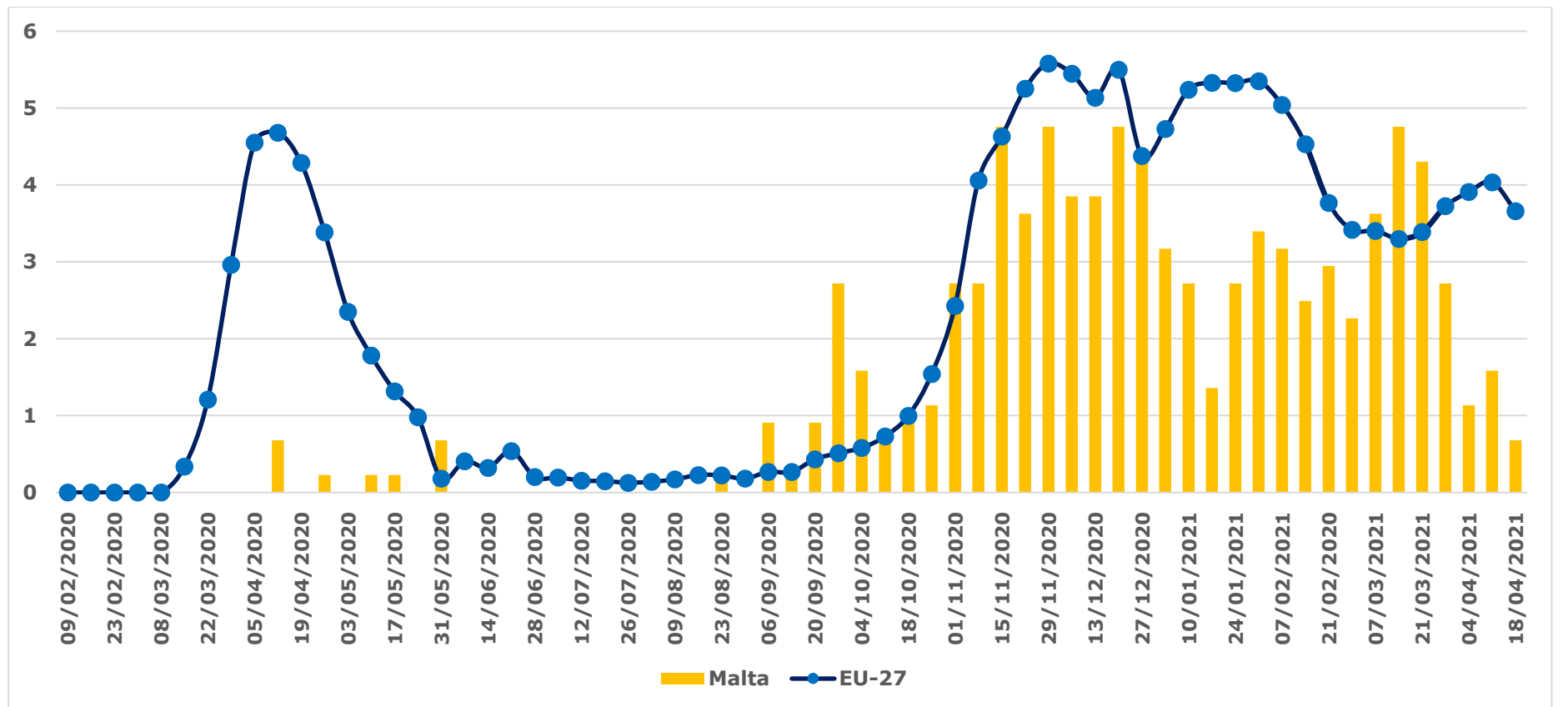
**Figure 2: Weekly evolution - Number of confirmed COVID-19 cases per 100,000 people from 3 February 2020 to 18 April 2021 (EU-27 and Malta)**



Source: Our World in Data (OWID) online database on COVID-19 - downloaded 26 April 2021.

In the last week of observations (from Monday 12 April 2021 to Sunday 18 April 2021), the number of COVID-19 deaths per 100,000 people reached 3.66 for the EU-27 as a whole. In Malta, it was 0.68.

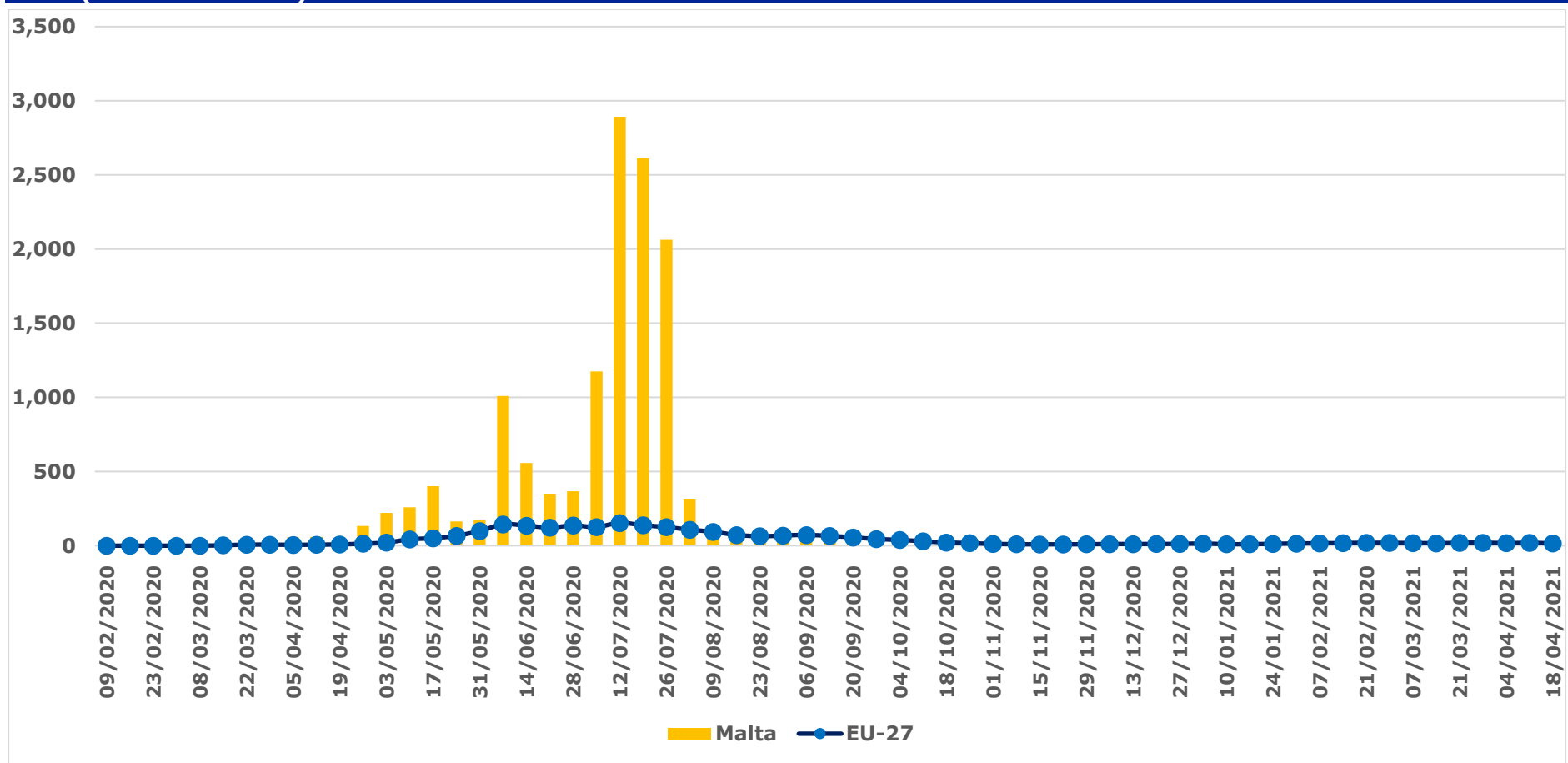
**Figure 3: Weekly evolution - Number of COVID-19 deaths per 100,000 people, 3 February 2020 to 18 April 2021 (EU-27 and Malta)**



Source: Our World in Data (OWID) online database on COVID-19 - downloaded 26 April 2021.

In the last week of observations (from Monday 12 April 2021 to Sunday 18 April 2021), the number of COVID-19 tests per new confirmed COVID-19 cases was 15.2 for the EU-27. In Malta, it was 37.7.

**Figure 4: Weekly evolution - Number of COVID-19 tests per new confirmed COVID-19 case, 3 February 2020 to 18 April 2021 (EU-27 and Malta)**



Source: Our World in Data (OWID) online database on COVID-19 - downloaded 26 April 2021. Full quote for these testing data: Hasell, J., Mathieu, E., Beltekian, D. et al. (2020). "A cross-country database of COVID-19 testing". *Sci Data* 7, 345 (2020) (<https://www.nature.com/articles/s41597-020-00688-8>).

The excess mortality ratio for 2020 is the total number of deaths (without distinction of causes) in the year 2020 expressed as a percentage of the previous 4-year (2016-2019) annual average of the total number of deaths. For the EU-26 average (no data for Ireland), the ratio of the total population is 112.8% while it is 115.1% in Malta. For the EU-26, it is 113.9% for men and 111.6% for women. In Malta, these gendered ratios are 116.3% and 113.9% respectively. Excess mortality is higher among older age groups. For those aged 90 years and more it reaches 121.0% for EU-26 and 123.6% for Malta.

**Figure 5: Excess mortality - Total number of all deaths in 2020 as percentage of the 2016-2019 annual average (including gender and age breakdowns (EU-26 and Malta))**

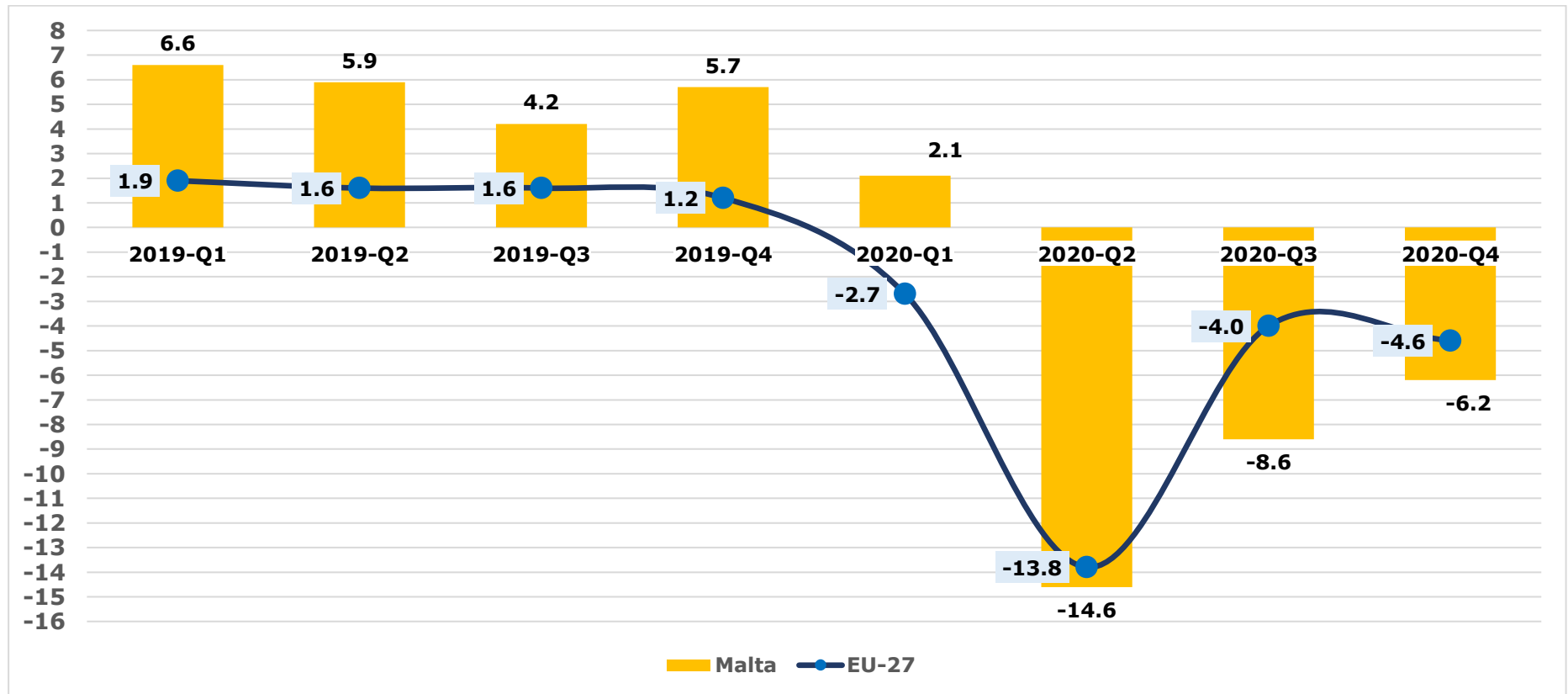


Source: Eurostat - indicator [DEMO\_R\_MWK\_10\_\_custom\_560457] Deaths by week, sex and 10-year age groups - downloaded 26 April 2021. For Bosnia and Herzegovina: Agency for statistics of Bosnia and Herzegovina (data received upon request on 19 April 2021).

## 1.2 Economic and (un)employment situation

In the EU-27, GDP in the fourth quarter (2020-Q4) of 2020 fell by 4.6% compared to the fourth quarter of 2019 (2019-Q4). In Malta, the decrease was 6.2% for the same period.

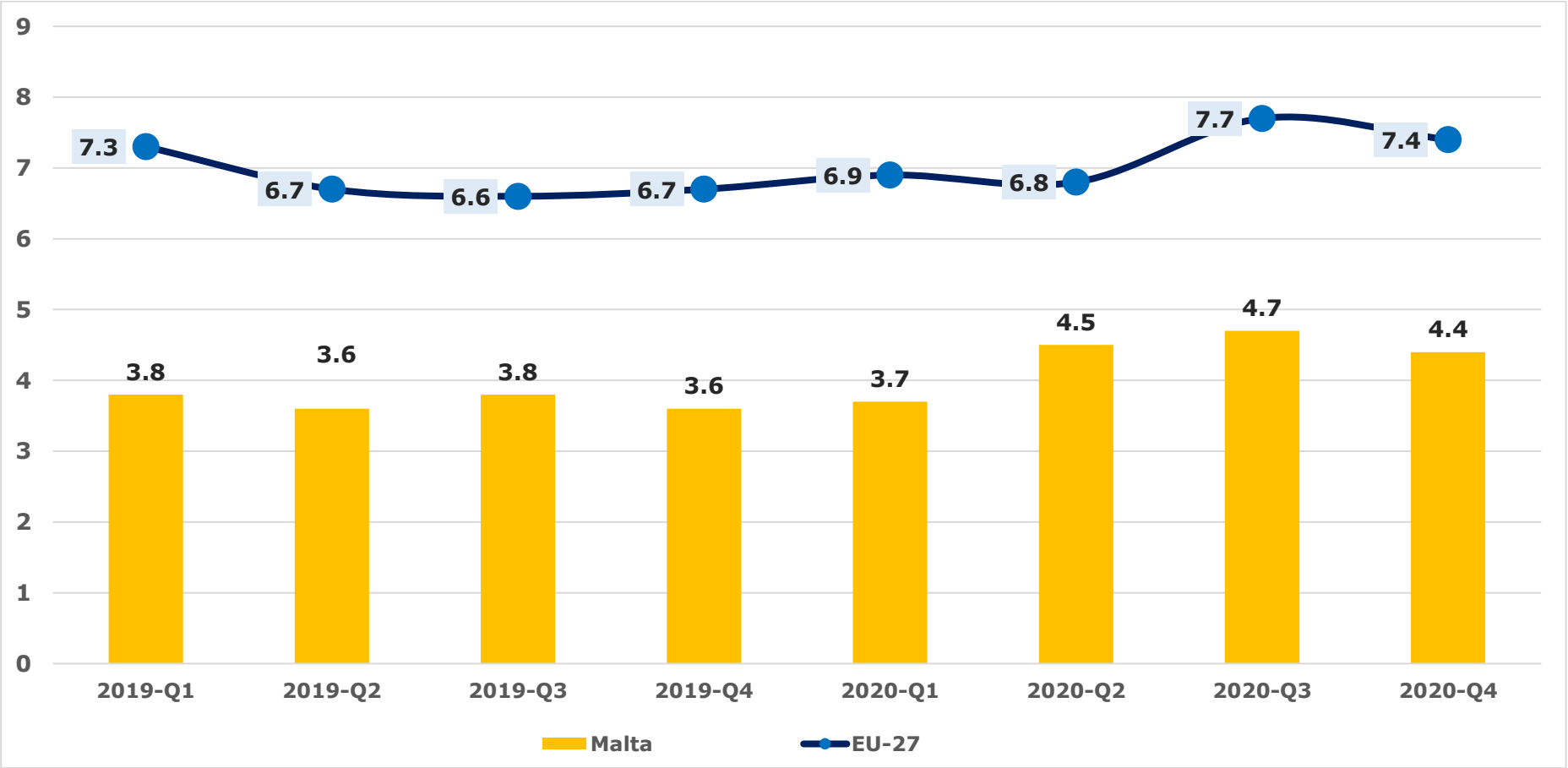
**Figure 6: Gross domestic product at market prices, chain-linked volumes prices adjusted, percentage changes in quarter compared with same quarter in previous year (2019-2020, EU-27 and Malta, %)**



Source: Eurostat -GDP and main components (output, expenditure and income) - indicator [NAMQ\_10\_GDP\_\_custom\_507806] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the unemployment rate in the EU-27 for people aged 15-64 years is 7.4%. In Malta, it is 4.4%.

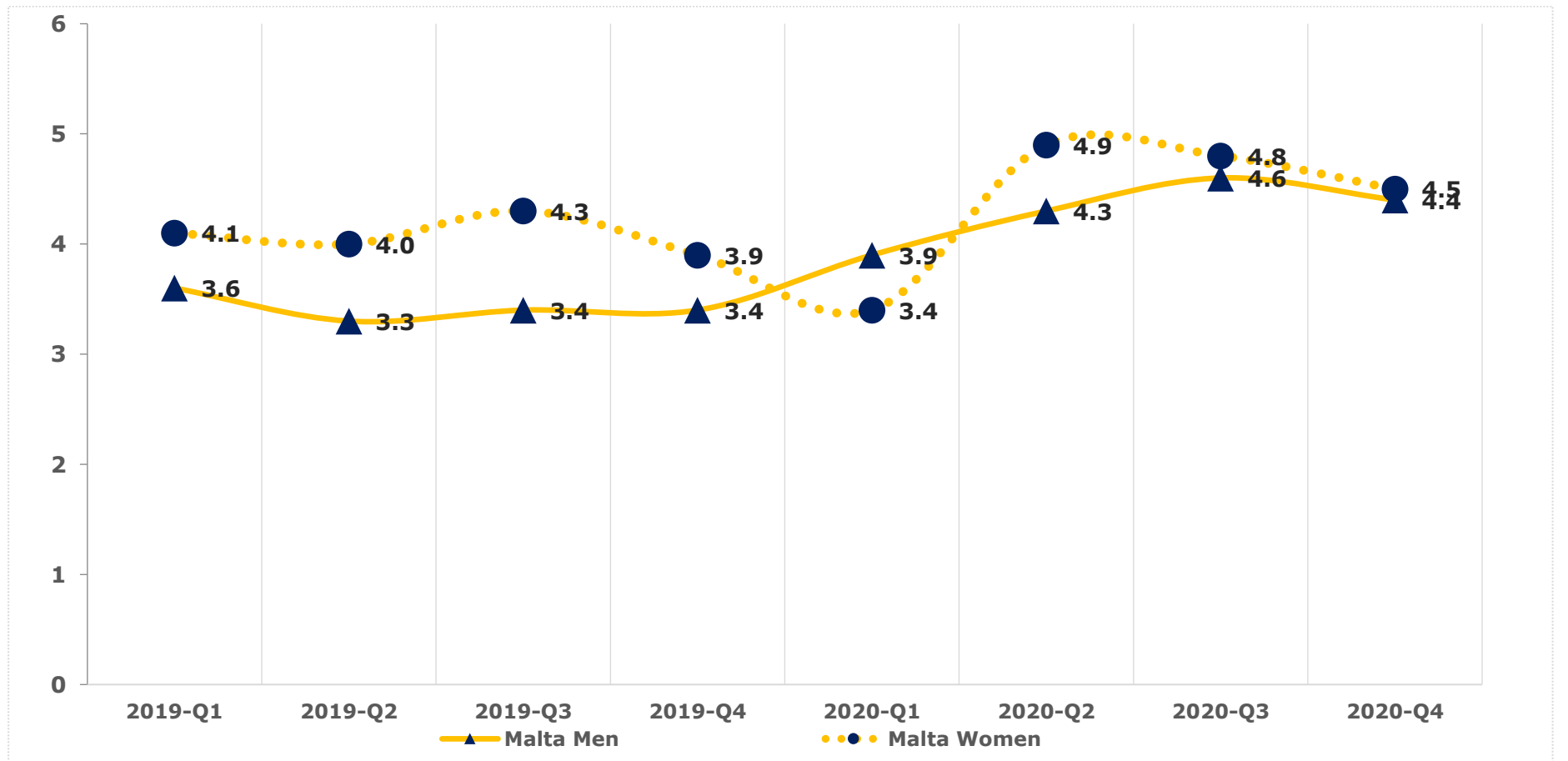
**Figure 7a: Seasonally-adjusted unemployment rate, quarterly data, total population aged 15-64 (2019-2020, EU-27 and Malta, %)**



Source: Eurostat LFS - indicator [lfsq\_urgan] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the unemployment rate in the EU-27 for people aged 15-64 years is 7.1% for men and 7.7% for women. In Malta, these figures are 4.4% and 4.5% respectively.

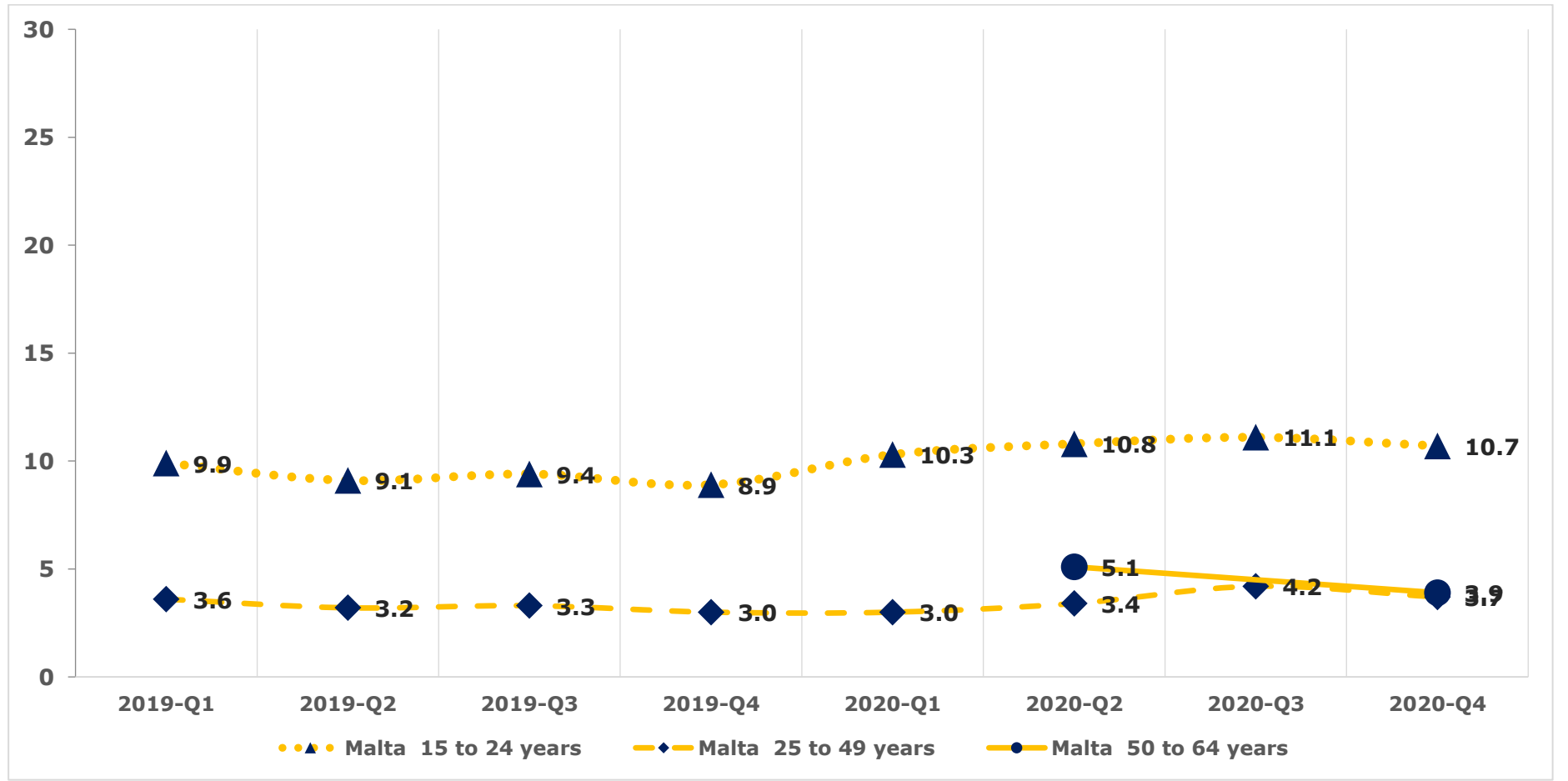
**Figure 7b: Seasonally-adjusted unemployment rate, quarterly data, total population aged 15-64 – by gender (2019-2020, Malta, %)**



Source: Eurostat LFS - indicator [lfsq\_urgan] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the unemployment rate in the EU-27 is 16.9% for the 15-24 age group. In Malta, it is 10.7%.

**Figure 7c: Seasonally-adjusted unemployment rate, quarterly data, total population aged 15-64 – by age group (2019-2020, Malta, %)**

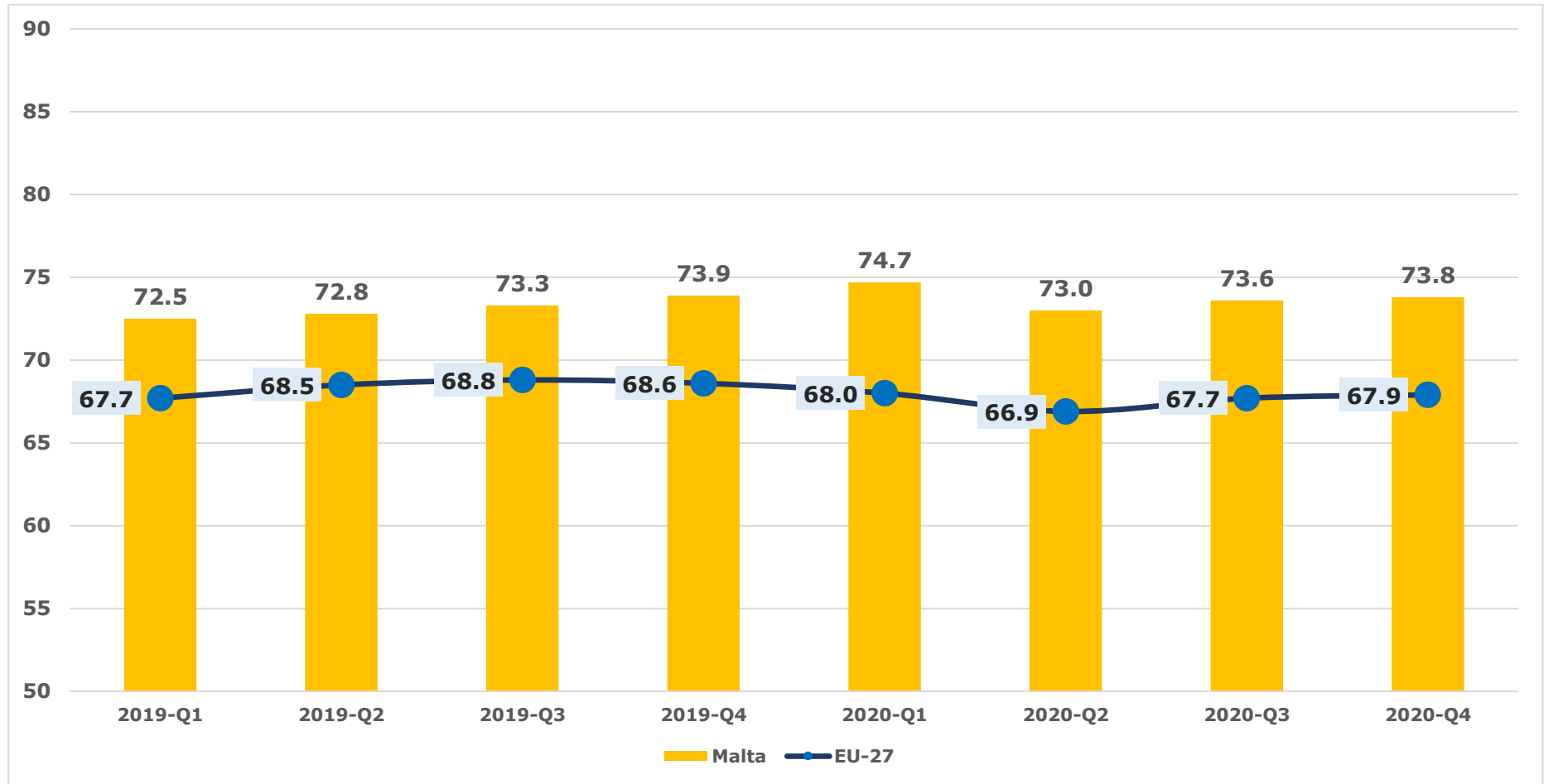


Source: Eurostat LFS - indicator [lfsq\_urgan] - downloaded 26 April 2021.



In the fourth quarter of 2020 (2020-Q4), the employment rate for people aged 15-64 in the EU-27 is 67.9%. In Malta, it is 73.8%.

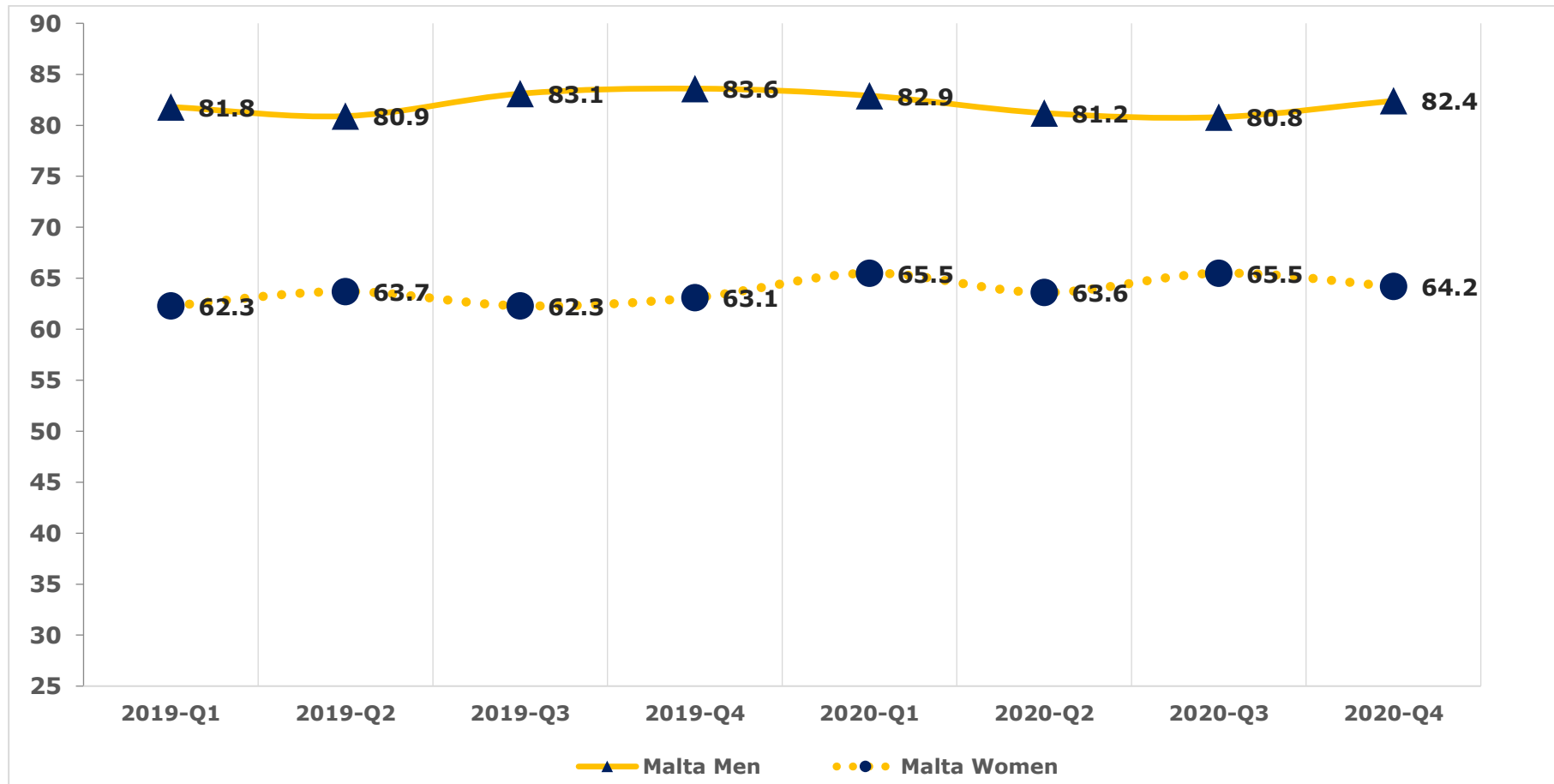
**Figure 8a: Seasonally-adjusted employment rate, quarterly data, total population aged 15-64 (2019-2020, EU-27 and Malta, %)**



Source: Eurostat LFS - indicator [lfsq\_ergan] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the employment rate in the EU-27 is 73.0% for men and 62.8% for women. In Malta, these figures are 82.4% and 64.2% respectively.

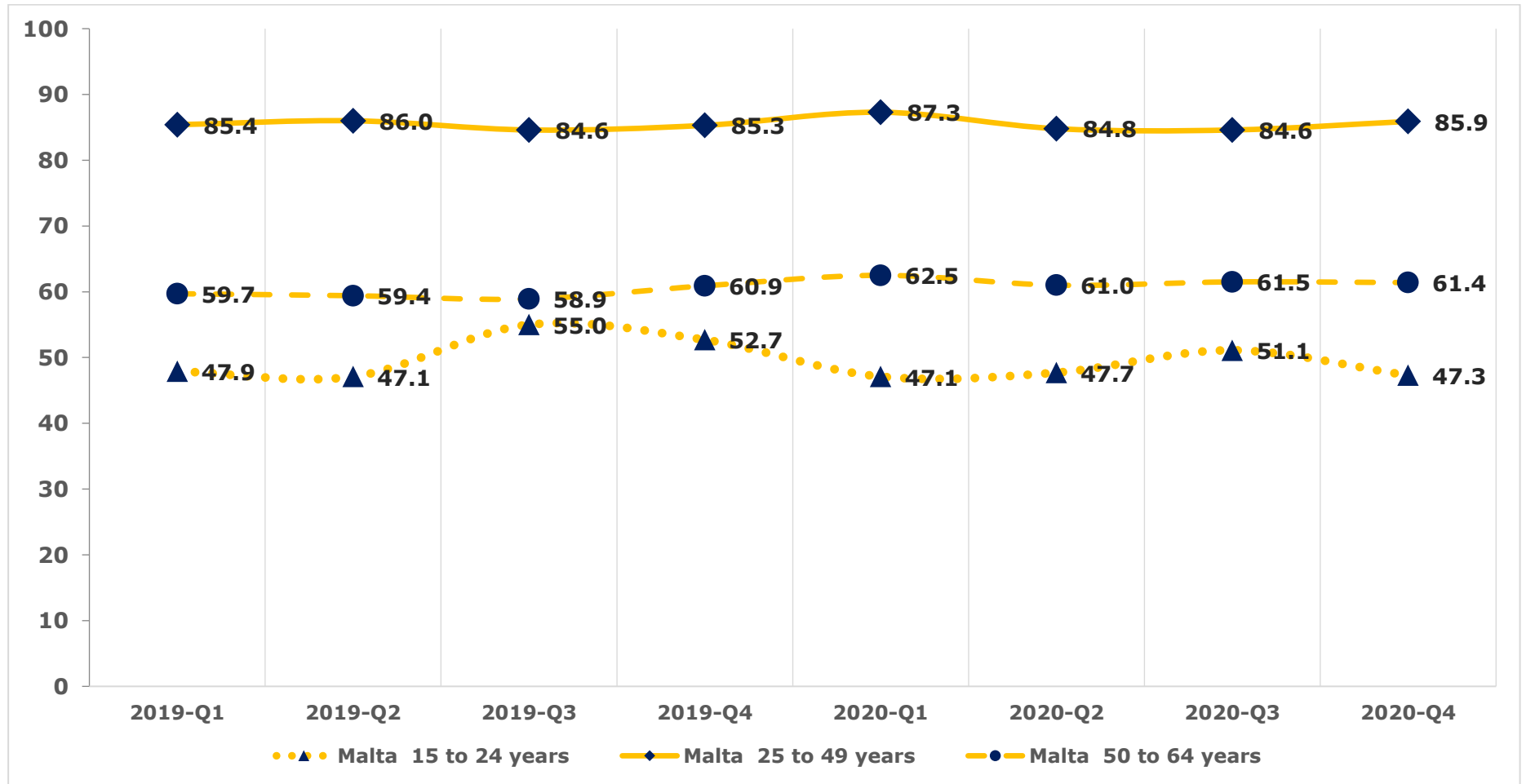
**Figure 8b: Seasonally-adjusted employment rate, quarterly data, total population aged 15-64 – by gender (2019-2020, Malta, %)**



Source: Eurostat LFS - indicator [lfsq\_ergan] - downloaded 26 April 2021.

In the fourth quarter of 2020 (2020-Q4), the employment rate in the EU-27 is 31.1% for the 15-24 age group. In Malta, it is 47.3%.

**Figure 8c: Seasonally-adjusted employment rate, quarterly data, total population aged 15-64 – by age group (2019-2020, Malta, %)**

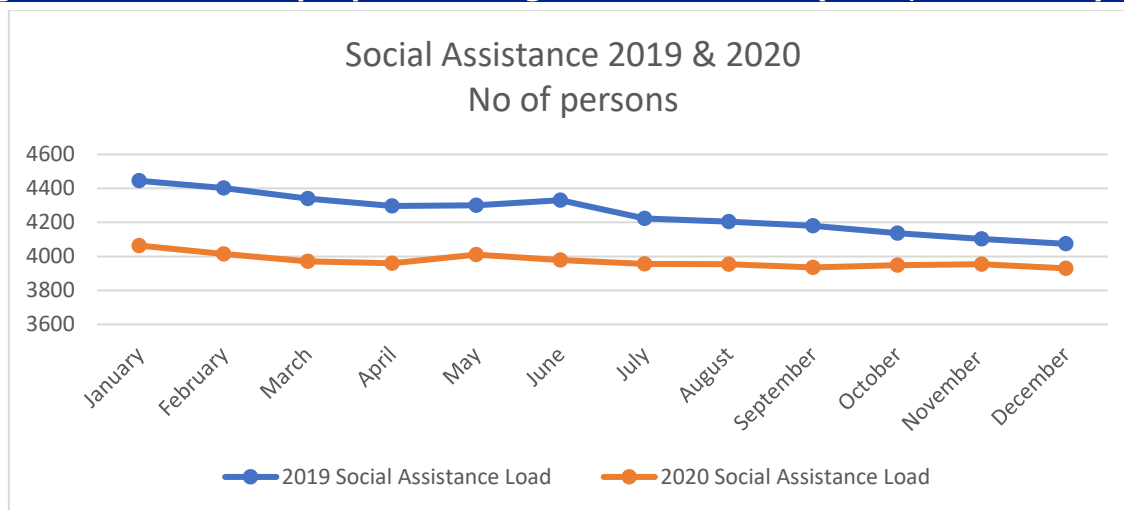


Source: Eurostat LFS - indicator [lfsq\_ergan] - downloaded 26 April 2021.

### 1.3 Poverty, inequality and social exclusion situation

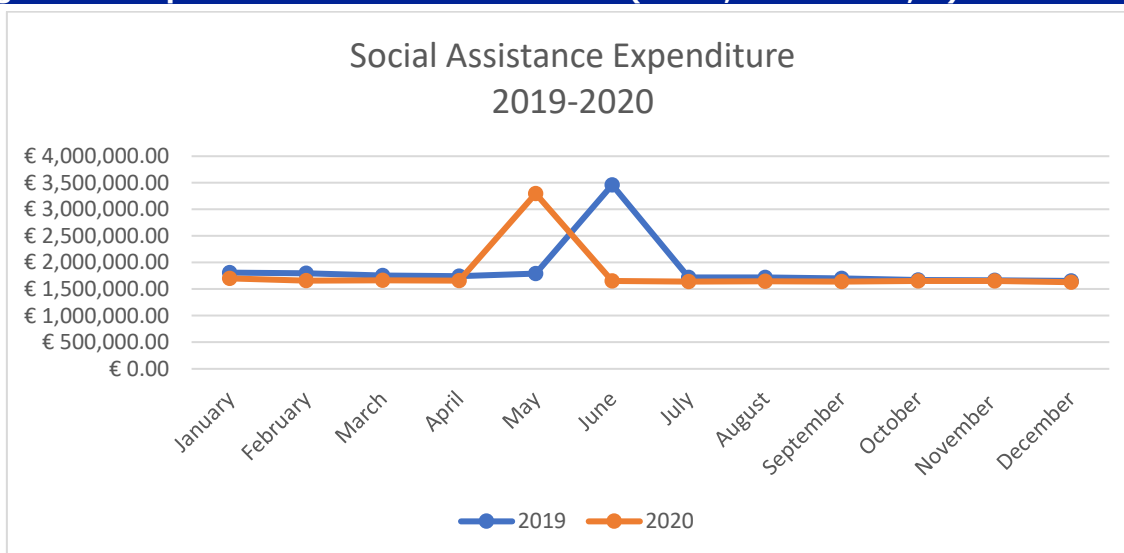
Figures 9a and 9b provide details on, respectively, the number of people receiving social assistance and the amount of expenditure involved, whilst Figures 10a and 10b provide details on the number of unemployed people and the expenditure on standard unemployment benefit for 2019 and 2020 by month.

**Figure 9a: Number of people receiving social assistance (Malta, 2019-2020)**



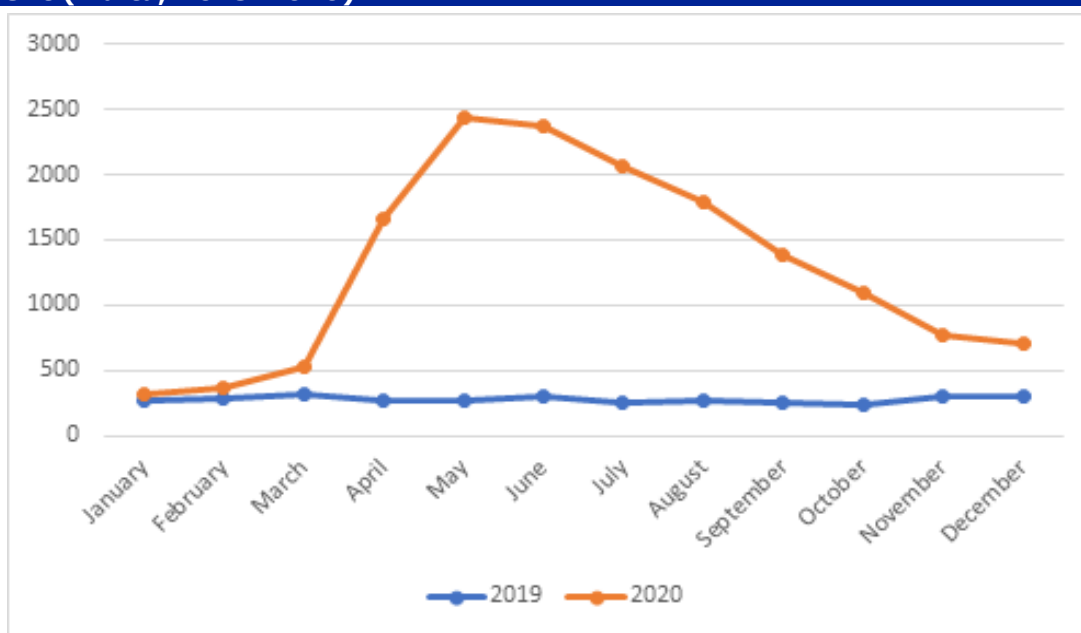
*Note: The number of beneficiaries of social assistance in 2020 should be treated with caution. The figures for 2020 do not show an increase because of the measures introduced to protect jobs during the pandemic. The monthly average number of social security beneficiaries in 2019 was 4,253, and 3,973 in 2020.*  
*Source: Department of Social Security, Malta.*

**Figure 9b: Expenditure on social assistance (Malta, 2019-2020, €)**



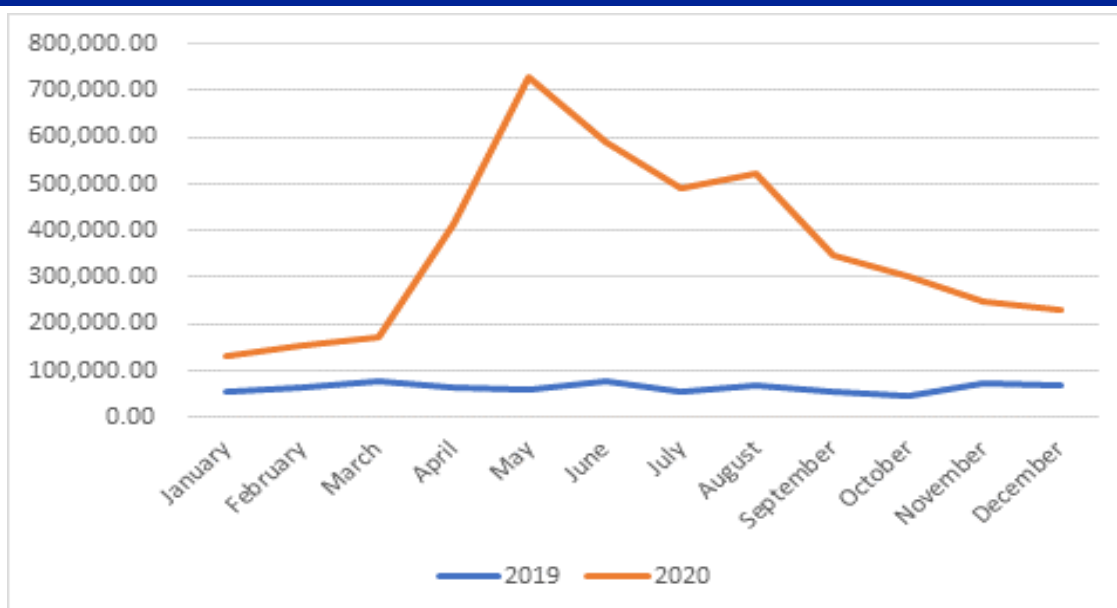
*Note: The increase in expenditure in the middle of the year is normal because this is the time when a special mid-year bonus is paid.*  
*Source: Department of Social Security, Malta.*

**Figure 10a: Number of unemployed people receiving standard unemployment benefit (Malta, 2019-2020)**



Note: In Malta three types of unemployment benefits need to be distinguished: (a) standard unemployment benefit (to which Figures 10a and 10b refer); (b) unemployment assistance; and (c) special unemployment benefit [SUB]. In order to benefit from standard unemployment benefit, the claimant must be registered for employment with JobsPlus, and the claimant must have paid a minimum number of social security contributions ([https://www.servizz.gov.mt/en/Pages/Inclusion -Equality-and-Social-Welfare/Social-Solidarity/Benefits-and-Services/WEB2425/default.aspx](https://www.servizz.gov.mt/en/Pages/Inclusion-Equality-and-Social-Welfare/Social-Solidarity/Benefits-and-Services/WEB2425/default.aspx)). Unemployment assistance is normally referred to as "relief": entitlement becomes effective when an unemployed person is no longer entitled to the standard unemployment benefit because of their contribution record. SUB applied between 9 March and 30 June 2020: people who registered as unemployed from 9 March 2020 were entitled to this over and above their entitlement to standard unemployment benefit. Section 2.1.1 below is limited to SUB only. Figures 10a and 10b are included here because they clearly reflect the extent of job losses as a direct result of COVID-19. Source: Department of Social Security, Malta.

**Figure 10b: Expenditure on standard unemployment benefit (Malta, 2019-2020, €)**



Source: Department of Social Security, Malta.

## 2 Social protection and inclusion measures in response to the pandemic<sup>2</sup>

This section provides a brief description of the main measures related to social protection and social inclusion that have been put in place to help mitigate the financial and social distress produced by the economic downturn caused by the pandemic. It is based on readily available data and evidence. For each measure, it provides the following information.

- a) Short description of the measure.
- b) Category: Is it a flat benefit, a conditional benefit, both a flat and a conditional benefit, or neither a flat nor a conditional benefit?
- c) Timing: When did the measure start/end? Has it been extended?
- d) Depending on the category:
  - amount and duration (for flat measures); and
  - range (minimum-maximum), duration and conditionality (thresholds) (for conditional measures).

If the measure is neither flat nor conditional, this is indicated by “Not applicable”.

- e) Targeted population: what is/are the target(s) of the measure? – that is to say, which parts of the population or of the labour force. Where data and evidence are readily available, estimated number of people targeted and/or applicants.
- f) Beneficiaries: What is the number of recipients of the measure (if relevant and available)?
- g) Novelty: Was the measure new or an already existing one that was adjusted?

Regretfully, extensive information is not available on each of the benefit/support measures described in this section. The main information available so far results from a set of three parliamentary questions (PQs), Nos 18454, 19692 and 19693, answered orally by the Ministers for Energy, Enterprise and Sustainable Development and the Minister for Solidarity, Social Justice, the Family and Children’s Rights<sup>3</sup>.

According to these replies, €345,942,993 was approved under the wage supplement scheme by Malta Enterprise (ME) to help businesses cope during the COVID-19 pandemic. Minister Dalli said that, up to 31 January 2021, ME had received 21,855 applications in total for this scheme. The majority of these applications (14,987) originated from companies in the “hardest-hit sectors”<sup>4</sup>, while 3,465 applications originated from companies in the less critical sectors<sup>5</sup>. 3,403 applications were considered not eligible.

Out of all the applications, 17,083 were approved. In the hardest-hit sectors, 54,101 full-time workers and 10,662 part-time workers benefited. In the less critical sectors, 25,020 full-time workers and 2,660 part-time workers benefited.

<sup>2</sup> The temporary measures mentioned in this report refer to the situation as of 15 April 2021. Their duration may have been extended since then.

<sup>3</sup> See:

<https://pq.gov.mt/PQWeb.nsf/7561f7daddf0609ac1257d1800311f18/c1257d2e0046dfa1c12586710041bc77!OpenDocument>;

<https://pq.gov.mt/pqweb.nsf/5ab326fbc184092c1256877002c4f19/c1257d2e0046dfa1c1258692004b44ea!OpenDocument>; and

<https://pq.gov.mt/pqweb.nsf/5ab326fbc184092c1256877002c4f19/c1257d2e0046dfa1c1258692004b0f16!OpenDocument>.

<sup>4</sup> For a list of the hardest-hit sectors, see: <https://covid19.maltaenterprise.com/wp-content/uploads/2020/03/Annex-A.pdf>. This list was intended to cover all those hit by forced closure.

<sup>5</sup> For a list of less critical sectors, see: <https://covid19.maltaenterprise.com/wp-content/uploads/2020/03/Annex-B.pdf>

## 2.1 Measures related to unemployment benefits

### 2.1.1 Special unemployment benefit

- a) Short description of the measure: All newly registered unemployed who lost their job due to the pandemic were awarded a new temporary benefit, called special unemployment benefit.
- b) Category: Flat benefit.
- c) Timing: The measure was in effect from 9 March to 30 June 2020.
- d) Amount and duration: Workers who lost their job between 9 March and 30 June 2020 as a result of the pandemic were entitled to a new temporary benefit of €800 per month (€500 per month for part-timers) over and above their entitlement to standard unemployment benefit. The monthly expenditure for the four months covered by this measure was: March 2020 (€25,879.11), April 2020 (€378,378.92), May 2020 (€773,929.58) and June 2020 (€942,396.50). As per PQ No 19692 of 9 March 2021, €2,120,584 had been spent by September 2020<sup>6</sup>.
- e) Targeted population: Standard workers, previously engaged on a full- or part-time basis, who lost their job between 9 March and 30 June 2020 as a result of the pandemic.
- f) Beneficiaries: 2,166 people. Not all these people benefited from this measure for each of the four months in which it was running, as some of them found work during the pandemic (e.g. in platform work or as home distributors for supermarkets). The relative figures for the period covered are: March 2020 (157), April 2020 (982), May 2020 (1,794) and June 2020 (1,872).
- g) Novelty: New measure.

## 2.2 Measures of job protection provided through support to employers, employees and the self-employed

### 2.2.1 Wage supplement for hardest-hit sectors (March-June 2020)

- a) Short description of the measure: Wage supplement to all workers engaged in the hardest-hit sectors.
- b) Category: Flat benefit.
- c) Timing: 9 March to June 2020<sup>7</sup>.
- d) Amount and duration: €800 per month per full-time employee or self-employed person in the sectors hardest hit by the COVID-19 outbreak (€500 per month in the case of part-timers). Where the wage was higher than €800 per month, employers had to top up the pay to its normal level. A minimum top-up of €400 per employee per month was required when the salary was higher than €1,200<sup>8</sup>.

---

<sup>6</sup> The benefit was always announced as €800 for full-time employees and €500 for part-time employees: but when the data quoted here were provided through an ad hoc PQ, the amounts quoted were always given as €750 and €450 respectively. No reason for this was given.

<sup>7</sup> See:

<https://www.gov.mt/en/Government/DOI/Government%20Gazette/Government%20Notices/Pages/2020/04/GoVNotices1304.aspx>.

<sup>8</sup> This effectively meant that people with a wage of €800 per month were receiving their wage from the government; those with a higher wage were to receive the €800 from government and the difference from their employer. The employer's minimum contribution was €400 per month; but employers were free to top up however much they wanted beyond this minimum for employees who had a monthly salary in excess of €1,200.

- e) Targeted population: All employees or self-employed people in the sectors hardest hit by the COVID-19 outbreak. Employers who were constrained to lay off employees were eligible for the payment if they re-engaged the laid-off employees.
- f) Beneficiaries: 67,769 people<sup>9</sup>.
- g) Novelty: This was a new initiative intended to secure jobs.

### **2.2.2 Wage supplement for those engaged in the less critically hit sectors (March-June 2020)**

- a) Short description of the measure: Wage supplement for those engaged in the less critically hit sectors.
- b) Category: Flat benefit.
- c) Timing: 9 March to 30 June 2020. This was later extended to September.
- d) Amount and duration: For those engaged in the less critically hit sectors:
  - a day's salary per week, equivalent to €160 per month, per full-time employee (€100 per month in case of part-timers);
  - two days' salary per week, equivalent to €320 per month, per full-time employee employed by Malta-based individuals or employed by Gozo-based businesses (€200 per month in case of part-timers); and
  - three days' salary per week, equivalent to €480 per month, per full-time employee employed by a Gozo-based<sup>10</sup> individual (€300 per month in the case of part-timers).

Employers who were constrained to lay off employees were eligible for the payment if they re-engaged the laid-off employees.

- e) Targeted population: All employees employed in less critical sectors.
- f) Beneficiaries: 20,778 people<sup>11</sup>.
- g) Novelty: This was a new initiative intended to secure as much as possible even those jobs which were not so hard hit by the pandemic.

### **2.2.3 Wage supplement (July-September 2020)**

- a) Short description of the measure: The wage supplement referred to under Sections 2.1.1 and 2.2.2 was extended until the end of September 2020 with changes as described under (d) below. This was announced as a completely new measure, with different parameters and independent of what had existed in March-June 2020.
- b) Category: Flat benefit.
- c) Timing: 1 July 2020 to 30 September 2020.
- d) Amount and duration: Extension of wage supplement, with the following modifications.
  - For businesses dependent on tourism (such as tourist accommodation, travel agencies, English-language schools, event organisers and air transport) the wage supplement remained the same (i.e. €800 per month for full-time employees and €500 per month for part-time employees).
  - Businesses dependent on local demand such as personal services were moved from the hardest-hit sectors to the less critical sectors and thus saw their wage supplement generally fall to €160 per month per full-time employee and €100 per month in the case of part-timers (certain additional supplements could apply for individual employers and/or Gozo-based businesses).

<sup>9</sup> Source: Private communication, ME, 26 February 2021.

<sup>10</sup> Gozo is the sister island of the two inhabited islands in the Maltese archipelago. It is smaller than Malta and suffers from double insularity.

<sup>11</sup> Source: Private communication, ME, 26 February 2021.



- For all other businesses in the hardest-hit sectors not mentioned above, the wage supplement fell to €600 per month for full-time employees and €375 per month for part-time employees.
  - The wage supplement was extended to pensioners and full-time students.
- e) Targeted population: For businesses dependent on tourism (such as tourist accommodation, travel agencies, English-language schools, event organisers and air transport) the wage supplement remained the same.
- f) Beneficiaries: Not available.
- g) Novelty: These measures corrected some of the anomalies noted in the previous period and focused on tourism and students.

#### **2.2.4 Wage subsidy scheme (January-February 2021)**

- a) Short description of the measure: A new wage subsidy scheme based on the level of losses incurred by businesses as a result of COVID-19.
- b) Category: Conditional benefit.
- c) Timing: January-February 2021, but in some cases effective from October 2020.
- d) Range, duration and conditionality: Extension of wage supplement, with the following modifications.
- The supplement was based on the percentage drop in sales in comparison with the previous year, with the following ratios:
    - 55% loss or greater – €800 for full-time employees, €500 for part-time/casual employees;
    - 45-54% loss – €640 for full-time employees, €400 for part-time/casual employees;
    - 35-44% loss – €480 for full-time employees, €300 for part-time/casual employees;
    - 25-34% loss – €320 for full-time employees, €200 for part-time/casual employees;
    - 10-24% loss – €160 for full-time employees, €100 for part-time/casual employees; and
    - less than 9% loss/increase in revenue – €0 for full-time employees, €0 for part-time/casual employees.
  - Businesses that had to close following the issuance of legal notices continued to receive the wage supplement at the full rate.
  - Assistance was based on VAT returns compared with the same period in 2019.
  - The new scheme was also applicable in the case of workers who had been replaced, where the wage supplement was backdated to October 2020. In such instances, the number of workers could not exceed what was on the company books as of May 2020.
- e) Targeted population: For businesses dependent on tourism (such as tourist accommodation, travel agencies, English-language schools, event organisers and air transport) the wage supplement remained the same.
- f) Beneficiaries: Not available.
- g) Novelty: This measure did not provide a flat benefit, but was linked to the effect on sales brought about by the COVID-19-related legislation.

### 2.2.5 Wage supplement (March-April 2021)

- a) Short description of the measure: Extension of scheme described in Section 2.2.4 above for businesses which were not ordered to close as a result of new restrictions, and reintroduction of full benefit scheme of €800 per employee for those business which were ordered to close down because of new restrictions.
- b) Category: Flat benefit/conditional benefit.
- c) Timing: March-April 2021.
- d) Amount and duration of the flat element: Hybrid scheme incorporating aspects of that described under Sections 2.2.3 and 2.2.4 above.

Range, duration and conditionality of the conditional element: The supplement was based on the percentage drop in sales in comparison with the previous year, with the following ratios:

- 55% loss or greater – €800 for full-time employees, €500 for part-time/casual employees;
  - 45-54% loss – €640 for full-time employees, €400 for part-time/casual employees;
  - 35-44% loss – €480 for full-time employees, €300 for part-time/casual employees;
  - 25-34% loss – €320 for full-time employees, €200 for part-time/casual employees;
  - 10-24% loss – €160 for full-time employees, €100 for part-time/casual employees; and
  - less than 9% loss/increase in revenue – €0 for full-time employees, €0 for part-time/casual employees.
- e) Targeted population: Businesses which were affected by the new measures resulting from an increase in the incidence of COVID-19 infections.
  - f) Beneficiaries: Not available.
  - g) Novelty: No novel aspects, since these measures incorporated aspects from two previous schemes.

### 2.2.6 Deferral of tax and VAT payments due in March and April 2020 for businesses in Malta

- a) Short description of the measure: Tax and VAT payments due in March and April 2020 were deferred to a later date for businesses in Malta. The deferral applied to the payment of: (i) provisional tax; (ii) VAT; (iii) social security contributions; (iv) maternity fund contributions; and (v) the final settlement system. Such liabilities had to be settled in instalments at a later date.
- b) Category: Neither flat nor conditional benefit.
- c) Timing: March 2020. Interest on late payments was not incurred if:
  - the eligible taxes (excluding VAT) were settled in four equal monthly instalments in the four months May-August 2020; and
  - VAT liabilities were settled in two equal instalments with the two quarterly returns immediately following the quarter whose dues were deferred.
- d) Amount and duration/range, duration and conditionality: Not applicable.
- e) Targeted population: This incentive applied to businesses operating through a company or on a self-employed basis.

f) Beneficiaries: No information available.

g) Novelty: New.

These same measures were extended on 25 March 2021, as follows<sup>12</sup>.

- Deferrals will remain in place until the end of the year. Payments of tax due will start being made from May 2022.
- A one-time concession has also been introduced for business owners who have pending tax balances. These will be exempt from capital gains tax when selling property to settle the tax owed to the government. This measure expires in March 2022 and will, therefore, apply to those who enter into promise of sale agreements by then.
- Other measures include the extension of the moratorium period under the COVID-19 guarantee scheme, which is being extended from 12 to 18 months. The scheme itself is being extended until 30 September 2021. Meanwhile, the definition of "working capital" will be widened to include the financial costs related to the servicing of bank loans of businesses.

On 7 April 2021 the following clarifications were issued.

- The eligible taxes that can be deferred are provisional taxes, social security contributions for self-employed people and VAT for August 2020 to December 2021. These payments need to be settled as from May 2022.
- The tax deferral scheme is open to companies and self-employed businesses that suffer a significant downturn in their turnover and face substantial cash flow difficulties as a result of the economic constraints arising from the COVID-19 pandemic. A significant downturn in turnover, according to the guidelines, is a drop of around 25% or more in sales over a three-month period in which March 2020 was either the first or the second month.
- Companies and self-employed people that have failed to comply with their tax obligations (submission of documents/returns and payments) falling due by the 31 December 2019, and those who opted to pay VAT under the mini one-stop shop (MOSS), are specifically excluded.

## 2.3 Measures related to sickness benefits and sick pay

### 2.3.1 Quarantine leave

- Short description of the measure: Legal Notice 62, published on 13 March 2020, amended the Minimum Special Leave Entitlement Regulations (S.L. 452.101), introducing the concept of quarantine leave, which covers the period during which a person is forced to stay away from work because of COVID-19<sup>13</sup>.
- Category: Flat benefit.
- Timing: From 13 March 2020 [still in force].
- Amount and duration: A €350 grant is awarded to employers for each employee required to be on mandatory quarantine leave.

<sup>12</sup> See: <https://www.mazars.com.mt/Home/Insights/Covid-19-Newsroom/Covid-19-Government-measures/Government-support-for-businesses-extended>.

<sup>13</sup> Quarantine leave is defined as: "the leave to be granted to the employee without the loss of wages in such cases where the employee is legally obliged to abide by a quarantine order confining the employee to a certain area or to certain premises as determined by the Superintendent of Public Health under the Public Health Act or by any public authority under any other law".

- e) Targeted population: All economically active people<sup>14</sup> who are required to be in quarantine by the public health authority.
- f) Beneficiaries: Approximately 11,000 recipients<sup>15</sup>.
- g) Novelty: New measure.

### 2.3.2 Benefit for people with disabilities

- a) Short description of the measure: A special entitlement to a monthly benefit for a specified period for both full-time and part-time workers registered as disabled.
- b) Category: Flat benefit.
- c) Timing: 9 March to 5 July 2020
- d) Amount and duration: People with disabilities who had to stay at home due to health concerns that arose as a consequence of COVID-19 and could not telework were entitled to a benefit of €720 per month (€450 per month for part-timers)<sup>16</sup>.
- e) Targeted population: Disabled workers who had to stay at home due to health concerns that arose as a consequence of COVID-19 and could not telework. This measure was aimed at people *formally registered as having a disability* and who could not retain their job by working from home as a result of COVID-19.
- f) Beneficiaries: 379 beneficiaries for the period described in (c) above.
- g) Novelty: New measure. This was an important measure addressed at a group of workers who could not work from home.

### 2.3.3 Medical benefit

- a) Short description of the measure: A medical benefit for workers ordered not to leave home because of COVID-19 risks.
- b) Category: Flat benefit.
- c) Timing: 27 March to 5 July 2020.
- d) Amount and duration: A benefit of €720 per month (€450 in the case of part-timers)<sup>17</sup> to people employed in the private sector, who after 27 March 2020 had been ordered by the Superintendent of Public Health not to leave their home, were not able to work from home and were not being paid by their employer during their absence from work. Duration: 8 March to end June 2020.
- e) Targeted population: Private sector employees who after 27 March 2020 were ordered by the Superintendent of Public Health not to leave their home because they fell in a category defined as "vulnerable"<sup>18</sup>, were not able to work from home and were not being paid by their employer during their absence from work.

---

<sup>14</sup> The legal notice specifies "employees". According to a personal communication from ME, in practice this is being interpreted to include self-employed people who employ some workers, a set-up which is preponderant in the Maltese business economic set-up.

<sup>15</sup> Source: Private communication, ME, 26 February 2021. The timespan was not specified.

<sup>16</sup> As indicated above, the amount given in the PQ on actual expenditure differs from the amount which had been stated when the measure was launched.

<sup>17</sup> Ibid.

<sup>18</sup> In terms of Section 2 of Legal Notice 111 of 2020, the following categories were to be considered vulnerable: (a) people aged 65 or over; (b) pregnant women; (c) people suffering from the following chronic illnesses and/or medical conditions: (i) insulin-dependent diabetics; (ii) patients who are immuno-suppressed; (iii) patients undergoing any immuno-suppressive treatment, including but not limited to the use of biological agents and immuno-modulators; (iv) patients suffering from cancer who are undergoing chemotherapy; (v) patients suffering, or who have suffered, from cancer, having undergone chemotherapy at any time within the last six months preceding the entry into force of this order; (vi) patients on dialysis; (vii) patients who are to be admitted to hospital with exacerbated respiratory problem; (viii) patients who, at any time within the last year

- f) Beneficiaries: 1,679 people for the period described in (d) above.
- g) Novelty: The novelty in this case was that the government assumed responsibility for maintaining the income of private sector employees who had to stay at home because of COVID-19 restrictions.

## 2.4 Measures related to health insurance

No measures were announced under this heading. Malta has a national health system which covers all its citizens. The system is financed partly through weekly contributions by economically active people and through general taxation. The Maltese health system covers all aspects of healthcare, ranging from conception to death, and is completely free<sup>19</sup>. Every resident in Malta is being offered a free COVID-19 vaccination.

## 2.5 Measures related to minimum-income schemes and other forms of social assistance

### 2.5.1 Measures aimed at third-country nationals

- a) Short description of the measure: This measure is intended to protect the employment of third-country nationals (TCNs) regularly employed in Malta.
- b) Category: Neither flat nor conditional benefit.
- c) Timing: March 2020 to July 2021.
- d) Amount and duration/range, duration and conditionality: Not applicable.
- e) Targeted population: Specifically, TCNs currently employed in Malta. Enterprises which terminate the employment of an employee are denied the possibility of offering such employment to a TCN. Concurrently, work permit applications by new TCNs are not accepted. However, assistance is provided by JobsPlus<sup>20</sup> to TCNs to find alternative employment in cases of job termination. The contribution of these immigrants is officially recognised and therefore those in difficulties are being extended help. Employers who do not extend help will be penalised by not being allowed to recruit TCNs later on.
- f) Beneficiaries: 24 TCNs.
- g) Novelty: New measure.

---

preceding the entry into force of this order, have been admitted to hospital with exacerbated respiratory problem; (ix) patients suffering from cardiac disease who are to undergo a cardiac intervention or a cardiac surgical procedure; (x) patients suffering, or who have suffered, from cardiac disease, having undergone a cardiac intervention or a cardiac surgical procedure at any time during the last six months preceding the entry into force of this order; (xi) patients attending a heart failure clinic; and (xii) patients on oral steroids. The LN can be downloaded from <https://royalmaltagolfclub.com/legal-notice-111-of-2020-protection-of-vulnerable-persons-order-2020>.

<sup>19</sup> The reference here is to the public health system. A private medical system exists in parallel, both at primary level and at secondary level, which includes a number of private hospitals. A "formulary" with a list of medicines also exists and these are free to people with chronic illnesses. Not every medicine is included in this list and any medicine that is not included has to be purchased privately. The community chest fund, which is funded through popular donations, also funds expensive treatment, especially in cancer cases, for people who pass a specific means test.

<sup>20</sup> Jobsplus is Malta's public employment service, formerly known as the Employment and Training Corporation (ETC), established in August 1990 through an act of parliament. The primary functions of the corporation, as established by the said act, were that of providing a public employment service and training people to improve their skills to find employment. In its early years, ETC focused on the registration of job-seekers, the provision of guidance to them and their referral for employment opportunities. Its training function focused on the provision of training courses and the management of apprenticeship schemes. Jobsplus helps people find a job, as well as improve a person's career if one is already employed. Jobsplus acts as a broker between companies seeking to recruit new staff and those looking for a job. See: <https://jobsplus.gov.mt>.

## 2.6 Measures related to housing support

### 2.6.1 Rent subsidy

- a) Short description of the measure: A rent subsidy available to individuals who lose their job.
- b) Category: No information is available.
- c) Timing: Launched March 2020 [still in force].
- d) Targeted population: People who lose their job and cannot pay rent.
- e) Beneficiaries: No information is available.
- f) Novelty: New measure.

### 2.6.2 Reduction of taxes on immovable property

- a) Short description of the measure: Reduction in the taxes on the final sale and stamp duty of immovable property.
- b) Category: Conditional benefit.
- c) Timing: June 2020 to April 2021.
- d) Range, duration and conditionality: Tax/duty cuts: income tax on the sale of property was reduced from 8% to 5%, and stamp duty was levied at 1.5% instead of 5% for the first €400,000 on contracts published before the end of March 2021.
- e) Targeted population: All population.
- f) Beneficiaries: Not available.
- g) Novelty: New measure.

## 2.7 Leave for parents whose children are unable to attend school or a pre-school service by reason of COVID-19

### 2.7.1 Parent benefit

- a) Short description of the measure: A benefit to one of the parents (including single parents), whether full-time or part-time, who took additional unpaid leave to take care of children while schools remained closed.
- b) Category: Flat benefit.
- c) Timing: 9 March to June 2020. Repeated for 15 March to 11 April 2021.
- d) Amount and duration: A benefit of €720<sup>21</sup> per month (€450 in case of part-timers) to one of the parents (including single parents) who took additional unpaid leave to take care of children while schools remain closed, when both parents worked in the private sector.
- e) Targeted population: Parents who worked in the private sector and who needed to take additional unpaid leave to take care of children while schools remained closed.
- f) Beneficiaries: 4,570 people for the periods specified in (c) above.
- g) Novelty: New measure.

---

<sup>21</sup> Ibid.

## **2.8 Other important temporary social protection/inclusion measures adopted in the context of the pandemic, which do not fall in any of the categories listed in the previous sections**

### **2.8.1 Teleworking grant**

- a) Short description of the measure: This measure provided for a cash grant to employers who invested in a teleworking set-up.
- b) Category: Conditional benefit.
- c) Timing: 15 February to 30 March 2020.
- d) Range, duration and conditionality: A cash grant of up to €4,000, capped at €500 per teleworking agreement, was awarded against 45% of the eligible cost.
- e) Targeted population: Employers who invested in a teleworking set-up.
- f) Beneficiaries: Not available.
- g) Novelty: New measure.

### **2.8.2 Voluntary organisations emergency fund**

- a) Short description of the measure: An emergency fund for voluntary organisations (VOs) to provide support to assist registered and compliant VOs by providing financial support in case they are facing difficulties.
- b) Category: Flat benefit.
- c) Timing: March-July 2020.
- d) Amount and duration: Each VO could be given a sum of up to €5,000. The total budget for this measure amounted to €125,000.
- e) Targeted population: The fund was aimed at VOs whose operations were related to, and essential for dealing with, the COVID-19 pandemic.
- f) Beneficiaries: Not available.
- g) Novelty: New measure.

### **2.8.3 Rent subsidies for industrial space**

- a) Short description of the measure: Rent subsidy assistance to eligible undertakings requiring support to rent industrial space for developing a business activity.
- b) Category: Conditional benefit.
- c) Timing: Regulations published on 8 May 2020; the deadline for submission of applications for assistance is 31 December 2022.
- d) Range, duration and conditionality: The aid does not exceed €25,000 per annum and can cover up to 50% of the cost of the rental.
- e) Targeted population: Businesses<sup>22</sup>.
- f) Beneficiaries: Not available.
- g) Novelty: New measure.

---

<sup>22</sup> It is important to note that in this document, references to "businesses" in the Maltese context does not refer to mega industrial or commercial concerns but to small SMEs, run by small entrepreneurs with a few employees. In this context, the manger-owners are mostly people who are themselves self-employed but who additionally provide employment to a small number of people.

#### 2.8.4 Assistance to Gozo-based enterprises

- a) Short description of the measure: Assistance to workers living and working in Gozo, in all the categories.
- b) Category: Conditional benefit.
- c) Timing: Launched on 25 May 2020 [still active].
- d) Range, duration and conditionality:
  - MICE<sup>23</sup> in Gozo scheme: capped at €50,000 for year 2020 in the case of NGOs and at €25,000 for year 2020 in the case of private businesses.
  - Gozo back office employment refund scheme: up to €8,700 per employee, spread over three years, capped at €35,000 a year.
  - Gozo business relocation scheme: unknown amount.
  - Gozo teleworking scheme: Employers offering teleworking facilities may be eligible to receive: (i) a partial refund of 75% of the purchase cost of teleworking equipment, up to a maximum of €850 per employee; and (ii) a partial refund of the salary cost, up to €10,000, based on the number of hours that the employee teleworks, spread over three years (i.e. a maximum of €3,000 in each of the first two years and a maximum of €4,000 in the third year).
- e) Targeted population: The aim of this set of measures is to assist the voluntary and private business sectors which undertake projects to restore and upgrade venues with the capacity to host MICE events in Gozo. This measure covers the following:
  - Gozo back office employment refund scheme;
  - Gozo business relocation scheme;
  - Gozo teleworking scheme.
- f) Beneficiaries: Not available.
- g) Novelty: New (specific attention given by the government to ease the additional problems faced by Gozitan workers in view of their double insularity).

#### 2.8.5 Rent refund scheme for self-employed people and businesses

- a) Short description of the measure: Refunds on the rent payments for undertakings operating from business premises.
- b) Category: No information available.
- c) Timing: Launched September 2020 [still in force].
- d) Targeted population: This measure is aimed at tenants, not landlords. It relates to commercial rental agreements covering the year 2020, which entered into force before 9 March 2020. The property must be rented from private sector third parties specifically for the carrying out of economic activities. All businesses which have received or are receiving support under the wage supplement scheme are eligible to benefit from this temporary measure.
- e) Beneficiaries: No information available.
- f) Novelty: New.

#### 2.8.6 Provision of free e-learning to the tourism workforce

- a) Short description of the measure: An e-learning platform has been launched and free online courses to individuals working in the tourism sector are provided.
- b) Category: Conditional benefit.

---

<sup>23</sup> Meetings, incentives, conventions and exhibitions.



- c) Timing: May 2020 [still active].
- d) Range, duration and conditionality: It depends on take-up.
- e) Target: People employed in the tourism sector. The aim is to make the best use of employee and employer resources in these challenging times, and empower the workforce to come back stronger and better after the COVID-19 pandemic. The courses are financed by Malta Tourism Authority and cover a variety of skills and occupational levels.
- f) Beneficiaries: Not available.
- g) Novelty: This is an innovative way to capitalise on the downturn in tourism, by upgrading the skills of workers employed in this sector.

### **2.8.7 Issue of special vouchers<sup>24</sup>**

- a) Short description of the measure: Issue of cash vouchers to every citizen.
- b) Category: Flat benefit.
- c) Timing: Launched May 2020 on one-off basis.
- d) Amount and duration: €100 vouchers for each adult person.
- e) Targeted population: All adult population. Vouchers to be spent partly on retail outlets and partly on hospitality services (restaurants, etc.). The measure was intended to assist in the loss of income and to stimulate the economy. Population aged 18+ estimated at 429,567 at the end of 2019.
- f) Beneficiaries: Not available.
- g) Novelty: Original measure.

---

<sup>24</sup> Another set of vouchers was due to be issued on 7 June 2021, divided as follows: €60 for accommodation and restaurants and €40 for retail outlets. See: <https://timesofmalta.com/articles/view/vouchers-to-be-issued-from-june-7.870613>.

### 3 Social protection and inclusion responses to the crisis: overall assessment and possible gaps

This third section briefly considers three aspects: the expected cost of the social protection and inclusion measures put in place by the country (Section 3.1), the impact of these measures on the social protection system and on social inclusion policies (Section 3.2), and the possible remaining gaps in the social protection system and in social inclusion policies (Section 3.3). It concludes with Section 3.4 on debates and recommendations.

#### 3.1 Expected cost of social protection and inclusion measures

Data on the cost of social protection and inclusion measures related to the pandemic are practically non-existent in Malta, except for the global figures already referred to above. In the annual budget for 2021, it was stated that part of the €2.25 billion of the EU funding secured in July 2020 was going to be used to sustain employment in industries adversely affected by COVID-19 and to further stimulate economic recovery. €120 million was to be deployed in support of employees affected by COVID-19, and an additional €220 million was to be invested in supporting digital transformation, as well as environmental and climate change initiatives. But otherwise, concrete expenditure data on all the measures have not been published.

Some figures have been given as follows.

- In PQ 19693 of 9 March 2021, it was stated that the total amount spent on benefits to people with disabilities amounted to €530,274.92 (0.0039% of 2019 GDP)<sup>25</sup>. The exact period covered by this expenditure was not given, but presumably the expenditure covered the period 9 March to 5 July 2020.
- According to PQ 19692 of 9 March 2021, the amount disbursed up to September 2020 on the medical benefit described above was €2,506,640 (0.0184% of 2019 GDP).
- According to PQ No 19692 of 9 March 2020, the amount dispersed until September (sic) 2020 on the parental benefit when both parents work in the private sector and schools were closed amounted to €9,343,408 (0.0687% of 2019 GDP).

Additional data were provided in a personal communication from the Ministry of Finance (see Table 1).

**Table 1: Cost of social protection and inclusion measures: Malta 2020 & 2021\***

	2020	2021		2020	2021
	€millions			% of 2019 GDP	
Wage supplement scheme	373	281		2.7	2.1
Other short-term social measures	18	1		0.1	0.0
Reducing fixed costs for businesses (utility/rent/licences/port charges)	8	17		0.1	0.1
<b>Expenditure</b>	<b>400</b>	<b>299</b>		<b>2.9</b>	<b>2.2</b>

\* Data for 2021 as of 25 May 2021.

Source: Personal communication, Ministry of Finance.

<sup>25</sup> This is worked out on a GDP of €13,592.2 million as published in NSO News Release No 040/2021, 1 March 2021: [https://nso.gov.mt/en/News\\_Releases/Documents/2021/03/News2021\\_040.pdf](https://nso.gov.mt/en/News_Releases/Documents/2021/03/News2021_040.pdf).

### 3.2 Impact on the social protection system and on social inclusion policies

There have been no discussions of the impact of the COVID-19-related measures on the social protection system. All were marketed as temporary measures meant to cushion the sudden negative effects that the economy has been faced with.

There are however important side-effects that *could* eventually have a lasting effect. Most important among these is teleworking. Many have realised that with the advent of high-speed internet and the facilities available, many workers are equally productive if they work from home. If teleworking becomes increasingly acceptable, part-time jobs, often taken up by women who feel the need to be at home when children return from school, might be replaced by full-time jobs, thus reducing the gender wage gap.

Another measure that might develop into a permanent one is the reduction of taxation on the transfer of immovable property. Home-ownership in Malta is very widespread, and the dream of every Maltese. Construction has traditionally been a very important economic motor and to ensure that at least internal demand could continue, the reduction of taxation in the transfer of immovable property, on the one hand, contributed to a continuous economic activity in this sector, with all the associated multiplier effects, and, on the other, allowed especially many young couples to enter into agreements to purchase accommodation. The double effect of these measures might be so attractive to policy-makers that these tax adjustments might become a permanent feature in the future.

### 3.3 Remaining gaps in the social protection system and social inclusion policies

The social protection system in Malta is extensively developed and under normal circumstances caters for the ordinary needs of the Maltese and of nationals of EU Member States. However, under COVID-19 circumstances new needs were created, particularly the need to ensure the maintenance of jobs and consequently of a running economy. This is particularly important for a quick recovery after the pandemic. Extensive loss of jobs would have made it extremely difficult for the economy to regain its previous levels when the pandemic starts receding. As such the majority of the measures taken were not intended to fill gaps under normal circumstances, but to ensure that the new difficulties brought about by the pandemic could be addressed. Nonetheless, some gaps did exist in respect of TCNs working in Malta and in respect of new developments resulting from the sudden expansion of the platform economy, itself brought about by the COVID-19 pandemic.

One important gap in the protection system and social inclusion measures was the limited direct coverage given to TCNs working in Malta. In view of the social security entitlements covering unemployment, whenever a TCN becomes unemployed, it is very difficult for them to qualify for benefits because of their short working history, because they had been in Malta for a short time only. In effect many of those who had come regularly to work in Malta before the pandemic, but then found themselves on a reduced wage or out of a job, had no option but to return home. Many were supported financially to repatriate, but the lack of an interim holistic policy for them to remain in Malta, despite the fact that they had partially contributed towards their unemployment benefit entitlements, had serious consequences for many and created very difficult conditions for those affected<sup>26</sup>.

Another issue that is emerging at present is only indirectly related to the pandemic. The pandemic has brought to the surface an important gap in labour legislation, especially in respect of TCNs because they are the ones most involved. With the closure of restaurants and bars, Malta experienced a sudden expansion in the gig economy, particularly in food delivery and person transport. According to Maltese labour legislation, a person can only

---

<sup>26</sup> See e.g. Agius M., Newsbook, 5 June 2020: "Another 530 migrant workers to return home after losing their job". Available at: <https://newsbook.com.mt/en/530-migrant-workers-return-home-after-losing-their-job>.

engage in work either as an employee or as a self-employed person. Residence permits are not normally issued to TCNs for self-employment. But the platform agencies are mostly engaging these people as self-employed and not as employees, paying them on a pro rata basis (sometimes deducting as much as 50% of the commission paid for food distribution), and effectively creating a new type of precarious work. Pressure is building up for these situations to be regularised in law.

### **3.4 Debates and recommendations**

In summary, it can be stated that the three main areas where the narrative is going in Malta are as follows.

- a) The positive effect of more teleworking on reducing costs in the running of office space, substantially reducing emissions resulting from less travelling to work, and contributing to reducing the gender gap and possibly improving work-life balance.
- b) The positive effect of reduced taxation on the transfer of immovable property, for those who were aspiring to become home-owners.
- c) The possibility of a new type of employer-employee relationship that is more suited to the nature of the gig economy, to ensure that this new economic sector does not degenerate into a novel context for precarious work.
- d) When measures are introduced to assist different sectors of the economy based on past performance (such as those listed in Section 2.2.4 above), careful consideration needs to be given to new entrants in the economy who, by definition, cannot provide any proof of losses or gains in comparison with previous years in operation simply because they did not even exist. This is especially true of young entrepreneurs venturing into new investment areas.

## References

- Baptista I., Marlier, E., Spasova, S., Peña-Casas, R., Fronteddu, B., Ghailani, D., Sabato, S. and Regazzoni, R. (2021) *Social Protection and Inclusion Policy Responses to the COVID-19 Crisis: An analysis of policies in 35 countries*, European Social Policy Network (ESPN), Luxembourg: Publications Office of the European Union. Available at: <https://ec.europa.eu/social/main.jsp?langId=en&catId=1135>.
- European Social Policy Network (ESPN) (2021) *COVID-19 impact on social protection and social inclusion policies – Statistical annex*, Brussels: European Commission.
- Grech V., Cuschieri S., Balzan M., Grech P., Fabri S. and Gauci C. (2020) 'Malta tourism losses due to second wave of COVID-19' *Early Hum Dev. 2020 Oct 1: 105208*. Available at: <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7528869>.
- House of Parliament, Malta. February 2021 Session 424 PQ No: 18454. Available at: <https://pq.gov.mt/PQWeb.nsf/7561f7daddf0609ac1257d1800311f18/c1257d2e0046dfa1c12586710041bc77!OpenDocument>.
- Jobsplus (2020). Available at: <https://jobsplus.gov.mt>.
- KPMG (2021) *Malta – Measures in response to COVID-19 – KPMG Global*. Available at: <https://home.kpmg/xx/en/home/insights/2020/04/malta-government-and-institution-measures-in-response-to-covid.html>.
- Malta Enterprise (2020) *Wage Supplement – July- December (Annex A,B,C)*. Available at: <https://covid19.maltaenterprise.com/wage-supplement-july-september>.
- Malta Enterprise (2021) *COVID-19 Business Assistance*. Available at: <https://covid19.maltaenterprise.com/wp-content/uploads/2020/03/Annex-A.pdf>. For Annex B see: <https://covid19.maltaenterprise.com/wp-content/uploads/2020/03/Annex-B.pdf>.
- Malta Government (2019) *Rapport Annwali 2019*. Dipartiment għar-Relazzjonijiet Industrijali u Impjiegi (DIER). Available at: <https://dier.gov.mt/en/About-DIER/Archives/DIER%20Annual%20Reports/Documents/DIER%20Rapport%20Annwali%202019.pdf>.
- Malta Government (2020a) *Legislazzjoni Principali*. Industrial and Employment Relations 2020. Available at: <https://dier.gov.mt/mt/Legislazzjoni/Pages/Legislazzjoni-Principali.aspx>.
- Malta Government (2020b) *Our Mission. Industrial and Employment Relations 2020. DIER Malta*. Available at: <https://dier.gov.mt/en/About-DIER/Our%20Mission/Pages/Our%20Mission.aspx>
- Martin, I. (2021) 'Crackdown on over 1,200 "illegal" courier, driver contracts – Operators like Bolt and Wolt to be told to redraft them', *Timesofmalta*, 16 February 2021. Available at: <https://timesofmalta.com/articles/view/crackdown-on-over-1200-illegal-courier-driver-contracts.851828>.
- MAZARS (2021) *COVID-19: Government measures*. Available at: <https://www.mazars.com.mt/Home/Insights/Covid-19-Newsroom/Covid-19-Government-measures>.
- Meilak, N. (2020) 'Good money and new slaves? Gig workers take all the risk in COVID-19 boom for food delivery', *MaltaToday*, 16 November 2020. Available at: [https://www.maltatoday.com.mt/news/national/105903/tasty\\_food\\_good\\_money\\_new\\_slaves\\_delivery\\_gig\\_workers\\_covid#.X\\_sU5G5FzIW](https://www.maltatoday.com.mt/news/national/105903/tasty_food_good_money_new_slaves_delivery_gig_workers_covid#.X_sU5G5FzIW).
- Meilak, N. (2021a) 'Food couriers losing half their wages in illegal employment practice: Recruitment agencies are taking 50% of food courier earnings in illegal employment practices', *MaltaToday*, 25 January 2021. Available at: [https://www.maltatoday.com.mt/news/national/107237/food\\_couriers\\_losing\\_half\\_their\\_wages\\_in\\_illegal\\_employment\\_practice#.YCE4zehKhPY](https://www.maltatoday.com.mt/news/national/107237/food_couriers_losing_half_their_wages_in_illegal_employment_practice#.YCE4zehKhPY).

- Meilak, N. (2021b) 'Cabinet Discusses Food Courier Illegal Employment Practices', *Maltatoday*, 26 January 2021. Available at: [https://www.maltatoday.com.mt/news/national/107290/watch\\_cabinet\\_discusses\\_food\\_courier\\_illegal\\_employment\\_practices#.YBFyezpKiUn](https://www.maltatoday.com.mt/news/national/107290/watch_cabinet_discusses_food_courier_illegal_employment_practices#.YBFyezpKiUn).
- Micallef, K. (2021) 'EU must take leadership to regulate platform economy', *Voice of the Worker Weekly*, 15 January 2021. Available at: <http://weekly.uhm.org.mt/en/article/bzonn-ta-azzjoni-deciziva-mill-eu-fug-ii-platform-economy>.
- Ripard, S. (2020) 'The rise of the platform economy', *Times of Malta*, 27 December 2020. Available at: <https://timesofmalta.com/articles/view/the-rise-of-the-platform-economy.841286>.
- Vassallo, M. (2017)** *Access to social protection of people working as self-employed or on non-standard contracts Malta*. ESPN Thematic Report. Available at: <https://ec.europa.eu/social/BlobServlet?docId=17725&langId=lt>.
- Vassallo, R. (2020) 'Workers' rights in the time of COVID-19: Josef Bugeja', *Maltatoday*, 24 November 2020. Available at: [https://www.maltatoday.com.mt/news/interview/106078/workers\\_rights\\_in\\_the\\_time\\_of\\_covid19\\_josef\\_bugeja#.X1HszpKiUn](https://www.maltatoday.com.mt/news/interview/106078/workers_rights_in_the_time_of_covid19_josef_bugeja#.X1HszpKiUn).

## **Getting in touch with the EU**

### **In person**

All over the European Union there are hundreds of Europe Direct Information Centres. You can find the address of the centre nearest you at: <http://europa.eu/contact>

### **On the phone or by e-mail**

Europe Direct is a service that answers your questions about the European Union. You can contact this service

- by freephone: 00 800 6 7 8 9 10 11 (certain operators may charge for these calls),
- at the following standard number: +32 22999696 or
- by electronic mail via: <http://europa.eu/contact>

## **Finding information about the EU**

### **Online**

Information about the European Union in all the official languages of the EU is available on the Europa website at: <http://europa.eu>

### **EU Publications**

You can download or order free and priced EU publications from EU Bookshop at: <http://bookshop.europa.eu>. Multiple copies of free publications may be obtained by contacting Europe Direct or your local information centre (see <http://europa.eu/contact>)

### **EU law and related documents**

For access to legal information from the EU, including all EU law since 1951 in all the official language versions, go to EUR-Lex at: <http://eur-lex.europa.eu>

### **Open data from the EU**

The EU Open Data Portal (<http://data.europa.eu/euodp/en/data>) provides access to datasets from the EU. Data can be downloaded and reused for free, both for commercial and non-commercial purposes.

