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EXCELLENCE IN SOCIAL SECURITY

Ensuring Access and Take-Up of the In-Work Benefit

The Maltese Innovative Approach

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IEN Technical Seminar: Social security and human rights –
Ensuring access and combatting the non-take-up of social benefits

8-9 June 2023, Belval, Luxembourg

The In-Work Benefit: A Key Labour Market Incentive

- The pivotal thrust of the national policy over the past 9 years has been the creation of favourable economic and employment conditions to provide jobs and decent incomes for most of the population.
- The policy has been crucially supported by a package of measures designed to reduce welfare dependency and incentivise inactive or unemployed persons to work.
- The In-Work Benefit Scheme has been a keystone of this package. Introduced in 2015, it is designed to improve the economic situation of low-to-medium income households where dual earner or one earner families are in employment and have children below the age of 23 years.
- Benefit rates are pegged to income threshold brackets, with higher rates awarded to lower income households – at the lower income end, rates actually increase with increased work intensity up to a certain income level - then decrease the more income increases.

Ensuring Effective Coverage of the In-Work Benefit

- Since conception the rates have been increased and the income thresholds widened to make the scheme more attractive to working parents.
- Current threshold for households where both spouses are in employment stands at €50,000 per annum; from an initial capping of €20,400.
- Threshold for working single parents and families where only one spouse is in employment is set at €35,000 per annum, more than double what it was at the outset.
- Income is calculated solely on employment income (gross income less social security contributions) and paid per child.

Enhanced Benefit Accessibility and Transparency

- Number of beneficiaries have yearly increased reaching just over 6,000 by 2021. But management sensed something was amiss as essentially catchment numbers could be higher.
- Until then eligible households were required to apply and submit information on their employment income. Besides, assessment process was administratively laborious and sluggish.
- Necessity is the mother of invention and the thinking hats came up with the idea of automating the process without the need for potential beneficiaries to apply and submit employment incomes.
- Towards the end of 2022, as part of an ongoing digitalization programme in the social network, a new system was rolled out based on employment incomes derived digitally from income tax returns (governed by a Data Protection agreement) and integrated with households information available on the database of the Income Support and Compliance Division.

An Automated Process to Identify Beneficiaries

- The right notes were hit and outcome was outstanding.
- Management's notion that benefit catchment population should have been larger was immediately proven.
- Number of benefitting households shot up to over 23,000 (almost quadrupled).
- Given automated system relies on declared incomes a far wider coverage of households and benefit take up has been achieved.



Achieved Benefit Take-up Results

Category	2021			2022				
	Actual Benefitting Households	Actual Benefitting Children	Achieved Benefit take-up (approx)	Potential Beneficiary Households	Potential Beneficiary Children	Actual Benefitting Households	Actual Benefitting Children	Achieved Benefit take-up
Couple, 1 Parent in employment	1,647	2,996	28.50%	5,959	9,705	5,618	9,150	94.30%
Both in employment	2,084	3,356	18.00%	12,063	18,520	11,739	18,023	97.30%
Single Parent in employment	2,290	3,323	38.20%	6,107	8,257	5,800	7,842	95.00%
	6,021	9,675	25.30%	24,129	36,482	23,157	35,015	96.0%*

*A full 100% take-up is only undermined by failure of relevant taxpayers to submit their income declarations or by incorrect tax returns.

Concluding Remarks

- The automated process of our IWB scheme has effectively addressed the non take-up of benefits inherent in the previous manual system and financially empowered a greater spread of targeted households to the benefit without the need for individual applications.
- At the same time, certain categories of workers, especially those with different forms of work, effortlessly have gained access to the benefit.
- Furthermore, from management perspective, the new system has generated:
 - greater office efficiency and productivity
 - drastically reduced overhead costs
 - timely service delivery



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