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A Proposal Towards the Definition and Estimates of the **National Living Income** in Malta 2022

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> Everyone has the right
> to a standard of living adequate
> for the health and well-being
> of himself and of his family

Acronyms

COLA

Cost of Living Adjustment

EU-SILC

European Union Survey on
Income and Living Conditions

HBS

Household Budgetary Survey

GWU

General Workers Union

IRD

Inland Revenue Department

IWP

In-Work Poverty

MEBDL

Minimum Essential Basic Decent Living

NLI

National Living Income

NSO

National Statistics Office

Executive Summary

1. Research on the National Living Income (NLI) is necessary in initiating a wide and far-reaching discussion on employment standards and the ability of persons in employment to escape the poverty-trap, particularly in the light of the recent COVID-19 pandemic. It must be pointed out, however, that NLI transcends the boundaries of the labour market and any household should afford a decent living.

2. The broader notion of a decent standard of living embraces more than employment conditions and relates to quality of life. It should enable meaningful participation in society beyond mere survival through, for example, leisure, supporting a family and saving against present and future unexpected events. Implicit in this notion of NLI is that it is not simply an income level below which people risk further deprivation; instead, it proposes that above a certain threshold, there should be a qualitative upward shift in human freedom and capability.

3. For the purpose of working out an NLI equation, secondary data was compiled and analysed to: (i) inform the choice of household types and the members to be interviewed alone or in focus groups carried out in the qualitative stage; and (ii) serve as a basis for the design and weighting of the survey carried out in the quantitative stage.

4. The first stage of data collection from participants was qualitative. The option of interviews was selected because, being different from the structured surveys and questionnaires, it allowed those interviewed to be more active participants and their contribution went beyond the passive role of information sources. For both single and focus group interviews, the semi-structured format was adopted in order to collect data about the standard pre-set themes (health, education, housing, transport, food and drinks, leisure) as well as associated meanings and perceptions and so gain a better and more comprehensive understanding. The data retrieved from the interviews – individual or in focus groups – were eye-openers for the quantitative stage of the research emerging from the discussion and mostly common convergences on answers that the individuals or group as a whole agreed upon.

5. The survey was primarily used to determine the cost of a decent life by asking questions on households' expenditure – this being the key component of the NLI equation.

6. The estimation of the NLI entailed six steps:

    6.1 For each household in the dataset compiled through the Stage 4 survey, we calculated the 'equivalent household size' by assigning a weight to each member of the household. A weight of 1.0 is assigned to the first adult; a weight of 0.5 to any other adult household member; and a weight of 0.3 to each dependent.

    6.2 For each household, we calculated the 'equivalent household expenditure' by dividing the household's total expenditure (as reported in the survey) by its 'equivalent household size'.

6.3 The expenditure distribution was obtained by using the 'equivalent household expenditure' for all households in the dataset; and we used the distribution to obtain the top cut-off points for the 40th and 50th percentiles of the distribution. The range between the two cut-off points was taken to be indicative of the general level of expenditure in the country, and therefore served as an indication of the expenditure required by an equivalised household to afford a decent living.

6.4 The top cut-off points for the 40th and 50th percentiles of the expenditure distribution were taken to be indicative of the level of expenditure required by a single adult household to afford a decent living. The levels of expenditure required by different types of households were obtained by multiplying the level of expenditure required by a single adult household by the corresponding 'equivalent household size'.

6.5 To produce the NLI estimate we added the taxation and national insurance contributions that the household pays on its income to the level of expenditure required to afford a decent living (obtained in the previous step). Thus, we have two NLI estimates – the net NLI, which is the disposable income required for a decent life, and the gross NLI, which is the gross income required to ensure sufficient net income for a decent life.

6.6 Finally, we compared the prevailing incomes reported in Section 5 to the estimated NLI.

6.7 The expenditure distribution was obtained using the 'equivalent household expenditure' for all households in the dataset; and we used the distribution to obtain the top cut-off points for the 40th and 50th percentiles of the distribution. The range between the two cut-off points was adopted as indicative of the general level of expenditure in the country, and therefore served as an indication of the expenditure required by an equivalised household to afford a decent living.

7. In this classification, dependent children are persons under 18 years of age or persons of age between 18 and 24 years that are economically inactive and living with at least one parent. Otherwise, the person is referred to as an adult.

8. The NLI estimates for the various types of households are presented in the table below. The second column indicates a range for the cost of decent living for the household based on the top cut-off points of the 40th and 50th percentiles of the equivalised expenditure distribution. This can be interpreted as the net NLI. The third column indicates the NLI per household, i.e., the level of income that would be required for all members of the household to afford a decent life. This can be interpreted as the gross NLI.

Estimates of National Living Income by type of household *Euros (€)*

Type of household	Cost of decent living	National Living Income
Single, no children	10,535 - 12,476	12,226 - 14,864
Single Parent, one child	13,695 - 16,219	16,160 - 20,099
Single Parent, two children	16,855 - 19,962	21,078 - 26,018
Couple, no children	15,802 - 18,715	17,704 - 21,316
Two Parents, one child	18,962 - 22,457	21,084 - 25,746
Two Parents, two children	22,123 - 26,200	25,300 - 30,734

Estimates of National Living Income by type of household

9. The following table shows the number of households that have a current income level that is lower than the most conservative estimate of the NLI.

Number of households with income below NLI *Euros (€)*

TYPE OF HOUSEHOLD	NLI (lower bound) Euros (€)	NUMBER OF HOUSEHOLDS WITH INCOME LESS THAN NLI	PERCENTAGE OF HOUSEHOLD POPULATION %
Single, under 65 years	12,226	9,165	30.4
Couple, under 65 years	17,704	9,641	29.9
Single parent, one or more dependent children	16,160/21,078*	5,232	76.0
Two parents, one or more dependent children	21,084/25,300*	16,373	38.9
Single, over 65 years	12,226	19,650	71.6
Couple over 65 years	17,704	18,441	68.6

Number of households with income below NLI

1. Background and Context

Rising in-work poverty (IWP) appears to have been one of the consequences of the Maltese economic boom, the latter fuelled by the importation of foreign labour. It is estimated that between 2012 and 2017 there was an increase of 13.5% of those at risk of in-work poverty; the categories likelier to be at risk were those composed of households with a single adult and dependent children.[1] With this background in mind, the study set out to inquire into what is currently the threshold of a decent standard of living in Malta, which could be guaranteed by a National Living Income (NLI).

We also took into consideration how Malta implements a system of minimum wage, which at present amounts to a weekly €182.83.[2] Government has put other policies in place such as the Tapering of Benefits Scheme, the In-Work Benefit scheme as well as tax rebates.[3] While such an approach may have assuaged the sharp increase in consumption prices, it is still not known to what extent the present policy structure enables households to enjoy a decent living standard.

Research on NLI, therefore, becomes necessary in initiating a wide and far-reaching discussion on employment standards and the ability of persons in employment to escape the poverty-trap, particularly in the light of the recent COVID-19 pandemic. However, it must be pointed out that NLI transcends the boundaries of the labour market; any household should afford a decent living. We therefore consider the expenditure of all households, including that of different types of households, such as pensioners. This serves as a basis for estimating the income that would be required to live a decent life.

"it is still not known to what extent the present policy structure enables households to enjoy a decent living standard.

[1] Borg, Anna (2019). *ESPN Thematic Report on In-work poverty – Malta, European Social Policy Network (ESPN).* Brussels: European Commission. See p. 4.

[2] Department for Industrial and employment Relations, 2022. Accessed on September 9, 2022 from https://dier.gov.mt/en/employment-conditions/wages/pages/national-minimum-wage.aspx.

[3] See: https://socialsecurity.gov.mt/en/information-and-applications-for-benefits-and-services/work-incentives-and-unemployment-benefits/tapering-of-benefits-employed-person/; https://socialsecurity.gov.mt/en/information-and-applications-for-benefits-and-services/work-incentives-and-unemployment-benefits/in-work-benefit/ ; https://www.servizz.gov.mt/en/Pages/Tax-Refund-Cheque.aspx; https://www.servizz.gov.mt/en/Pages/Tax-Refund-Cheque.aspx

2. Objectives of the study

The overall objective of the study is to produce an estimate of the NLI – defined as the net annual income required for a household in Malta to afford a decent standard of living for all members of that household. The inspiration derives from the Universal Declaration of Human Rights (1948) and its article 25:

'Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control'.

While the definition of "decent standard of living" varies widely in the literature, our understanding for the purposes of this study is that it requires an income level beyond the minimum subsistence. Poverty lines do not necessarily indicate or translate into a decent standard of living. They have to do with survival. Instead, the focus is on people having a 'decent standard of living'.[4]

This broader notion of a decent standard of living relates to quality of life. It should enable meaningful participation in society beyond mere survival through, for example, leisure, supporting a family and saving against present and future unexpected events. Implicit in this notion of NLI is that it is not simply an income level below which people risk further deprivation; instead, it proposes that above a certain threshold, there should be a qualitative upward shift in human freedom and capability.[5]

On the basis of this understanding, the specific objectives of the study include the following:

- An estimate of households' current expenditure levels: quantification of Maltese households' current annual expenditure on the various components of the consumption basket.
- An estimate of the National Living Income: quantification of the level of income that would be required for a household in Malta to afford a decent standard of living for all members of that household.
- An estimate of the difference between the actual and the estimated National Living Income: quantification of the shortfall by comparing the actual/current levels of household income to that which would be required to afford a decent standard of living.
- A quantification of how many households have an actual income level below the National Living Income: quantification of the number of households that have an actual level of income that is less than the NLI estimate.

The objectives were achieved by gathering and analysing primary and secondary data to improve the capacity of the General Workers Union (GWU), Alliance Against Poverty and Graffitti to engage in social dialogue on the issues of, among others, poverty and in-work poverty in Malta.

[4] Minos, D. (2018). Analysis using International and National Poverty Lines as a proxy for a Living Income benchmark. Accessed on September 9, 2022 from https://www.nachhaltige-agrarlieferketten.org/fileadmin/INA/Wissen_Werkzeuge/Studien_Leifaeden/Fortgeschrittene/Analysis_using_International_and_National_Poverty_Lines_as_a_proxy_for_a_Living_Income_benchmark.pdf

3. Methodology

In this section, we outline the methodology utilised to produce the National Living Income estimates. It includes the rationale for the methodological approach as well as a detailed description of the five stages of the study:

Stage 1: Literature review

Stage 2: Compilation and analysis of secondary data

Stage 3: Individual interviews and focus groups (qualitative)

Stage 4: Survey (quantitative)

Stage 5: Estimation of National Living Income

3.1 Methodology rationale

The choice of methodology was based on careful assessment of the data required to estimate the National Living Income. The approach used high quality primary data as well as secondary data. The key source for secondary data was the European Union Survey on Income and Living Conditions (EU-SILC) conducted annually by the National Statistics Office (NSO). This is a very detailed survey that, among other aspects, measures households' income and is based on a sample of 3,826 households made up of 9,555 individuals. The survey was used to obtain information on the different types of households and their income levels. By using this secondary data, we ensured that the results of our exercise are aligned with the official statistics on the Maltese household population and their income level.

Qualitative and quantitative primary data were collected through individual interviews, focus groups and a survey. In the five-stage approach outlined above, individual interviews and focus groups preceded the survey so that the 'lessons learnt' about households' consumption patterns from them enabled us to draft a high-quality survey questionnaire that then served as a basis for estimating the cost of decent living. The survey focused on households' expenditure; for which no official up-to-date secondary data is available. NSO's closest source is the Household Budgetary Survey (HBS), but it was last published in 2018 with the reference year being 2015.

Furthermore, to account for changing expenditure patterns over time, we proposed moving away from costing a basket of goods and services (see, for example, CARITAS report)[6] to a relative expenditure approach that pegged the cost of decent living to a general level of expenditure in the country. This is a concept similar to what is proposed in the European Commission's proposed Minimum Wage Directive which puts emphasis on 'adequacy' being based on criteria such as the general level of gross wages and their distribution.[7] Similarly, the US recommended that the poverty line be calculated each year as a percentage of median expenditures.[8]

3.2 Five-stage approach

Below is a detailed description of the methodology for the five stages outlined above. For each of the stages, we indicate the key sources of information, the tasks

[6] Piscopo, S., Bonello, A., & Gatt. A. (2020). *A minimum essential budget for a decent living - 2020: a research study focusing on three low-income household categories*. Malta: Caritas.

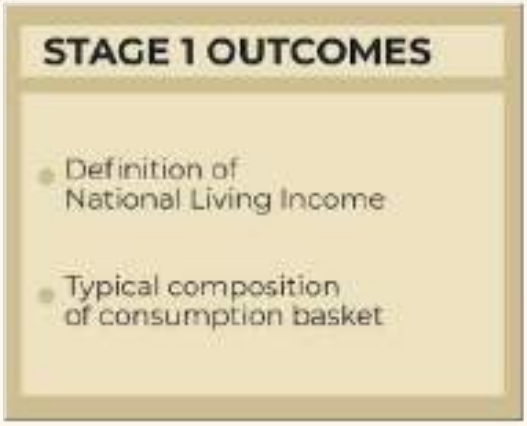
[7] European Parliament (2022). Directive on Adequate Minimum Wages. *Briefing EU Legislation in Progress*, PE 733.535. Accessed on September 9, 2022 from https://www.europarl.europa.eu/news/en/agenda/briefing/2022-09-12/4/adequate-minimum-wages-final-vote-on-new-rules-for-workers-to-lead-decent-life

[8] National Research Council (1995). *Measuring Poverty: A New Approach*. Washington, DC: The National Academies Press. https://doi.org/10.17226/4759

involved in implementing the proposed method, and the expected outcomes.

3.2.1 Literature review

To arrive at an initial working definition of 'living income', pre-existing data was sourced from documents. It was based on library-sourced documents – hard or soft copy – that developed the strongly researched notion of basic income. Online recordings and newspaper reports also served as sources of data. This provided a mix of primary and secondary data. Already collected and analysed data was combined with government (and other) official statistics and reports, both of local as well as foreign derivation. The intent was to give a new angle to all this data, i.e., channel the data towards an initial working definition that delimited the area of research and made sense when placed in the local context and focused more on the consumption of households. All members of the research group contributed to this process including also providing their interpretations in the discussion. This preparatory stage of literature review thus set the ensuing stages on course with its acquaintance of



the research previously collected and eventually substantiating the qualitative and quantitative data collection.

3.2.2 Compilation and analysis of secondary data

A living income is defined as 'the net annual required for a household in a particular place to afford a decent standard of living for all members of that household' (Anker & Anker, 2017). It includes a nutritious low-cost diet, housing that meets local norms and common international standards of decency, healthcare, clothing, education, leisure and transport. There is also a margin for unforeseen events.[9] The margin for unforeseen events anticipates and plans for resilient livelihoods.

Following agreement on the definition of living income, we updated the data requirements list and the corresponding sources of information. At this stage, we compiled the available secondary data through an official request to NSO. The key source was NSO's EU-SILC. Other relevant data and information (e.g. tax and national insurance contribution rates) were compiled from publicly available information published by the Ministry for Finance, the Ministry for Social Justice and Solidarity, the Family and Children's Rights, and the Ministry for Social Accommodation.

The data was organised in a way that enabled us to:

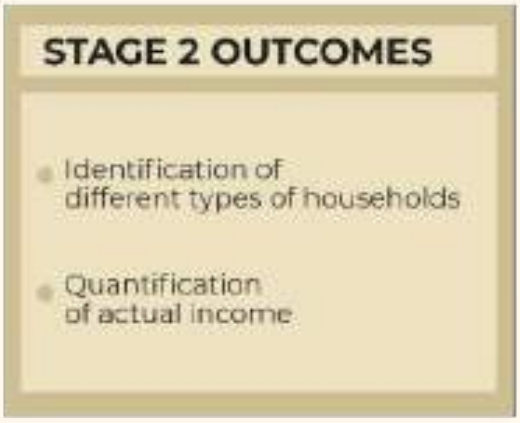
- Identify the different types of households that characterise Malta;
- Quantify the number of households for each type of household;

[9] Anker, R., & Anker, M. (2017). *Living wages around the world: Manual for measurement.* Edward Elgar Publishing. Grillo, J. (2018). *From Living Wage to Living Income. Considerations for the use of the Anker methodology for calculating living wages to inform living income estimates.* Cited in Waarts, W.R. (2021). See further down in footnotes.

- Quantify actual incomes by type of household; and,
- Quantify taxes due and service provided for free by government to all.

As previously noted, the data on household types was sourced from EU-SILC. This information fed into the methodologies for the individual interviews and focus groups (Stage 3) and the quantitative survey (Stage 4), as well as the estimation of the nation-wide living income, i.e., NLI (Stage 5).

EU-SILC also served as a source of data on income. This is also highly reliable because the information is based on Government's administrative records on individuals' income. This information was also used to quantify the gap between actual incomes and the NLI (Stage 5).



3.2.3 Individual interviews and focus groups

The first exercise of data collection from participants was qualitative. The option of interviews was selected because, being different from the structured surveys and questionnaires, it allowed those interviewed to be more active participants and their contribution went beyond the passive role of information sources. In both one-to-one and focus group interviews, individual experiences and meanings were communicated.

For both single and focus group interviews, the semi-structured format was adopted in order to collect data about the standard pre-set themes (health, education, housing, transport, food and drinks, leisure) as well as associated meanings and perceptions to gain a better and more comprehensive understanding. The latter requires a qualitative approach encouraging participants to share the rich background of their life experiences specifically related to the things a household needs for a decent living standard. Thus, to illustrate, instead of an exclusive focus on quantifiable data (price comparison), one decides to consume an item that is relatively costlier than a similar item. First impressions might suggest one appears to pay more for capricious reasons however, conversely, it turned out that this was done because buying cheap, you might end up buying twice.

The NLI as understood in this study, was concerned with expenses to satisfy needs that are non-discretionary and essential, certain special needs that cropped up in the various sessions held, those items that might have been considered as wants and non-necessities when they originally were taken to be social desirables. Expenses could be actual and/or projected, fixed expenses (regular, consistent, e.g., rent, insurance) or variable payments (regular but inconsistent; irregular and consistent or inconsistent)

The research was not concerned with income (employment, investment, interests and dividends, social security,

family and children allowances, pensions, etc.).

NLI is about the amount of income necessary for a decent standard of living. This is numerically worked out later in this report. The data retrieved from the interviews – individual or in focus groups – were eye-openers for the quantitative stage of the research emerging from the discussion and mostly common convergences on answers that the individuals or group as a whole agreed upon.

As referred above, NLI is more than a minimum amount for survival. Nonetheless, it covers needs and necessities in contemporary social life, not wants or luxuries. These are needs and necessities each individual requires not to be estranged from a public presence. No extra amounts are added for individuals and groups with specific needs such as those with functional or other diagnosed disabilities.

3.2.4 Survey

The survey was primarily used to determine the cost of a decent life by asking questions on households' expenditure – this being the key component of the NLI equation. This approach is commonly used by the World Bank and governments worldwide to estimate costs for poverty lines.

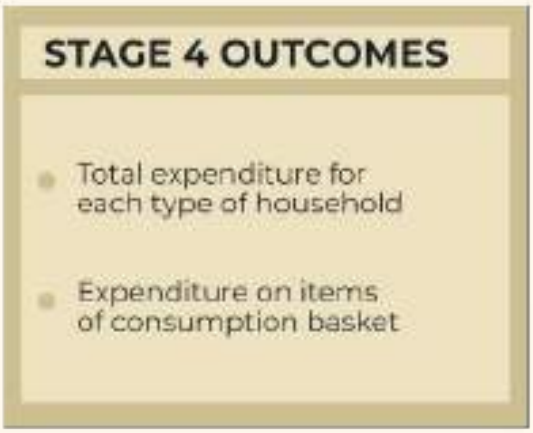
The methodology for carrying out the survey entailed the following:

1. Define clearly the objectives of the research study with the contracting authority;
2. Define the main sub-themes based on the main objectives;
3. Main objectives and sub-themes discussed in detail among the experts;
4. The population of this research study is clearly defined;
5. A draft questionnaire prepared (discussed in further detail below);
6. The questionnaire discussed thoroughly with the entity requesting the research;
7. After doing the necessary changes, a pilot study is carried out;
8. Then to proceed with data collection. Telephone and mobile interviews are conducted. A sample of 1,000 households is collected, representative of the Maltese districts and household's income. The collected sample to reflect accurately these demographics for such an analysis. The sample collected to have 95% confidence level and results a maximum margin of error of +/-3.1%.
9. During the data collection, the statistician to monitor the whole process to ensure consistency of

results and to ensure that the sample collected was representative;

10. Following data collection, data cleaning to be carried out.

In reporting the observations contained in the report document, the following are notes that relate to how observations were validated and reported.



Summary Statistics

Analysis of household characteristics involved the conduct of a series of exploratory routines based on:

- the categorisation of groups of households;
- the counting of frequencies of ordinal and nominal responses;
- the categorisation and analysis of frequencies relating to open field questions;
- the overall mean, median and various percentiles of scalar responses.

Analysis of Frequencies

In assessing differences among activity groups, ordinal or nominal responses were
cross-tabulated against the different household groups as characterised by their classificatory properties.

Analysis of scalar data

In estimating variations in responses among households, means, medians and percentiles were estimated for different household groups as characterised by their classificatory properties.

3.2.5 Estimation of National Living Income

In Stage 5, we put together all the data compiled, collected and analysed in Stages 1 to 4, and used it to estimate the NLI and to make comparisons between the NLI and the actual income. The process entailed six steps:

1. For each household in the dataset compiled through the Stage 4 survey, we calculated the 'equivalent household size' by assigning a weight to each member of the household. A weight of 1.0 is assigned to the first adult; a weight of 0.5 to any other adult household member; and a weight of 0.3 to each dependent.[10]
2. For each household, we calculated the 'equivalent household expenditure' by dividing the household's total expenditure (as reported in the survey) by its 'equivalent household size'.
3. We obtained the expenditure distribution using the 'equivalent household expenditure' for all households in the dataset; and we used the distribution to obtain the top cut-off points for the 40th and 50th percentiles of the distribution. The range between the two cut-off points was taken to be indicative of the general level of expenditure in the country, and therefore served as an indication of the expenditure required by an equivalised

[10] The weighting is similar to that used by NSO and Eurostat in their computation of 'equivalent household size' for the purposes of estimating the number of households in poverty. See Eurostat's Living Conditions Glossary. https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Category:Living_conditions_glossary. Accessed September 9, 2022.

household to afford a decent living.

4. The top cut-off points for the 40th and 50th percentiles of the expenditure distribution were taken to be indicative of the level of expenditure required by a Single adult household to afford a decent living. The levels of expenditure required by different types of households are obtained by multiplying the level of expenditure required by a Single adult household by the corresponding 'equivalent household size'

5. To produce the NLI estimate we add the taxation and national insurance contributions that the household pays on its income to the level of expenditure required to afford a decent living (obtained in the previous step).[11] Thus, we have two Living Income estimates – the net Living Income, which is the disposable income required for a decent life, and the gross Living Income, which is the gross income required to ensure sufficient net income for a decent life.

6. Finally, we compare the prevailing incomes reported in Section 5 to the estimated NLI. This was not a straightforward exercise because income comes in many forms (e.g., basic wage, cash allowances and bonuses, in kind benefits, overtime pay, employer contributions to pensions), and not all forms of income are appropriate to include in actual income to compare them with the NLI. The general principles that we used to decide which forms of income should be considered consist of receipt assurance and reception within one year.

STAGE 5 OUTCOMES

- Estimate of National Living Income for different types of households
- Estimate of gap between actual and National Living Income
- Number of households below the National Living Income

[11] For households with more than one adult, the amount of tax deducted from the household's income is based on the assumption that the income is earned equally between the adult members of the household.

3.2.6 Methodology: conclusion

Table 1 below indicates how the various components of the NLI equation were informed by the data, information and analysis put together using the five stages of the study:

Table 1: Information of Components of National Living Income Equation

Equation Component	Stg 1	Stg 2	Stg 3	Stg 4	Stg 5
Cost of decent living	✓		✓	✓	
Number of earners per household		✓			
Tax adjustment		✓			
National Living Income	✓	✓	✓	✓	✓

3.3 A Comparison with the MEBDL

In seeking to establish an NLI, this study duly considered the previous works conducted by Caritas on a Minimum Essential Basic Decent Living (MEBDL 2020) which set important foundations for a more in-depth discussion on income for Maltese households based on prevalent consumption trends and material needs.

NLI and MEBDL 2020 share the fundamental inspiration to shed light on the living conditions of households in Malta and assess the wellbeing of different income categories based on their expenditure trends. NLI and MEBDL 2020 both acknowledge the notion of relative poverty and that household needs shall be seen in the context of the surrounding social and economic context.

Similar to MEBDL 2020, this study took a normative approach to base the analysis of the households' needs on actual household experience. NLI's needs basket in general, converges with the MEBDL 2020. The latter comprises eight categories, namely food; clothing; personal care; health; household goods and maintenance; laundry, care and services; education, culture and gifts; transport; and housing. All such needs are contained in the basket inquired about in NLI's adopted mixed research

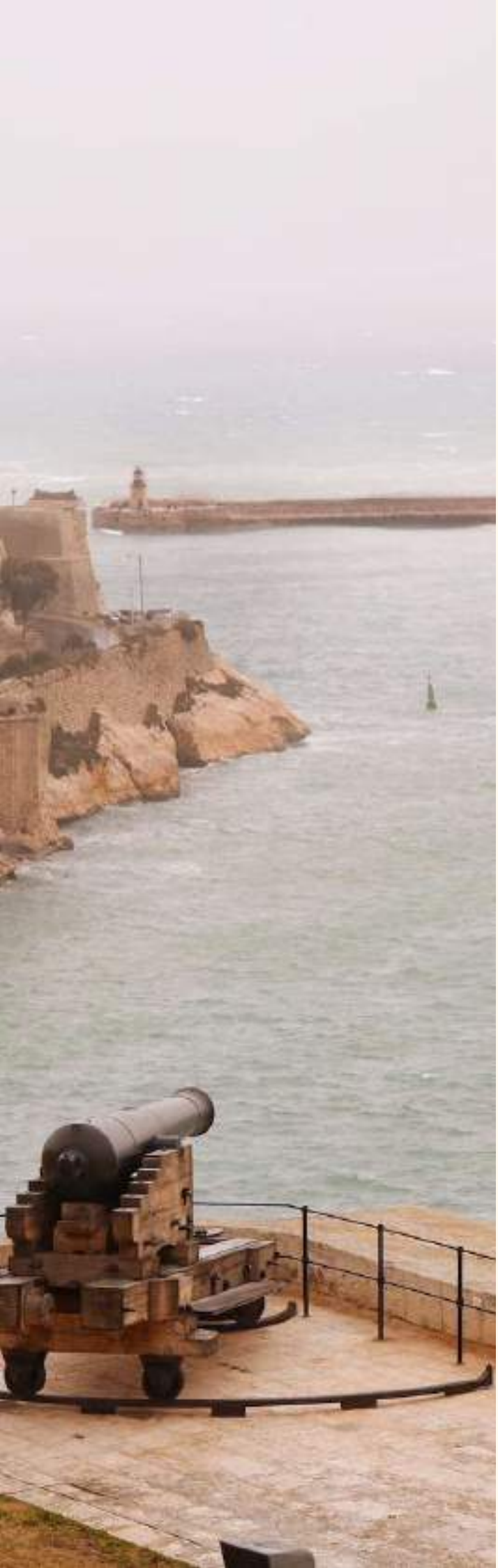
method, with an added 'leisure' component which encapsulates a wider set of services and material needs found to enhance households' wellbeing in the community under study, i.e., Malta.

The main distinction lies in MEBDL 2020's focus on the essential minimum "for low-income households to live healthily, simply yet with dignity" (MEBDL 2020, Caritas, p.10), whereas NLI, in full acknowledgment of the notion of relative poverty, opts for a cross-sectional view of Maltese households' prevailing expenditure trends without delimitations to specific income categories. As a result, NLI's numerical findings approximate to MEBDL 2020'S findings mostly in the lower income categories. NLI's findings come significantly close to MEBDL 2020 when the latter introduces the Augmented Basket which includes the use of a private vehicle, eating out at least once a month, and payment for accommodation at commercial rates.

Besides departing from specifically targeting low-income households, NLI is unencumbered by assumptions on goods and services essential for different households and their costings. MEBDL 2020's costing of goods and services resorted to by households were "based on the principle of best use of monetary resources where expenses are kept to a minimum whilst not sacrificing quality or variety" (MEBDL 2020). Costs for such goods, including clothing and personal care, were measured based on the average annual consumer expenditure of the lowest income quartile in the Housing Budgetary Survey 2015 (c.€9,030 p/a). For expenditure on food, MEBDL 2020 collected a 7-day diary of select participants. Additionally, MEBDL 2020 assumed all households resort to public healthcare services whilst still making at least sporadic use of private specialist healthcare, and that school children use freely offered transportation. On digital means, MEBDL 2020 considered the use a basic phone costing €170 requiring a monthly €10 service top-up and the household's need of a laptop costing €800 to be used by a plurality of household members.

NLI gathered data on household expenditure for a whole year. The mixed method employed in NLI steered clear from imposing limitations or assumptions, and all expenses, trends and behaviours were elicited from respondents and participants. Admittedly, this method gives way to more variables, but it is believed, it conveys a more truthful depiction of the customary expenditure of the diversity of households and their needs in Malta.

Despite the distinct features, like MEBDL 2020, NLI still seeks a decent standard of living relative to the needs and the behavioural trends across varying income categories within Maltese society through an indicative required income which may support any household's wellbeing.



4. Literature Review (Stage 1)

The next step was to ground the initial conceptual clarification stage in a concrete historical setting. This context is characterised by a series of major crises (2007-8, 2011, pandemic) which have overturned the turn-of-century absolute poverty decline figures into a global poverty rate increase. With austerity imposed as prescriptive public policy (special case, European Union), even absolute poverty began to increase as public debt control and balanced budgets checked public spending. Meanwhile economic and social inequalities and injustice produced by neoliberalism increased worldwide.

Technological innovation, with all its positive contribution was also a consumer strain, and appeared to have a decisive hold on labour markets with increased automation. The insecurity and instability produced has been connected to the formation of the precariat.

Job identity and benefits declined as chronic indebtedness exploded. Wealth was increasingly channelled toward rentier sectors including owners of physical, financial and intellectual capital. As more wealth was created, more poverty followed. The distribution system was under stress.

NLI becomes a solution. Counterarguments to this pointed out the obstacle of affordability and suggested there was a potential for labour market disruption.

As set out in the objectives of the study above, whilst the overall objective remained that of an estimate of the NLI defined as the net annual income required for a household in Malta to afford a decent standard of living for all members of that household, it was also

established that the definition of 'decent standard of living' varies widely especially when related to quality of life.

Of particular relevance was the concept of Basic Income and its variants especially as developed by BIEN (Basic Income Earth Network). In the history of basic income with its host of separate projects around the world, interest increased in 2016 when Switzerland organised a referendum and a basic income project was initiated in Finland. There have been many instances when political parties inserted basic income in their electoral manifestos. As the crises mentioned above unfolded, the idea of BI became more than a mere dream.

Common and universally shared features of basic income are summarised by Chrisp & Martinelli. The amount should be a, "regular and uniform (that is, non-earnings related) payment, made to all individuals, and absent all contributory conditions, means testing, and behavioural requirements".[12]

It is thus unconditional; it is also non withdrawable and consists of cash given to an individual and might include supplements for those with lower opportunities such as those with disabilities (medically assessed), lower earnings and facing extra costs.[13]

The basic income consists of cash transfers whereas NLI "establishes the net annual income required for a household in a place to afford a decent standard of living".[14]

In other words, it has to be translated into policy where it might take on features from Basic Income.

BASIC FEATURES
Cash
Individual
Non-withdrawable
Regular
Unconditional
Uniform

Table 2: Basic features of Basic Income

A summary follows that indicates the conceptual proximity of NLI to BI. Among the different approaches one can follow to develop this theme, one can mention: (i) freedom; (ii) justice; (iii) security.

Since quality in the term quality of life is understood to encapsulate, amongst others, a meaningful participation in society, it purveys more than a bare minimum for survival or an existence drifting at poverty or risk-of-poverty levels. The notion of NLI is not simply an income level below which people live in ongoing distress. To re-iterate, there is the assumption of a qualitative upward shift in freedom and capability. In this sense, and in Anand & Sen's words, the perspective is conglomerative where one looks at the living conditions of all members in society rather than adopt the deprivational perspective where one concentrates exclusively on the living

[12] Chrisp, J., & Martinelli, L. (2019). 'Neither Left nor Right'. In, Malcolm Torry (Ed.), *The Palgrave International Handbook of Basic Income*. Switzerland: Springer Nature.

[13] Standing, G. (2017). *Basic Income: And how we can make it happen*. UK: Pelican Books.

[14] Waarts, Y.R. et al. (2021). Multiple pathways towards achieving a living income for different types of smallholder tree-crop commodity farmers. in, *Food Security,* Ed.13, pp.1467-1496.

conditions of the poor.[15] Otherwise, one is caught in the precarity trap, whereby refusing precarious jobs implies one is fine; conversely, agreeing to take such jobs forces one to hold on to them due to financial necessity. It is the freedom to act within time gained to find jobs that are not precarious. One is free, also, to hold on to a desirable job even if temporarily it suffers from market insecurity or a reduced wage. It is the freedom to take on voluntary or care work with relatives, friends, and others within the community. However, whilst one has to be prepared against such 'freedom' associated with care work especially if it ends up forcing women into domestic work; guaranteeing the NLI to the individual is in its own stead, a response to this qualm. Other freedoms that can be developed include the opportunity to do creative work; learning new skills and competences; form or leave a relationship and have a child.

For those suffering from insecurity and precarity, a decent NLI assumes a stand on social justice. Once guaranteed, it improves their security and is not paternalistic because it does not impose control on their behaviour or, at least, it does not impose on some social groups what it doesn't on the rest of the population. NLI is a rights-not-charity principle and is intended to be based on the recipient's rights and freedoms more than the provider's discretion and power.[16] This is illustrated by recalling what was referred above - it assists a person to search for dignified work rather than forcing a person toward immediate and potentially precarious options.

A qualitative upward shift is accompanied also by what has already been mentioned above, improving the security of recipients. Instead of drifting from paycheque to paycheque or being dependent on irregular and uncertain earnings, facing haplessly anything unexpected that is beyond one's means and uncatered for by welfare, NLI will assist. In other words, whilst it does not cover luxuries, it protects by diminishing negative insecurity. It is especially a security-granting system for an outsourced or "tertiarised" labour market with high mobility and swathes of atypical, temporary, part-time, and casual jobs. It also caters for the security of employees who, when insecurity becomes chronic and employers demand flexibility, are forced to carry the burden as costs are shifted on them.

Arguments in favour and against an NLI and its contribution to the economy abound. In favour one can mention an increase in the purchasing power and aggregate demand especially of local goods/services; it assists the small-scale self-employed and entrepreneurs; it allows for a better selection of training programmes; as mentioned earlier, it boosts the caring sector; and, reduces public expenditure (mental health, healthcare, social support services, criminal justice system, etc.). Conversely it is rejected because it is utopian and unaffordable. One can counter this rejection when suggestions to make it affordable include higher taxation on higher earners; scrapping or limiting subsidies to corporations and the wealthy; reducing tax allowances to the rich and for charitable donations.

Other criticisms include that cash will not solve poverty because the poor, for example, will waste it on alcohol, etc.; it is money for doing nothing and increases inflation; it will be used in electoral

[15] Sen, A., & Anand, S. (1997). Concepts of Human Development and Poverty: A Multidimensional Perspective. In, *Poverty and Human Development: Human Development Papers 1997*. New York: United Nations Development Programme, 1997, 1-20. Accessed on September 9, 2022. from, http://clasarchive.berkeley.edu/Academics/courses/center/fall2007/sehnbruch/UNDP%20Anand%20and%20Sen%20Concepts%20of%20HD%201997.pdf.

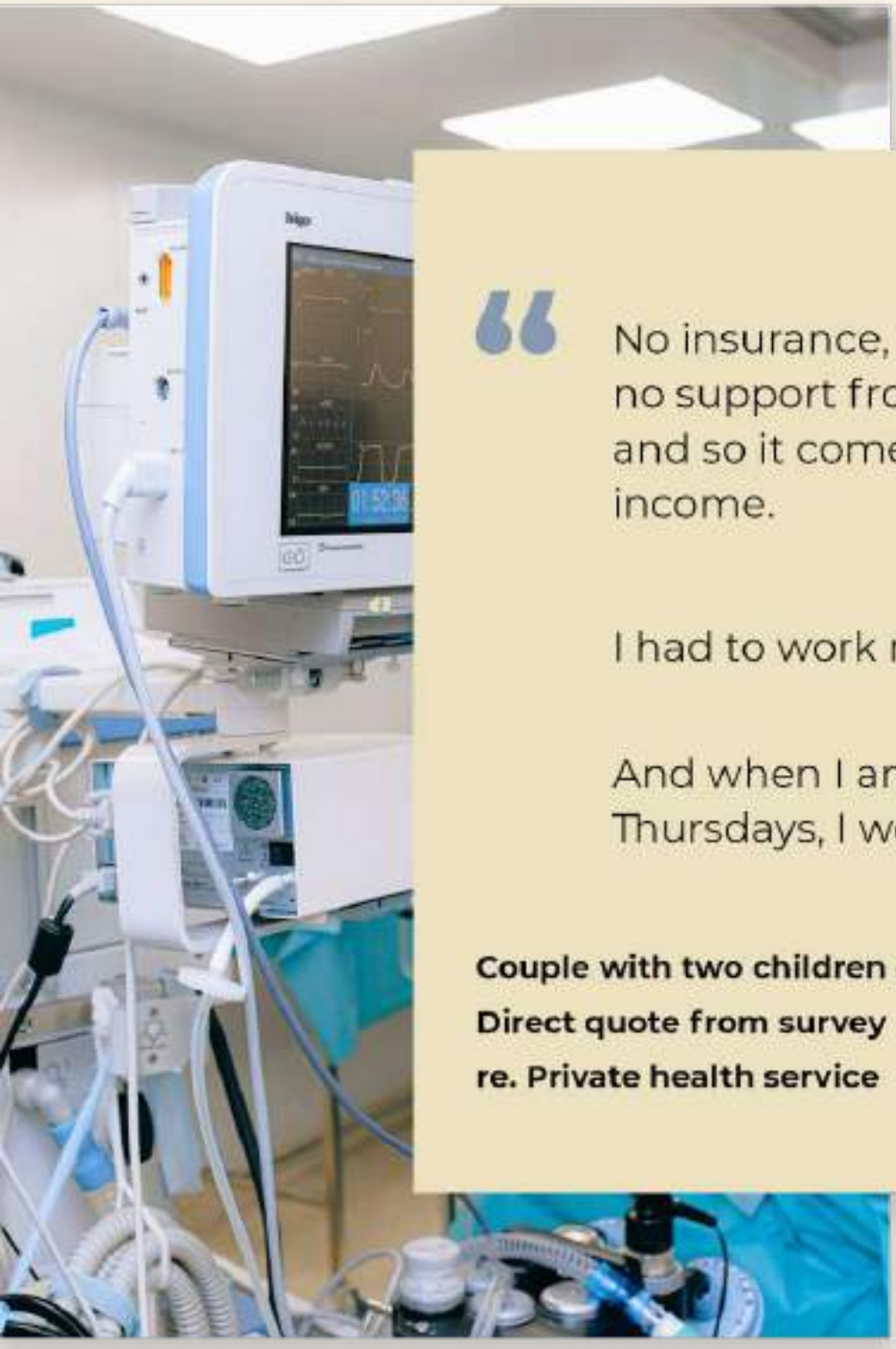
[16] Standing (2017).

manipulation.[17] In reply to these, public services will not disappear with NLI; the poor are not the only ones to drink alcohol, the rich also drink; it is more meaningful to the poor than the rich; rentiers and people who inherit wealth do not necessarily work for it; and, an autonomous body is set up to regulate the NLI on a regular basis.

In the end, a number of queries remain, including whether it is feasible and how to go about implementing it. Nonetheless, even before one gets to grips with these questions – and these are questions that are shared and underline the conceptual proximity between NLI and BI –, one has to promote the idea of an NLI and its benefits and this requires further studies, a strong presence in and being active in civil society, and negotiating with the representative political forces.

“one has to promote the idea of an NLI and its benefits

[17] Standing (2017).



> No insurance,
> no support from employer
> and so it comes from the worker's income.
>
> I had to work more, 12 hours.
>
> And when I am off, Wednesdays and Thursdays, I work 8 hours.

Couple with two children (less than €20k salary)
Direct quote from survey
re. Private health service

5. Secondary Data Analysis (Stage 2)

The objective of Stage 2 of the project is the compilation and analysis of secondary data. The outcome of this stage was used to: (i) inform the choice of household types to be interviewed and participate in the focus groups carried out in Stage 3; and (ii) serve as a basis for the design and weighting of the survey carried out in Stage 4.

Secondary data was mainly sourced from Eurostat's and NSO's EU-SILC. The EU-SILC sample follows a rotational design whereby every household is surveyed for four consecutive years. This sampling methodology enhances consistency and thus allows for high quality cross-sectional and longitudinal analysis.

The data collected by NSO for EU-SILC in 2020 had 3,826 complete responses from participating households that together comprised 9,555 residents, of whom 8,323 were aged 16 and over. This provides a good basis of information on both households' composition and income. The reference year for income ad population in the EU-SILC survey is one calendar year prior to the survey year. Therefore, the population and the income collected in EU-SILC 2020 refers to calendar year 2019.

5.1 Identification of different types of households

Eurostat (the statistical office of the European Union) defines the term 'household' as a person living alone, or a group of people who live together in the same private dwelling and share expenditures, including the joint provision of the essentials of living.

On the basis of this definition, Eurostat uses a common classification for types of households across its various EU-wide surveys, including EU-SILC. Rather than focussing on 'couples' and 'families', the classification is constructed by reference to the number of adult members, their age and gender, and the number of dependent children living with them. Eurostat's full classification is reproduced in Table 3 below.

EUROSTAT'S CLASSIFICATION OF HOUSEHOLDS

- Total
- All households without dependent children
- Single person household
- One adult male
- One adult female
- One adult older than 65 years
- One adult aged between 0 and 64 years
- Two adults, no dependent children, younger than 65 years
- Two adults, no dependent children, at least one aged 65 years and over
- Three or more adults, no dependent children
- All households with dependent children
- Single parent with a least one dependent child
- Two adults with one dependent child
- Two adults with two dependent children
- Two adults with three or more dependent children
- Three or more adults with dependent children

Table 3: Eurostat's classification of households (Source: Eurostat)

Malta's NSO uses a selection of these types of households. In its official publications, it distinguishes between households with and without dependent children; and within these categories it also distinguishes households by size (number of members) and age. Specifically, NSO uses the classification shown in Table 4 below.

Table 4: NSO's classification of households

HOUSEHOLDS WITHOUT DEPENDENT CHILDREN
One person household, under 65 years of age
One person household, 65 years old and over
Two adults, both under 65 years of age
Two adults, at least one adult aged 65 years or more
HOUSEHOLDS WITH DEPENDENT CHILDREN
Single parent household, one or more dependent children
Two adults, one or more dependent children

Source: National Statistics Office, Malta

In this classification, dependent children are persons under 18 years of age or persons of age between 18 and 24 years that are economically inactive and living with at least one parent. Otherwise, the person is referred to as an adult.

In this project, we follow closely the household classification of NSO. This served the purpose of ensuring a representative selection of participants in the interviews and focus groups held in Stage 3; and also ensured a representative sample of participants in the quantitative survey held in Stage 4. For practical reasons, we rename the types of households as follows:

Table 5: Classification of households

HOUSEHOLDS WITHOUT DEPENDENT CHILDREN
Single, under 65 years of age
Couple, both under 65 years of age
Single, 65 years or older
Couple, both 65 years or older
HOUSEHOLDS WITH DEPENDENT CHILDREN
Single parent, one or more dependent children
Two parents, one or more dependent children

Source: Authors' classification

“ Gozo?

Once or twice a year,
to say I went.

I stay 2 or 3 days.

Couple with children
Direct quote from survey
re. holiday

5.2 Quantification of households by type

The latest publicly available information on households in Malta is for 2020. The figure below shows that the number of Maltese households increased from 162,083 in 2014 to 206,868 in 2020. These households have 505,014 members such that, on average, a household had 2.4 members.

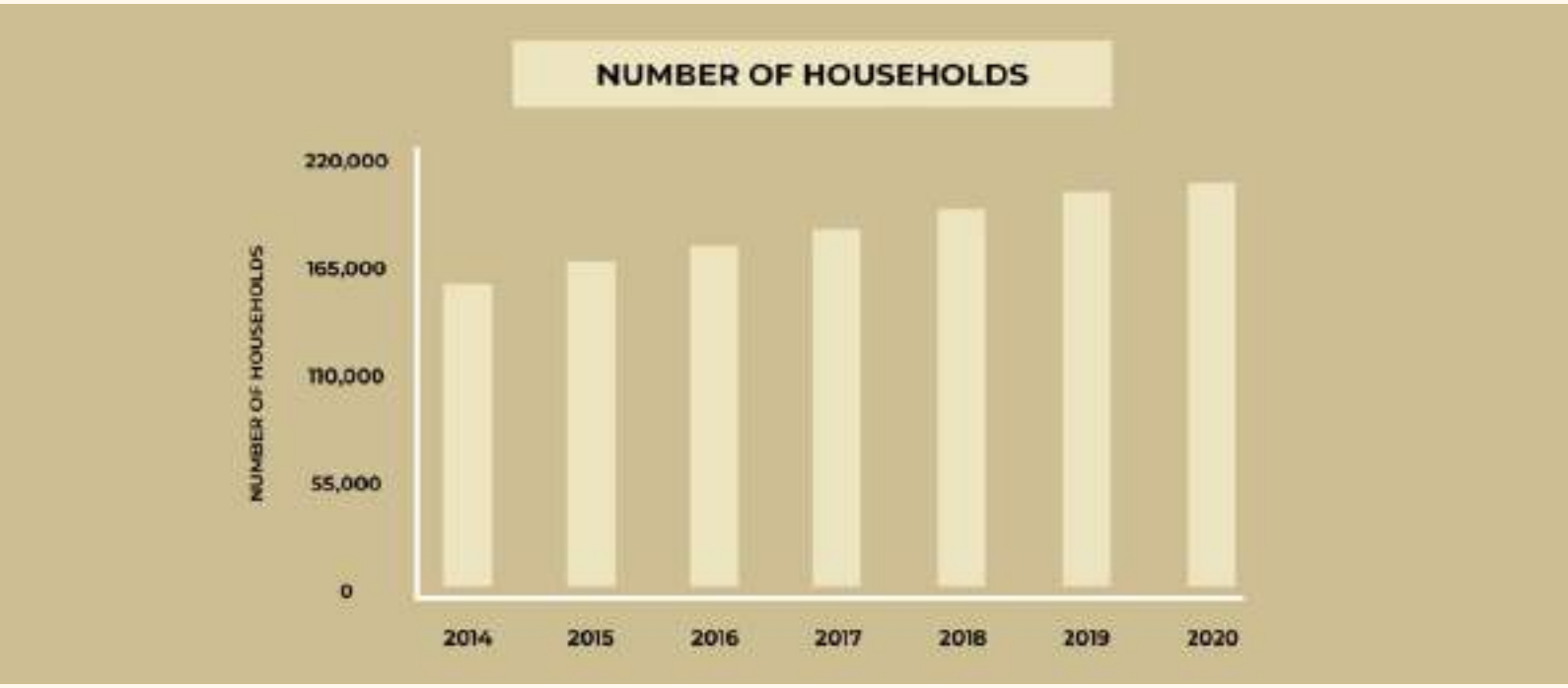


Figure 1: Number of households

Source: National Statistics Office, Malta

The distribution of household by size (here defined by the number of household members) varies from as little as one member to more than five members. Around 27% of total households have just one member, while 32% have two members. Another one-third of the household population has either three or four members, while the remaining share of households have over five members. The full distribution is shown in the figure below.

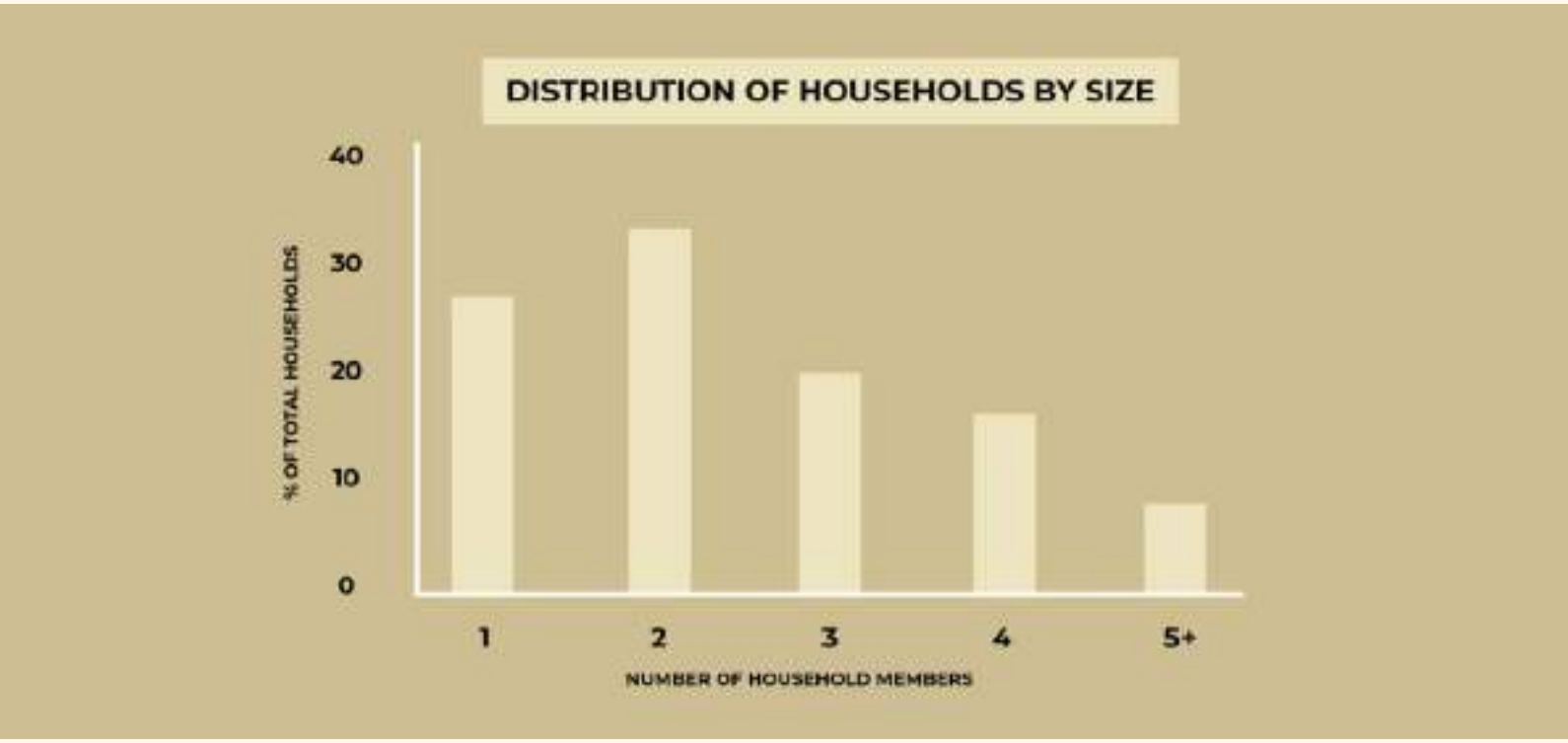


Figure 2: Distribution of households by size

Source: National Statistics Office, Malta

More than one-third of Malta's households are based in the Northern Harbour region. The Southern Harbour, South Eastern and Northern regions account for relatively similar percentages of Malta's total households, with 15.9%, 13.8% and 18%, respectively. Gozo and Comino and the Western region account for the smallest shares with 6.7% and 11.0%, respectively.

	Southern Harbour	Northern Harbour	South Eastern	Western	Northern	Gozo and Comino	**Total**
One person household under 65 years of age	4,475	12,222	3,074	2,164	6,157	2,025	30,117
Two adults, no dependent children, both under 65 years of age	5,232	9,334	5,693	4,219	6,130	1,678	32,287
One person household 65 years old and over	3,305	12,827	1,527	2,398	5,498	1,894	27,448
Single parent household one or more dependent children	-	1,701	-	-	-	-	6,912
Two adults, one dependent child	4,350	6,256	4,459	3,202	4,658	-	24,225
Two adults, two dependent children	2,740	4,045	2,282	2,187	2,666	1,431	15,349
Two adults, three or more dependent children	-	-	-	-	-	-	2,489
Other households with one or more dependent children	4,282	4,656	3,127	1,649	2,446	819	16,979
Other	8,551	20,606	8,341	6,947	9,616	6,001	51,062
Total	32,934	71,646	28,503	22,766	37,170	13,849	206,868
Households without dependent children	20,448	54,078	16,797	14,241	25,702	9,648	140,914
Households without dependent children	12,486	17,568	11,706	8,525	11,468	4,201	65,954
Total	32,934	71,646	28,503	22,766	37,170	13,849	206,868

Table 6: Number of households by type and region

Source: National Statistics Office, Malta

The table above shows that the majority of households in the Northern Harbour region (75%) are without any dependent children. This is also relatively high in the Northern region (69%) and Gozo and Comino regions (70%). The Southern Harbour, South Eastern and Western regions are more balanced between the two categories.

5.3 Quantification of income

EU-SILC also served as a source of data on income. We considered this to be highly reliable because it is based on Government's administrative data for individual members of the household. As noted earlier, the income reference year of the EU-SILC survey is one calendar year prior to the survey year. Therefore, the income collected in EU-SILC 2020 refers to calendar year 2019.

The average gross household income for reference year 2019 is estimated at €38,209. During the same year, 79.2% of total gross household income was attributed to employment income. The share of social benefits (including old-age benefits) stood at 16.6%, while other income (income from rent, alimonies received, etc.) accounted for 4.2%.

The average annual income from employment for households with one or more dependent children amounted to €48,113. As shown in the figure below, the comparable figure for households without children is €35,455. This is significantly lower than that of households with children. However, comparisons on aggregated data are difficult.

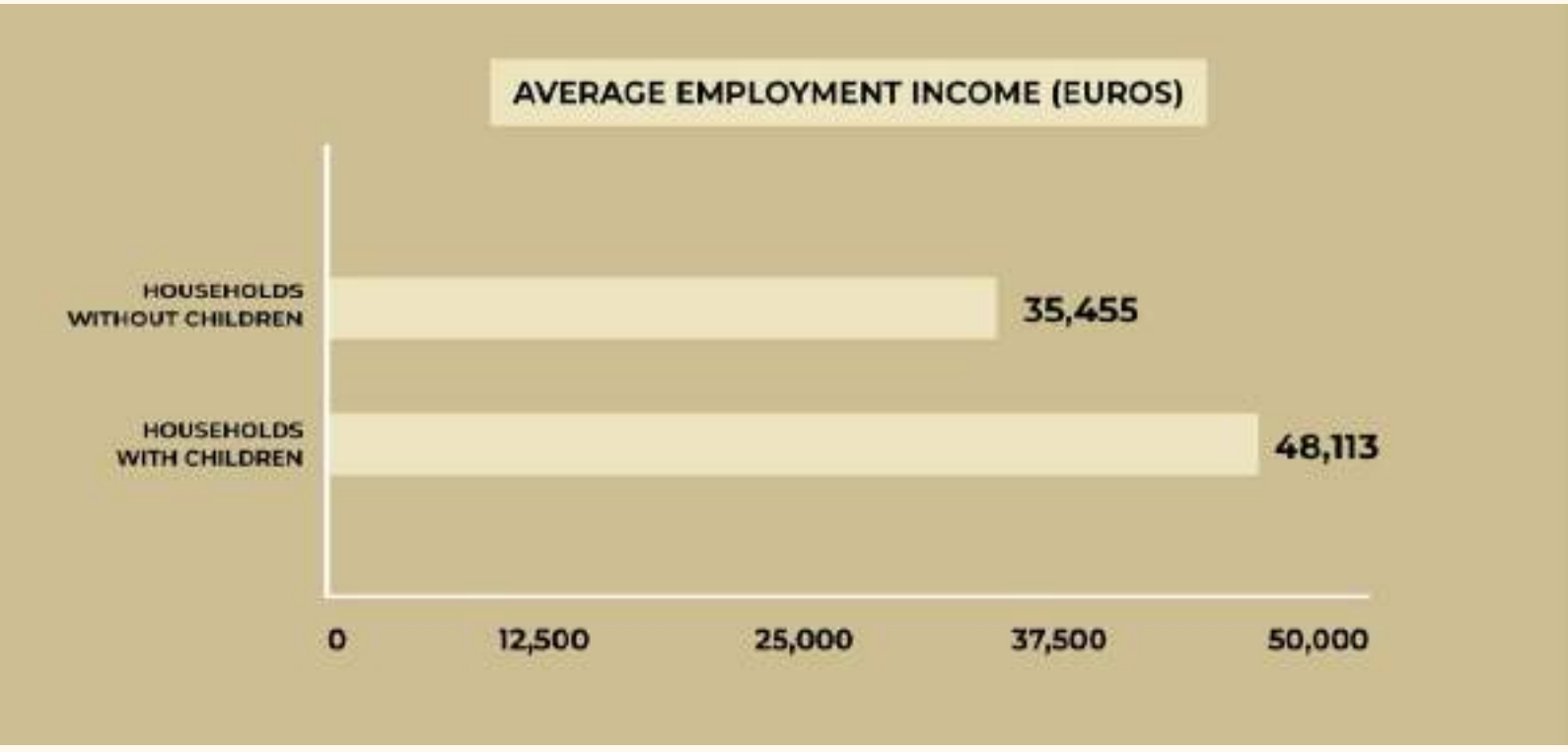


Figure 3: Average Employment Income

Source: National Statistics Office, Malta

Table 7 below shows the mean and median gross incomes for all types of households, including the percentage of total gross income that is attributable to the main source of income. For most types of households, the main source of income is from employment. However, pensioners' main source of income consists of old-age benefits.

The data shows that in 2019 the single parent household had the lowest average annual income from employment at €22,346. However, at 7.5% of the gross annual income, single parent households also had the highest share of income from family and children related allowances.

TYPE OF HOUSEHOLD	MAIN INCOME	MEDIAN (€)	MEAN (€)	% OF TOTAL GROSS INCOME
Households with children	employment	39,757	48,113	89.9
Households without children	employment	27,053	35,455	71.3
Two parents, one child	employment	40,978	51,389	94.1
Two parents, two children	employment	42,620	48,830	93.0
Couple, both under 65 years	employment	37,031	41,880	91.5
Single, under 65 years	employment	19,393	23,648	86.3
Single parent, one or more children	employment	17,840	22,346	74.7
Single, over 65 years	Old age benefits	9,923	10,515	75.3

Table 7: Household income

Source: National Statistics Office, Malta

The average for a single adult household (under 65 years of age) was higher at €23,648. In line with expectations, the comparable figures for households with two adults were significantly higher. A household consisting of a couple (both under 65 years of age) earned an average of €41,880, while two parents with one or two dependent children earned an average of around €50,000.

For single adult households over 65 years of age (i.e. pensioners) we report on income from old age benefits. The annual average income from such benefits in 2019 amounted €10,515. Notably, this type of household was heavily more reliant on dividends and interest as a source of income. In 2019, this amounted to 6.8% of the total gross income for this type of household.

Gross income on its own is not a particularly useful measure. Statutory deductions from income (e.g. income tax and national insurance contribution) reduce the money available for day-to-day expenses. After deducting tax on income and national insurance contributions from gross income, the average household disposable income for 2019 was €31,266. This is circa €6,900 lower than the gross income and is significantly higher than it was in previous years (see chart below).

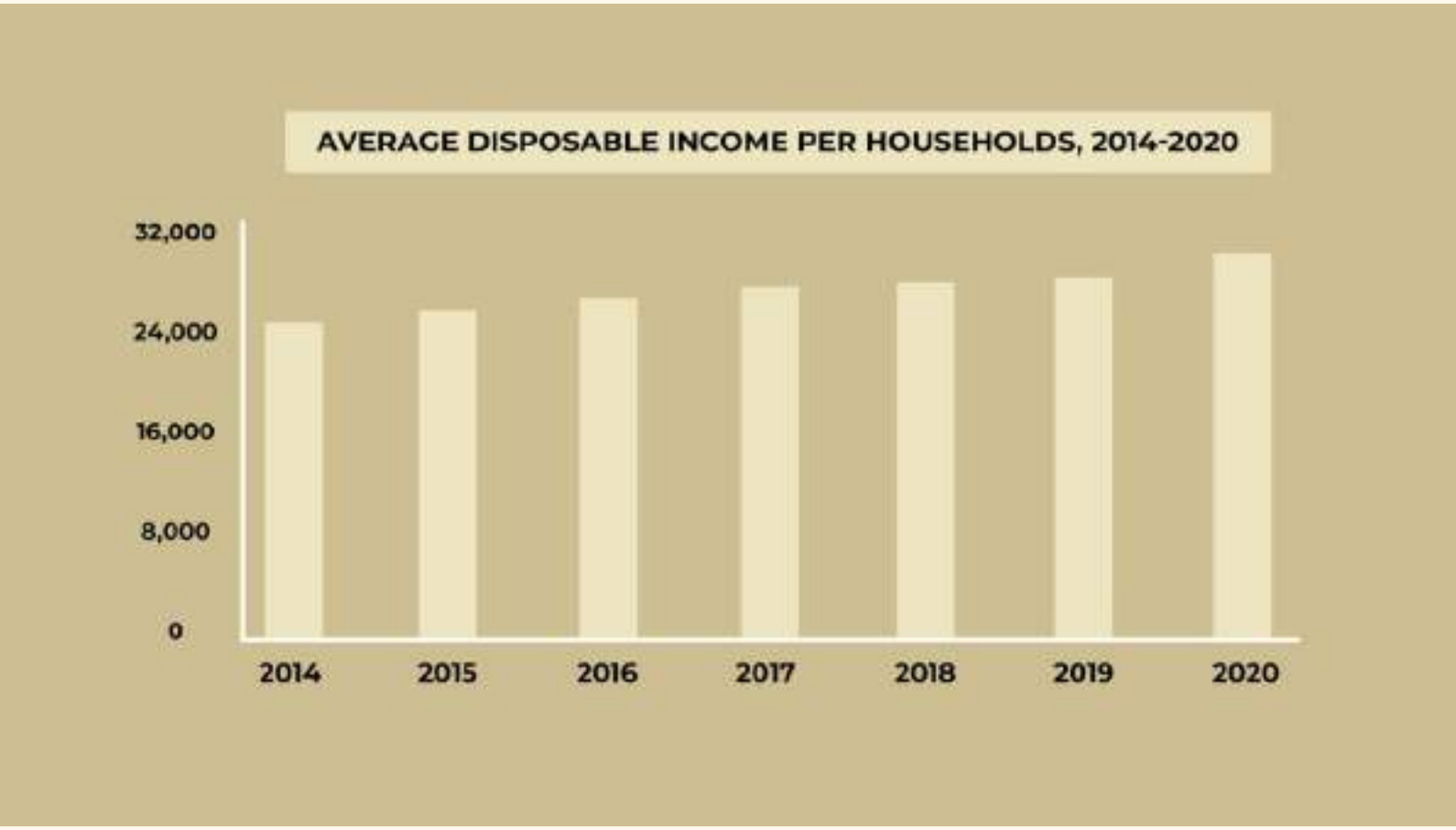
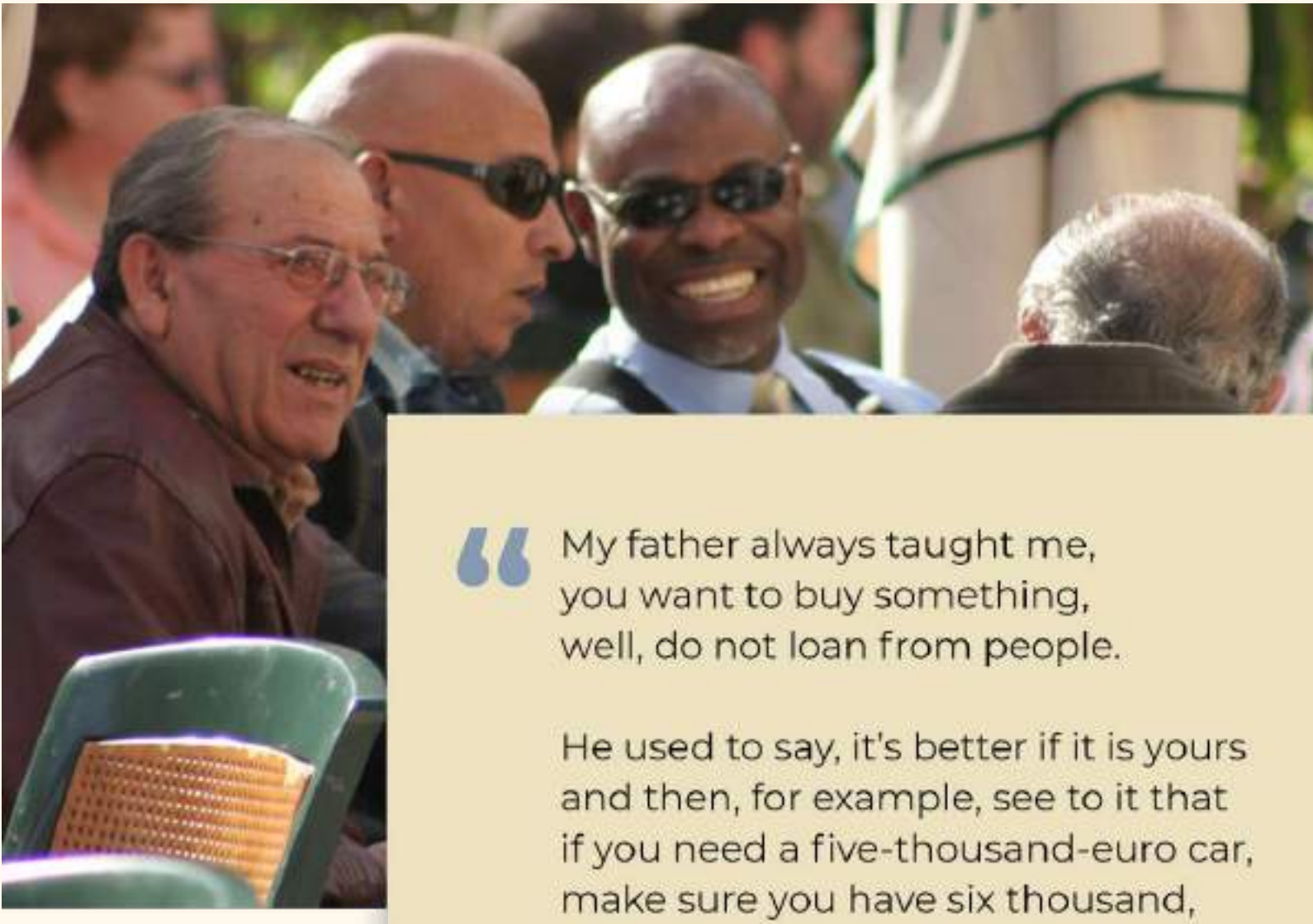


Figure 4: Average Disposable Income per Household

Source: National Statistics Office, Malta



> My father always taught me, you want to buy something, well, do not loan from people.
>
> He used to say, it's better if it is yours and then, for example, see to it that if you need a five-thousand-euro car, make sure you have six thousand, a thousand at hand, and then buy the five thousand car.

Couple with children
Direct quote from survey
re. loans

6. Qualitative Analysis (Stage 3)

The idea and a working definition for the National Living Income

It is imperative to discuss again the ideas related and defining the NLI. One of the observations that propped up interest in this research was to verify what people thought about a decent standard of living and relate it to their personal lives. Many queries arose both in the individual interviews and in the focus groups, amongst others, whether they believed they could support a decent lifestyle or else if the potential to sustain such a life was dropping or fizzling out even if it did not reach deprivation levels. At the end of this research project, the goal is to have a numerical range of income that is necessary so that not only life conditions do not deteriorate but that actually, the people in Malta are told what that is for a decent standard of living. This is not materialistic and in fact we include leisure and education amongst the main themes although we are addressing consumption. This, it is re-iterated, is an NLI that does not stop at the borders of poverty whatever the grade this is considered. It acknowledges that the lifestyle of the Maltese has developed and there are more opportunities to develop talent and personal ambition. The whole point of NLI is not to destroy such opportunities but to provide the means to risk in order to reach what is ultimately a civilising goal.

For the third stage of the research, the semi-structured interviews were projected to produce in-depth knowledge that assists in understanding the challenges in the constant struggle to acquire a decent quality of life. The qualitative approach was considered the best option to collect data from interviews (individual and focus group); to construct respectful researcher-participant interpersonal relations that supported finer data collection.[18] Data interpretation was sought in combination with the participants who were always treated as the main bulwark of the data amassed. Ethics were always of primary concern and participants were guaranteed that personal data would be protected.

The qualitative approach allowed the researcher to delve into what concerned the quality or qualities of a decent standard of living. Meaning generation and understanding meanings were the goals; that generation was inductive rather than one imposed by theory. The researchers were assisted in this because a universal or absolute theoretical elaboration of decent living is not available, or better still, there are many. This agreed with the research criterion that the personal meaning that people attach to experiences was fundamental.

In this research project, as has been pointed out above with examples, this was to be constructed from the literature available, especially the basic income branch of studies, but even more so, from the participants. In qualitative research one can rely on a relatively small number of participants and, in this case, semi-structured interviews.

Participants replied to a formal call made by the GWU and were not, in any case, enticed by the researchers. For this stage of individual interviews, household typologies and the 'needs' areas established for focus, always in relation to quality of life, have already been described and enlisted above. The latter were broken down further and included,

- health and specifically health insurance, visits to private hospital or clinic, and the family doctor or

[18] DiCicco-Bloom, B., & Crabtree, B. F. (2006). The qualitative research interview. In, *Medical education*, 2006-04, Vol.40 (4), pp.314-321.

general practitioner, and costs of medicine;

- food and drinks including groceries (meat, fish, etc.), health food, eating out, and delivery food;
- housing was discussed in terms of rent, maintenance, furniture, water and electricity (including A/Cs), house insurance, phone/tv/internet packages;
- education's sub-themes included obligatory and post-secondary schooling costs for participants with dependents and costs for adult education courses;
- transport was amplified to include vehicle insurance and licence, mechanic and new car.
- leisure was selected as a main theme and participants were asked to talk about holidays abroad, Gozo, subscriptions to entertainment packages, sport including kit, apparatus, and gym;
- other needs not included in the above included gifts, professional consultancies (legal, house-related, health, psychological, etc.), dressing up especially in terms of work requirements, hairdresser, facial, laser, nails and other cosmetic needs.

From the individual interviews to the focus group stage, a third criterion was added for data management.[19] A range of socioeconomic backgrounds was selected and participants belonged to all of them although the €20,000 to €30,000 income group was preferred because from the individual interviews, it emerged that the data about the different themes raised and collected from this group was relatively closer to the NLI ideal typical social model.

The socio-economic groups were:

- less than €20,000
- between €20,000 and €30,000
- more than €30,000

Unfortunately, the data management timeframe had to be rolled back as the national general elections were called by parliament and some of the participants procrastinated. Eventually, all socio-economic typologies were covered.

The number of focus group sessions consisted of two focus group sessions with nine participants, one with three participants, and another with two participants. The data from these sessions was then transferred into the schemes established by the research group so that the qualitative data served as background and empirical support for the ensuing stages of the research.

What follows are excerpts from the individual interviews, edited for personal data protection and, as much as possible, for non-identifiability. The notations are explained in the margin but are also reported here:

- Single household: Single without children: S; and Single with children: S+.
- Couple household: Couple without children: C; Couple with children: C+; Couple with children and annual income less than €20,000: C+(-€20k).
- Pensioner household: Single pensioner: P1; Couple pensioner: P2.

[19] Wilson, V. (1997). Focus Groups: a useful qualitative method for educational research. In, *British educational research journal*, Vol.23 (2), p.209-224.

> Delivery food is not necessary ...
> We go shopping together;
> 'driver and manager'.

Couple pensioners

Direct quote from survey

re. food and drinks

HEALTH

HOUSEHOLD	SUMMARY INTERVIEW DATA
Single: S Single with chn: S+	For a back-related treatment, private service had a 4-month waiting time for S whilst Mater Dei (MD) stretched a year and a half. Too long. That meant paying, in turn, it meant more overtime to get the necessary money. One theme that was significant and consistent amongst S and S+ was the disgust toward single mothers who get all they asked for from government. S has to pay and go private because of MD's waiting time. S+ shared the same sentiments but addressed them in the other sections of this research. Both S and S+ were happy with the family doctor; sometimes free advice was given over the phone but since Covid, home visits were stopped. S+ pointed out that doctor's payment had increased. Medical expenses at pharmacy did not create major problems but it was generally a matter of vitamins, etc. Considering the age of S and S+, there was no need to apply for free medicine. Both S and S+ had a work-paid health insurance but it was never enough to cover major expenses in private health service; nonetheless it assisted.
Couple without children: C Couple with chn: C+, Couple with children and income less than €20,000: C+(-€20k).	In terms of private hospital/clinic, C used state hospital but when one member of the couple used the private sector, they had to wait until they had saved enough for it. This was an expense-based waiting time criterion rather than an institutional backlog one. It was also conditional on the availability of a specific medic in the private sector. C+ had not resorted to private hospitals/clinics because there was no need up to that point in time but, in case the need arose, a work-based health scheme was available which also covered the other partner but did not cover dentistry and optics. The wife in C had a health insurance from a previous employment but would not open another when this was closed. As for the family doctor, C+ did have one who did house visits but he had stopped since Covid. He charged €5 and was mostly needed for flu, school medical certificates, etc. Expenses for medicine were considered tolerable and 'normal' for both couples.

HEALTH	
HOUSEHOLD	**SUMMARY INTERVIEW DATA**
	The husband in C+(-20k) used the private service because of the waiting time factor. There was a confirmation that family doctors did no home visits since Covid. The husband in C+(-20k) mentioned he had the card for free medicine but still had to buy a blood pressure pill monthly because government did not finance it. He had no health insurance or other support from employer and so health-related expenses were paid from the worker's income who, faced with a health issue requiring attention, had to work more hours including when on leave, when he clocked 8 hours.
Single pensioner: P1; Couple pensioner: P2	P1's late wife and sons used the family doctor whereas, he claimed, he always went to hospital. He always used state hospital including when he needed to have a pacemaker with valve. Now he uses his home town clinic for a monthly stab. Both P2 partners used the state and private health service. P1 gets most of his medicine for free but he pays for two which are not covered by the scheme. As for the medicine, P2 had no need for free medicine yet; wife pays for cosmetics, vitamins, spray for joints but nothing worrying. As for a private health insurance scheme, P1 has none whilst the wife in P2 had a work-related health scheme she never used. Her husband retorted against an €8 extra clinic fee with an expression of disgust, "u ejja man" (shameful, unacceptable).

Table 8: Health (Summary interview data)

FOOD / DRINKS

HOUSEHOLD	SUMMARY INTERVIEW DATA
S and S+	S protested that grocery (including meat, fish, etc.) costs have been increasing for the last two years. Sometimes the increase was from one day to another; meat especially but fish likewise. However, as far as daily food consumption was concerned, S took care of two old relatives and bought them things they needed in the morning. "I don't take money but they do prepare food and ask me to take". For S+, she goes to shop once every two days for her and her two teenage kids and cooks healthy and varied food. Eating out for S is costly - "If I spend €70 this weekend (fish and wine), I won't go the following". Weekend eat-out is also prohibited to S+ since she cannot afford a full meal every weekend but only once a fortnight. S does not order delivery food but S+, with dependent children, does order every Saturday evening.
C & C+ & C+(-€20k)	C stated they were careful what they bought; every 3 weeks a large grocery order. Basically, same things nothing fancy. For C+, groceries remain a daily routine. The wife's mother buys from a nearby grocer; the participant buys meat and fish from a shop in the neighbourhood; and the husband goes to a supermarket in the morning or on Sunday. The wife in C only eats health food and it is a bit more expensive. As for C+, health food is more of an experimental initiative tested at the time of the interview by the wife and son. For C, eating out is a fortnightly event and costs €40. Delivery food once a month for C whilst it is more regular for C+ especially since Covid. C+ spend their Saturdays at a fast-food outlet or inside where husband prepares the burgers. C+(-20k) goes fishing and catches fish for himself. He still pays – petrol, equipment, etc. "It also happens to be my hobby." Before he used to go on the fishing boat. Now he goes alone. Another participant protesting against unjustified price increases: "It's a shame": a bottle of oil from 1.90 ends up 4.25; a sack of sawdust from 6.50 has come to be 11. Dog food was raised by €5. At the same time, wages remained the same. "How many extra €5 can one come up with? If I had not made some money before, I would be living on loaned money".

FOOD / DRINKS	
HOUSEHOLD	SUMMARY INTERVIEW DATA
[illegible]	[illegible]

Table 9: Food/Drinks (Summary interview data)

HOUSE

HOUSEHOLD	SUMMARY INTERVIEW DATA
S and S+	Inheritance was crucial in housing for S – she inherited a house from her mother. That reduced the trouble but there was still maintenance where she required estimates ("being single I am careful who to get") and because these stretched into thousands, she had to wait until she had the money. S+ needed a loan for her new maisonette; this could only be settled when eventually she became a pensioner. Meanwhile it ate up a chunk of every single wage (annual total €8-9,000 and so in reality the net income for her €21,000 wage is €13,000) Worse still, this went on without state benefits complementing the latter bracket. Social housing is out. The loan affects most aspects of S+ earnings. For example, during the pandemic, children were given laptops. With her gross €21,000, S+ was forced to buy a new laptop unlike other single parents with a lower annual income; if she did not, her children would have had to take turns. So, it's not just housing. She admits that without the loan payments, she would be living a comfortable life. As it is, the €13,000 annual income people (declared, "dikjarat, ha noqghod attenta nuza l-kelma") may be living a more comfortable life. This also affects children's allowance. S+ always benefited from a flat rate, €100 whilst others were raking in close to the children allowance maximum of €900. This was not worked out on a net income where loans and rents are removed. More positively, for the first time, she gained from the in-work benefit with a raised ceiling of €35,000. S is not really a fan of buying furniture; she thinks cleanliness is more important and she takes care of that. Water and electricity bills are affordable and she has a mobile with internet paid. S+ owns a ground floor maisonette. She sold an old property and bought a 3-bedroom place rather than the old 2 bedroom (2 adolescent kids). She rented €800 every month for 8 months before she bought but housing regulations made her ineligible for rent assistance because she passed the income threshold. A single mother with 2 children forking out that rent in the private market with €21,000+ is ridiculous ("redikolaggini"). Plus, landlords are not obliged to make do in all

HOUSE

HOUSEHOLD	SUMMARY INTERVIEW DATA
	situations on rented property and this produces a new poverty ("faqar gdid"). Luckily, the maisonette is new and for the time being maintenance free. Conversely, and as already stated above, since the children already had a mobile contract, they could not participate in the free mobile scheme for post-secondary students who get a €300 voucher for internet since for Epic and Go (Melita did not check), voucher could only be used on a new contract. House insurance is obligatory because of loan. She does the cleaning.
C & C+ & C+(-€20k)	C took a loan to renovate an old townhouse and this will be settled only when they are pensioners. She proposed the possibility of a government loan with lower interests than that of bank. Loans are inevitable, unless parents assist. Some do not even have access to loans. Besides, costs have exploded and wages remained the same. In this case, maintenance work is a primary and costly concern. One has to learn how to do certain things and if lucky, get assistance from relatives, and always be informed of state grants (e.g., 'Irrestawra darek'; restore your home). Furniture is bought only when money is available. Water and electricity bills are manageable because of panels; a restored well is partly covered by another grant ("Restawr tal-bjar"; well restoration); and, double walls. Their mobile internet is not on contract but they pay depending on consumption. A house insurance is obligatory because of loan. Cleaning is done by the couple. C+ owns a 3-bedroom apartment in a block of 4. It includes two toilets, one with shower. Almost daily, family members spend some time on rooftop. Maintenance costs, especially when they entered the apartment, were manageable because husband did most of it. They got assistance from relatives on electricity work. Appliances are bought following the price criterion rather than the brand."When the refrigerator stopped, we bought a new one without any problem." Both have a monthly personal mobile contract with available companies. Mobiles are inherited from parents to sons.

HOUSE	
HOUSEHOLD	SUMMARY INTERVIEW DATA

Table 9: House (Summary interview data)

EDUCATION	
HOUSEHOLD	SUMMARY INTERVIEW DATA
[illegible]	[illegible]
[illegible]	[illegible]

Table 9: Education (Summary interview data)

TRANSPORT

HOUSEHOLD	SUMMARY INTERVIEW DATA
S and S+	Once the car broke down, S was not going to change the car and was intent on using the bus. She has a parking garage on mortgage and does a car wash every week but it's an inexpensive thing even if it's gone up to €23. She washes and cleans the house but was not going, after all that, to continue washing the car. For S+, besides the insurance, licence, VRT, and regular servicing, she had had one car for 17 years, now she has been driving a newly bought car for 6 years and is sure that once it starts giving her trouble, she will change it. No garage but parks on the street.
C & C+ & C+(-€20k)	C was on the point of buying a new car because her 11-year-old car had too many problems; a €12,500 small and base 4-door electric car. A government grant of €11,000 made it affordable otherwise they would need more time to pay up. Another €1,000 are collected for scrapping old car. Parking in own garage. Her husband has a 12/13-year-old car and work van, plus boat. Never took a loan and bought them new. He pays approximately €500 for the licence and insurance of the car and van. C+ has a driving licence but does not drive. She gets lifts from her father (since both parents of husband are dead, and one reason why her apartment was close to the parental house) or uses public transport. For the family, the new car had to be a 4-passenger car. First car was a second-hand unreliable brand, then when pregnant she bought the present car (pushchair and baby seat facility) and now, although this car remains reliable, rust is emerging and rear mirror dropping, so C+ are thinking about a new one but not electric. They are looking out for a Japanese second-hand, large car. Parking difficulties made them buy a garage. The daughters of C+(-€20k) have bought their own car. No new car was necessary for him since his wife does not drive. As for parking, he has an underground garage with staircase at the back to enter in the yard and then home.

TRANSPORT	
HOUSEHOLD	**SUMMARY INTERVIEW DATA**
P1 and P2	P1's daughter's husband knows a bit about cars and, where he doesn't know, has a friend mechanic. His car is a second-hand Toyota and still in good condition. No, new car for him. P1 does sometimes use bus but his card was not working and was told to pay C15 for a new Arriva Card. Which he paid. A woman without a card was told off in front of him and told to apply online but she did not have a computer so she remains without a card. Parking outside is not really a problem for P1. P2 has a garage in Malta but parks outside in Gozo. P2 husband gives the car two services annually. His wife does not drive but uses the bus or gets lifts. he always had economic 4-door cars, small and good for parking all bought second-hand.

Table 9: Transport (Summary interview data)

TRANSPORT

HOUSEHOLD	SUMMARY INTERVIEW DATA
S and S+	Once the car broke down, S was not going to change the car and was intent on using the bus. She has a parking garage on mortgage and does a car wash every week but it's an inexpensive thing even if it's gone up to €23. She washes and cleans the house but was not going, after all that, to continue washing the car. For S+, besides the insurance, licence, VRT, and regular servicing, she had had one car for 17 years, now she has been driving a newly bought car for 6 years and is sure that once it starts giving her trouble, she will change it. No garage but parks on the street.
C & C+ & C+(-€20k)	C was on the point of buying a new car because her 11-year-old car had too many problems; a €12,500 small and base 4-door electric car. A government grant of €11,000 made it affordable otherwise they would need more time to pay up. Another €1,000 are collected for scrapping old car. Parking in own garage. Her husband has a 12/13-year-old car and work van, plus boat. Never took a loan and bought them new. He pays approximately €500 for the licence and insurance of the car and van. C+ has a driving licence but does not drive. She gets lifts from her father (since both parents of husband are dead, and one reason why her apartment was close to the parental house) or uses public transport. For the family, the new car had to be a 4-passenger car. First car was a second-hand unreliable brand, then when pregnant she bought the present car (pushchair and baby seat facility) and now, although this car remains reliable, rust is emerging and rear mirror dropping, so C+ are thinking about a new one but not electric. They are looking out for a Japanese second-hand, large car. Parking difficulties made them buy a garage. The daughters of C+(-€20k) have bought their own car. No new car was necessary for him since his wife does not drive. As for parking, he has an underground garage with staircase at the back to enter in the yard and then home.

TRANSPORT	
HOUSEHOLD	**SUMMARY INTERVIEW DATA**
P1 and P2	P1's daughter's husband knows a bit about cars and, where he doesn't know, has a friend mechanic. His car is a second-hand Toyota and still in good condition. No, new car for him. P1 does sometimes use bus but his card was not working and was told to pay €15 for a new Arriva Card. Which he paid. A woman without a card was told off in front of him and told to apply online but she did not have a computer so she remains without a card. Parking outside is not really a problem for P1. P2 has a garage in Malta but parks outside in Gozo. P2 husband gives the car two services annually. His wife does not drive but uses the bus or gets lifts. he always had economic 4-door cars, small and good for parking all bought second-hand.

Table 10: Transport (Summary interview data)

OTHER NEEDS / DISCRETIONARY

HOUSEHOLD	SUMMARY INTERVIEW DATA
S and S+	S+ emphasizes how marriages are a costly business. Dress, make-up, gift, etc., and including the hen's party. Sometimes they go abroad. She doesn't go if it is beyond her budget. For S, there are not too many occasions for giving gifts. In terms of professional consultancies (law, housing, health, psychological, etc.), S mentioned gynae. Since she was twenty, she has been going annually. The week before the interview, she did a smear test and ultrasound in a private clinic and this cost her 120 euros. Need to do another privately because "I am not going to wait for state hospital." Her employer and that of S+ give them the uniform which is worn inside the workplace; S changes to her personal clothes after work. She does facials, laser, etc. but not fingernails because of a painful experience in the past. S+ goes to the hairdresser regularly. Facial is a bimonthly affair; the rest is irrelevant. In terms of other needs, S+ is worried about being forced to take supplementary loans. Anyway, she has little left over from the pay, approximately 50 Euros. What would she do if she had to renovate the bathroom at 4000 Euros? She will be forced to take a flexicredit. Otherwise, if she paid the 4000, what happens if something else cropped up, for example a health issue arises. "I am not a burden ("piz") on society" (she owns a house, is employed, pays up for her needs, etc.). A second house was impossible for S+.
C & C+ & C+(-€20k)	C can handle one or two gifts but more is too much whereas for C+, gifts are not a heavy drain on resources, consisting mostly of Christmas gifts and always within a strict budget. For C, their renovated house needed an architect, a lawyer, etc. But C+ did not need professional assistance so far; mostly health consultants covered by health insurance. For C, her husband gets company uniform plus shoes; wife buys her own. She does her own hair and only does it outside if there is a wedding. Husband has to cut his hair once a month because of his job. Her job does not allow her to do fingernails. C+'s employer buys the uniform and changes it biannually. She does the laser but can't afford time for nails (not a question of money). She pointed out her philosophy about loans (other than house): "if I am buying a €5,000 thing, I

OTHER NEEDS / DISCRETIONARY

HOUSEHOLD	SUMMARY INTERVIEW DATA
	must have 6000 at hand" (paternal philosophy). "A second property is definitely outside our means at the moment" stated C+ and definitely not in Gozo if it ever happens. They actually do have half the ownership of an inherited property. Husband's parents died and he inherited, in conjunction with his brother, their house. Brother lives downstairs but they still need to fix the first floor for which they have cash at hand but husband is not in a hurry. C+(-20k) stopped gifts to daughters and only gives to nephew. "I only kept Christmas. No gifts to others unless close family. 75 euros for my daughter's marriage and she has 250 invited. I will contribute along with the bride's father and the rest is on them." C+(-20k) needed a notary because his mother gave him and his three siblings a donation - they still had to pay 2000 euros each. No other professional used. Although his work requires a uniform, the company does not give them one because, he was told, no money is available. They could only afford a wrap over dress. The jersey and trousers had not arrived yet (told they were due for Christmas). I take the dress and wash it home. As for my personal wear, expenses are under control because he does not go for brand names. His wife cuts his hair and he keeps it low; she goes to the hairdresser and does facial, finger nails, etc. No loan. As for the second property, his mother donated a garage and a house next to garage. For the time being they are rented. So C+(-20k) does have a bright future in terms of property.
P1 and P2	P1 is not too worried about gifts since he gives his children money (not gifts) every week anyway. Similarly, gifts are not a problem for P2. In terms of professional consultancies, he needed a notary for the will whereas his cousin architect helped him when in need. Very similar experience for P2 who needed a notary for his Gozo property acquisition and as for the rest, he is not litigious so he does not need lawyers. For P1, no hairdresser, he is the hairdresser. P2 instead pays €15 to do the whole thing, beard, hair, etc. His wife goes to the hairdresser. P2 mentioned that dental treatment was expensive (bridge, etc.).

OTHER NEEDS / DISCRETIONARY	
[illegible]	[illegible]

Table 11: Other needs / discretionary (Summary interview data)

LEISURE

HOUSEHOLD	SUMMARY INTERVIEW DATA
S and S+	S prefers to go abroad instead of Gozo, as long as it is within her budget because it is cheaper. S2 does not afford a holiday abroad but goes to Gozo twice a year in Winter and Summer in a farmhouse. S and S+ pay various TV & Internet pacakages. S said that an hour of walk she enjoyed was sacrificed due to private clinic expenses and the need to do overtime. Because she works shifts, she cannot even go to circuit training with her friends. Had to buy treadmill for €800 but was not using it so she sold it for €150. She had a gym subscription, but her back was aching, so she stopped. S+ does no sport. She has a treadmill at home and sometimes they remember and work out.
C and C+	Holiday abroad for C is out of the question because of expenses but sometimes they go to Gozo for the weekend or a 4-day break limiting their search for a 100-euro expense including accommodation and eating out. For C+, the holiday abroad was an annual tour with a travel agent or else with friends in a car (England and Italy) but during Covid this stopped. They stay in Gozo once a year in a farmhouse but it is more expensive and much less interesting than Sicily. For C, her husband has a gym subscription and she shares streaming subscription with her sister. They invite parents and siblings but it still can total up to 150 euros. C+'s children have all the gadgets including two portable game consoles (having passed 225 benchmark in Yr. 5 at school). Subscribed to various streaming platforms. C+ are not really sport crazy. The elder son joined the band club, paid 120 euros but received an instrument and uniform. The C+(-20k) hates going abroad. He prefers the field, all quiet, owned by his friends, one of whom is married to his sister. He also likes fishing. But not shops, no. A family with two children with less than 60 euros daily will not make it ("ma tkampux"), he said. One daughter was going to marry the same month of the interview. The other

LEISURE	
HOUSEHOLD	SUMMARY INTERVIEW DATA
[illegible]	[illegible]

Table 12: Leisure (Summary interview data)

What follows here are excerpts from the focus group interviews. As in the previous data set, excerpts are edited for the protection of personal data and non-identifiability. The notations, once again, are explained in the margin but reported hereunder:

- FG1(9): focus group one with nine participants. Six participants belonged to the €20,000-€30,000 income group; and two to the €30,000+. The difference between these eight participants was not enough to differentiate them and so for the purposes of this summary, they are grouped together. The pensioner (P6) was separated for data purposes because he represented a case illustrating pensioners vis-a-vis the discussion going on and also was a member of a couple with less than €20,000 in annual income (-€20,000). His feedback was in contrast with that of the other eight participants, with the exclusion of some points that are detailed in the table below, comparable to the data collected from the single parent with children (P8). This focus group met on two occasions, and during the second session, P15 joined (one of the €20,000-€30,000 income group who had attended the first session was abroad and could not attend).
- FG2(2): focus group two with two participants (P10, P11). Two others who had shown interest and registered had difficulties and did not turn up. P10 is a member of a couple with children in the €20,000-€30,000 income group; P11 belongs to the €30,000+ and is a member of a couple without children.
- FG3(3): focus group three with three participants, P12, P13, P14. P12 is the male member of a couple with children and falls within the €30,000+ income group; P13 is his wife who is a housewife although when she had dependent children at home, she worked outside the house. P14 is a pensioner with €20,000 - but had assets from his former business life which he sold; his children are married and live on their own.

HEALTH

HOUSEHOLD

FC1(9)

SUMMARY INTERVIEW DATA

Private hospital / clinic: P1 The private service was covered by an employer-paid insurance and this was used regularly and offered an excellent service; unfortunately, Mater Dei cannot cater for everyone and the waiting list is too long; P2 would think twice before using private but still used it – a good service. For P2, it was not covered by insurance. Private health clinics profit from MD overload; P3 agreed and narrated how consultants made her feel afraid she might have had something that required a woman's smear test, but the waiting list at MD was long, so she was forced to go private. P4 informed the rest of the group that certain operations were relayed to private and government would pay adding that consultants were unhappy with this; P5 informed about the high private service costs: dental implant @5000 euros and not covered by health insurance. Not even glasses were insured; P6, the pensioner, declared that as a pensioner, he felt he was just a number and worse still, he could not afford the private service and in turn, along with other pensioners negatively pictured as blocking MD and eating up budget expenses as costs on pensioners increased; P7 opined that we do not have a crisis because the Maltese are careful and diligent, and if one does not have the money (insurance or own means), one does not go for private health service; P8 disagreed stating that with a house loan to pay, there was no way to go private and being diligent did not change things. At MD they did all tests, but she agreed with previous speaker, there was a lack of empathy and doctors left the patient (unlike in private where one got the full treatment); P9 argued that sometimes, it was recommended from state service to go private where professionals are paid without a VAT receipt but P9 still received a 300 euros bill.
The Family doctor does not present any problem in affordability. P7 claimed that he pays 29 euros in medical expenses for dementia treatment for his father every fortnight: "I buy them for my dad and tell him I got them discount so he accepts them".
P1 claimed that health insurance can be a scam; sometimes they asked him if he had insurance and then changed the price; P2 argued that health insurance was a need not a luxury; P15 who had an employer-paid health insurance used it for MRI, physiotherapy, etc. but not major operations; P8 reacted to a comment about government jobs offering health coverage and job security arguing that this was only up to a certain extent - P8 enjoyed better conditions in employment with private employer rather than with government.

HEALTH

HOUSEHOLD	SUMMARY INTERVIEW DATA
FG2(2)	P10 uses private clinics and pays because he has more leeway and especially a shorter waiting time. P11 agreed about the waiting time because her mother had been waiting for an operation for two years (specialist said she was not in danger) but eventually was forced to go private and pay for consultation, tests, and so on. She found private services are better. P10 reasoned that it was due to MD being one hospital with an enormous demand. Over the years, the staff diminished, especially the nurses and it showed the necessity of foreign employees. Family doctor does not present any problems in terms of affordability although P10 grumbled about the €5 he pays for waiting in the pharmacy. P10 claimed that there is Panadol and there is Panadol. P11 knows that some of her clients have access to free medicine but they still need to buy expensive drugs regularly.
FG3 (P12, P13, P14)	P12's employer pays his health insurance and so he can afford private hospital even if it is for small things; his wife who is covered by the insurance said that without the insurance policy, they would not even think about going to private health centres. At the same time, P12 said that following an injury, he went to Mater Dei and was convinced they were the best professionals. P14 has maximum pension but it is not enough. To get on with life, he needs to cut here and there. However, he attacked, because of the immigrants jamming up MD, you need to wait and so you need to dig in and find the money to go private. Has no health insurance; had one previously. Family doctor does not present any problem in affordability. Both P14 and P13 regularly buy medicine not covered by the state. Insurance does not cover medicine for P13 whilst P14 suffers the ongoing costs with a pension income.

Table 13: Health (Summary focus group data)

FOOD / DRINKS

HOUSEHOLD	SUMMARY INTERVIEW DATA
FG(I)9)	There was general agreement amongst all members of the focus group that groceries (meat, fish, etc.) prices went up (Covid and Ukraine); one commented they were higher than in other countries where prices are known. P1 said that the grocer told him that when Super 5 was on, he sold less. P8 said that all grain silos were stocked, and Malta had a 2-year coverage, and yet, bread price went up. Participants agreed the solution was systemic and not just sectoral but there was disagreement re-price control. Why, one participant asked, was it that when pharmacists bought medicine at a price and then government reduced the price, government compensated pharmacists? So, why in this case, the same logic was not used? Electric cars price went up with government grant. In terms of health food, one participant mentioned that you have to pay (meaning something extra) for this; what's worse is that in St.Paul's Bay, some time back there were no cheesecake outlets whereas today it is littered with unhealthy food outlets; another participant retorted that was the case because they have a clientele, adding "the low class" and, the "klandestini". He also added workers in the construction industry and this created a large market. P8 was unhappy with the suggestion of another participant to cut back on expenses: "do you cut food bills? what do you cut? fruit for children?" What P8 does is not going out to eat every week but every fortnight. Clothes? P8 buys one rather than two dresses. But this isn't good for the economy. If middle classes do not buy, the government will have less income especially from VAT and can redistribute less to those in need. One participant explained that delivery food is the result of social life that has changed; parents finish off from work at different times and children return home at different times: "when I arrive, I will order food". P6 said that once during the weekend, she orders delivery. During the week, although the family does not eat together (finishes work at 5.00pm), she prepares food – not junk food – that only needs heating up.

FOOD / DRINKS	
HOUSEHOLD	**SUMMARY INTERVIEW DATA**
FG2(2)	P11 said there were much fewer health food outlets than unhealthy ones. Her husband is a school teacher and, on the premises, only healthy food is allowed. P10 justified the extra expense for organic food due to its relatively shorter shelf life. P10 goes out twice to eat out during the weekend. "If I can't, I go to the cinema, and this is still not cheap". P11 sometimes goes out with work mates; she has reunions. She does not go out to eat regularly for the money but more from habit. Still, eating out is not cheap: a slice of cake is €5. P10 orders delivery food rarely and only because his younger son asks for it. He and his wife order with him. P11 has never ordered delivery food; if we want, we eat out.
FG3(3)	P14 with a pension, can only afford going out to a restaurant once a month (not a pizza and not Phoenicia or Casino ˜). He goes out with his son and wife, and €140 is the basic expense. Without wine; P12 says that €30/€40 per head is the amount they spend as a couple when they eat out. Associating delivery food with unhealthy food, one participant argued that a low-income person who eats unhealthy food will create further problems – obesity, diabetes, etc. P6 said this was because such people worked very long hours and had time only for fast, junk food.

Table 14: Food / Drinks (Summary focus group data)

HOUSE

HOUSEHOLD	SUMMARY INTERVIEW DATA
FG1(9)	All participants were owners: "we represent 80% of the population". One participant claimed this was because they represented an older generation who owned terraced houses whilst today, the young ones aim at an apartment. The intergenerational factor was the most popular theme here. Children of parents with terraced houses had some relative security – financial and house-wise. The culture is still that you become owner; P6 cleared the argument by saying that such a culture was the result of the high rent payments. It's not worth it to pay €800 a month with government support/incentive. The intergenerational factor cropped up again in this story: father lived in a government apartment which he bought at a cheap price; when he died, we sold it at a high profit: "It doesn't make sense; you're given a place because you don't have and you're marketing it". Further points raised were that terraced houses can be brought down, and a number of apartments built and another participant said that he bought a government plot of land at LM3,500 in the 80s but today this is estimated at €300,000. P6 did the house maintenance himself but cannot do so anymore and yet the pension is not enough to pay other workers. At the Dockyards it was easy because you acquired all the knowledge you needed. Another participant protested against what he called the poor quality of maintenance work by foreigners. You need to redo certain things after they finish. These foreigners do not have a background or training. This received support from the other participants. One participant who has experience in construction business blamed the university-trained architects questioning whether they are well-prepared. P8 said that for a 4-day job from 8 to 4 (a bit of stocking but mostly refreshing paintwork, in an average room and 2 corridors), she paid €500. One participant replied that the price is cheap. "With my pay, it was a lot. I am paying a loan and I do not get €500 for 4 days. I bought the material myself. The worker was Maltese". The pensioner pointed out it was even worse for a pensioner. P15 said he never was interested in maintenance and never learnt how to do hands-on work. It was no excuse to say he was an office worker. So, he depends on others. One participant said he learnt electrical, bench-fitting, carpentry, etc. in the 1970s, at school. It helped.

HOUSE

HOUSEHOLD	SUMMARY INTERVIEW DATA
FG2(2)	Both participants are property owners. P10 has owned property for a few years; previously he rented. It was not too costly because it belonged to a relative who eventually did not continue to collect rent. P10 and his wife took care of his needs. F11's husband already owned an apartment, bought via loan, and offered short-term accommodation to foreign students. The loan forced a house insurance on him. F11 bought her own place with a loan accompanied by house insurance. The two decided to legally be entitled only to their own single property and not to the partner's. As soon as loan is paid, she will stop house insurance policy. For maintenance, P11 uses a friend so costs are kept low. Partner pays all for his place and she pays all for hers. P10's experience in aluminium work assisted in cutting his housing expenses including insulation with double glazing. Two a/c's are enough. However, had to revise work commitments so he could spend weekends with the family. P11 emphasized how careful she is with a/c use.
FG3(3)	Participants are property owners. The 1970s model was good but had some weaknesses including the owners selling at incredibly high prices when they got the land almost free. The discussion continued by comparing this with today's renting model – a place not given for ever is a good thing. Besides, government supports young people with 300 euros a month to rent. P14 argued it is better that instead of rent assistance, government constructed apartments (making an ad hoc calculation that if each apartment cost government 75,000 euros it would make such a scheme feasible). P12 claimed that his married son/daughter had a good job, it was still difficult. The plot they got quite cheap in the 1970s now has a value of 560,000 euros. P11 recalled a 3-day paintwork job where she paid the material, 1600 euros. P12 said expenses have exploded: he had to fix a 10 litres kitchen geyser which he bought for 115 euros; the plumber said he had to wait 2/3 weeks and the overall cost would be 300 euros. The same plumber

HOUSE	
HOUSEHOLD	SUMMARY INTERVIEW DATA

Table 15: House (Summary focus group data)

EDUCATION	
HOUSEHOLD	SUMMARY INTERVIEW DATA
FG3(3)	P10 recalled Sports Association of the past that were not merely a sports thing; it was character-building. His wife remembered how church schools asked for donations (a "fee"), and there were the expenses in uniforms, transport, and other costs. When the children were still minors, she worked outside the house and so could afford the expenses.

Table 16: Education (Summary focus group data)

TRANSPORT

HOUSEHOLD	SUMMARY INTERVIEW DATA
[illegible]	[illegible]
[illegible]	[illegible]

Table 17: Transport (Summary focus group data)

OTHER NEEDS / DISCRETIONARY

HOUSEHOLD	SUMMARY INTERVIEW DATA
FG1(9)	In the discussion on gifts, P6, the pensioner uttered his belief that before it was more expensive: 100 Malta liri for a wedding.
FG2(2)	Gifts? There were many young people at P10's work but he and wife bored with weddings and do not go; he still gives gifts. P10 used lawyer after he had to start court proceedings because of bad work on the wooden staircase. In four years, he paid €48 per session legal fees. F11 uses gynae on a regular basis. P11 pays for her own clothes at work. Whereas previously, most categories of employees had a uniform, it was recently decided only customer-facing employees will be expected to wear a uniform. Buying clothes means minimum €50, then one adds more expenses. Amongst them, there is an average of €30 for hairdresser. For P10, uniform is free from employer.
FG3(3)	P14 claimed that weddings depend on loans. Pensioners do not go because it is financially a drain. They end up alone. As far as consultants were concerned, for every ten/fifteen minutes, they ask for, as a minimum, €85. To get such services, one has to remove expenses for other things.

Table 18: Other needs / Discretionary (Summary focus group data)

LEISURE	
HOUSEHOLD	**SUMMARY INTERVIEW DATA**
FG1(9)	During the discussion, there was general approval of the observation that Gozo can be more expensive than Sicily. Keeping the same dates, P8 checked Gozo against other tourist places in Sicily, and she confirmed this was the case.
FG2(2)	P10 likes Gozo but hates the journey so he only goes once a year for three days. P11 goes for one day to Gozo with her mother.
FG3(3)	P14 admitted that with a €1,000 pension for four weeks, one cannot afford a holiday. Not even once a year. You can only do so if you have other sources and definitely if you do not rent. P12 stated that wherewer he had worked, he got a good pay but with his wife, was always careful with managing the budget. When he was building the house 25 years ago, they only went to Gozo and did not search for a hotel but an apartment. His idea for today is that, "we have raised the bar and you tend to live beyond your meens".

Table 19: Leisure (Summary focus group dat

7. Quantitative Survey (Stage 4)

Following the literature review and qualitative research, we were able to design the research tool for the quantitative survey. In order to calculate the expenditure of the households, several categories were taken into account. These were mentioned above but are recalled here:

1. Health
2. Food
3. Housing
4. Leisure
5. Utilities
6. Education
7. Transport
8. Miscellaneous/discretionary

Every category was divided in further sub-categories and hence the survey questions were derived. Since some other sub-categories were added following the qualitative interviews to the ones prepared earlier, the categories are repeated here. For the category 'health', individuals were asked about the expenditure related to the private GPs, specialists, pharmacy and dentists. The same variables were asked about their dependants as well. For the category 'food' this included supermarkets, mini markets, convenience stores, shopping related to the fruit and vegetables. For the category 'housing' this included a number of questions that all are related to this category. Loans, renting, maintenance, structural changes, furniture, insurances and other related variables were all included as part of this section. For the category 'Leisure', restaurants, cafeterias, travelling, holidays (Malta and abroad) and other related sub-categories were all included as part of the expenditure for this section. For the category 'utilities' we included all the possible scheduled bills (TV, internet, telephone, mobile, ...). From stationary to full-time courses, the expenditure related to the 'Education' sector was included. Costs related to daily travelling expenses (means of transport), fuel, car wash, fees and insurances were all included as part of the 'Transport' section. The last section included other 'miscellaneous' expenses such as pocket money.

Tables 20 and 21 below show the summary statistics after the respective calculations for the above consumption categories were carried out. The first table shows the median values, while the second table shows the mean data. For both type of statistics, they were calculated for the below 6 types of households. The median and mean for the whole sample is being presented as well. For example, the first table indicates that the median expenditure on 'Health' by 'Couples, 65 years or older' is €1,160 per year, while the mean is €1,962.8 per year (2nd table).

	Couple,	Couple,	Single Parent,	Single,	Single,	Two parents,	Median
Total health	1,600	950.0	822.5	665.0	585.0	1,400	1,115
Total food and drinks	6,960.0	8,280.0	8,286.0	4,908.0	7,800.0	11,616.0	9,000
Total housing	510.0	2,095.0	1,000.0	330.5	2,120.0	1,650.0	1,128
Total leisure	1,020.0	1,995.0	858.0	678.0	1,408.0	1,940.0	1,334
total utilities	720.0	900.0	840.0	600.0	840.0	1,044.0	900
total education	0.0	0.0	0.0	0.0	0.0	0.0	0
total transport	1,310.0	2,920.0	498.8	0.0	1,300.0	2,820.0	1,896
total miscellaneous	960.0	1,320.0	720.0	480.0	600.0	1,512.0	985
							20,704

Table 20: Median Household expenditure by consumption category (Euros (€))

	Couple,	Couple,	Single Parent,	Single,	Single,	Two parents,	Mean
Total health	1,962.8	1,616.3	1,,319.0	1,139.7	731.0	2,501.1	1,890
Total food and drinks	7,851.8	11,332.1	9,735.1	7,448.9	8,905.6	13,418.6	11,122
Total housing	1,352.3	7,065.2	3,543.4	1,803.2	4,395.1	5,553.4	4,498
Total leisure	1,779.5	4,052.6	1,395.3	876.5	2,401.3	2,768.4	2,470
total utilities	858.2	981.2	896.0	773.0	1,090.2	1,232.3	1,063
total education	0.7	552.5	637.6	1.5	145.9	1,021.4	312
total transport	1,603.5	2,867.4	944.8	587.5	1,400.4	2,593.6	2,077
total miscellaneous	1,283.4	2,025.2	1,189.7	636.7	1,058.2	2,230.7	1,698
							25,130

Table 21: Mean Household expenditure by consumption category (Euros (€))

The median expenditure on education indicates 0 since 50% and over of respondent households do not register any expense on education.

Table 22 shows further statistics with regards to the same types of households. However, in the table below, different percentiles for the general expenditure are being presented. For example, the minimum expenditure per year for 'Couples, 65 years or older' is €4,168, while the 20th percentile for the same type of household is €9,986, followed by the 40th percentile €13,016, 60th percentile is €17,163, 80th percentile is €21,714. The maximum expenditure in this category is by a couple (65 years or older) who claimed that they spend €59,818 per year. The same type of statistics follows for the other household types.

	Couple, [illegible]	Couple, [illegible]	Single Parent, [illegible]	Single, [illegible]	Single, [illegible]	Two parents, [illegible]
20th percentile	9,986	14,435	9,875	6,340	11,129	16,929
40th percentile	13,016	22,299	13,016	8,367	14,699	22,954
60th percentile	17,163	30,750	17,457	11,143	22,370	29,972
80th percentile	21,714	41,966	27,457	14,645	27,536	40,410

Table 22: Total Household Expenditure by percentile Euros (€)

“ In the end you're alone, and once you subtract the loan (...).

If I ever have the opportunity to pass on a message it will be that when a person has an income of a certain x amount, 20/21/22,000, for the interests of the country, that person is okay. No, I do not mean that a person who has an income of 13,000 is okay and we need to assist but a person who earns 23,000 also needs support. Why?

Because this person doesn't get social housing and pays for housing herself. So, once you cut the loan, then from 23, basically an 8000/9000 annual loan payment. So what happens?

What happens is that they end up equal. If one gets by with 13, the other is also getting by with 13,000. However, one is getting all the benefits and the other is receiving nothing. That's it, that's what I feel inside. I feel that the hardworking person ... I believe, let's go on and incentivise hard work, but when I observe certain things, I begin to ask about what is going on, what we are doing ... with that 13,000 one has to pay electricity and water, internet, and don't tell me the internet is a luxury, no, it's not,allright. During the pandemic we noticed how it is not a luxury ... one needs to take into consideration the expenses - without the loan payments, I would be living a comfortable life. As it is, the 13,000-euro income people – their declared income, declared, and I am being careful in using the word -, may be living a more comfortable life.

[I got to know that] some were taking 600, 800 for children's allowance with a maximum of 900 euros. [I get a flat rate of 100]. The problem is that these are worked on a net income which is gross less NI, not on net income that is, minus loans, rents without rent subsidy, etc.

Now there is the in-work benefit with raised ceiling, 35,000, so for the first time I benefitted.

direct quote from survey
single with child

8. Estimation of National Living Income (Stage 5)

In this section, we present estimates of the NLI for the different types of households. The estimates are produced using the methodology outlined in Section 3 and are based on the data and information compiled in Stages 1 to 4 of this study.

8.1 Calculation of National Living Income

In line with the definition presented in Section 2, the cost of decent living for all members of the household covers the cost of basic needs (e.g. food, health) plus expenses over and above the basic needs that would be required to live a decent life (e.g. leisure). This cost is calculated using data from the survey described in Section 7.

The cost of decent living for a single person without children is presented as a range with the lower bound being the top cut-off point of the 40th percentile of the equivalised expenditure distribution for the entire household population and the upper bound being the top cut-off point of the 50th percentile (or the median) of the same distribution.[20]

The level of expenditure required to afford a decent life by other types of households (e.g. couple without children, single parent) is obtained by multiplying the level of expenditure required by a single person without children by the equivalent household size. A detailed discussion of the methodology is presented in Section 3.

The ranges of expenditure required by the different types of households to afford a decent life represent a general level of expenditure for the Maltese household population. This covers expenditure on food, health, housing, leisure, utilities, education, transport and other items (see Section 7). The inclusion of these categories of expenditure is based on a consensus on what members of the public believe should constitute the consumption basket for a decent life (see Section 6).

The cost of decent living is adjusted (or topped-up) by income tax and national insurance contribution to determine the gross income that would be required to afford a decent life. The calculations are based on standard income tax rates and national insurance contributions. For households with more than one adult, the amount of tax deducted from the household's income is based on the assumption that the income is earned equally between the adult members of the household.

The NLI estimates are presented in the next sub-section. This is presented for different types of households, including single and two parent households, as well as one and two adult households without children. We do not present an NLI estimate for households whose members are over 65 years of age. It is assumed that the expenditure required to afford a decent living by individuals that have reached pensionable age is at the same level of expenditure of an individual that is just below pensionable age.

For illustrative purposes, in this sub-section we present the detailed workings for the estimation of the gross NLI for a Single Parent household with two children. Estimates for the NLI for other types of households are summarised in Table 24 presented in next sub-section.

[20] A similar approach is used by the WageIndicator Foundation. See Guzi, M., & Kahanec, M. (2018). *Estimating Living Wage Globally.* Amsterdam: WageIndicator Foundation.

The detailed workings for the 'Single Parent household with two children' are presented in Table 23 below. The basis for the calculation is the 'equivalised cost of decent living' (i.e. the cost of decent living for a Single adult without children) which ranges between €10,535 and €12,476. These represent the top cut-off points of the 40th and 50th percentiles of the equivalised expenditure distribution for all households.

We get the cost of decent living for the Single Parent household with two children by multiplying the 'equivalised cost of decent living' by the 'equivalent household size'. In this case, the equivalent household size is 1.6; with a weight of 1.0 assigned to the only adult in the household and a weight of 0.3 assigned to each of the two children in the household. The resulting cost of decent living for the household ranges between €16,856 and €19,962 per annum.

Equivalised cost of decent living 40th percentile	10,535	12,476	(a)
Equivalent household size	1.6	1.6	(b)
Cost of decent living for the household	16,856	19,962	(c)=(a)x(b)
Gross National Living Income	21,078	26,018	(d)
Income tax	2,115	3,455	(e)
National insurance contribution	2,108	2,602	(f)
Net National Living Income	16,856	19,962	(g)=(d)-(e)-(f)

Table 23: Illustrative Example (Euros):

National Living Income estimate for Single Parent with two children

The gross NLI required by the household to afford this level of expenditure ranges between €21,078 and €26,018 per annum. This is computed as follows:

$$\text{Living Income} = \frac{\text{Cost of decent living} - \text{Tax deductable}}{1 - \text{NI rate} - \text{Tax rate}}$$

For example, the lower bound of the NLI range for the Single Parent household with two children is

$$\text{Living Income}_{4pth} = \frac{€16,856 - €3,155}{1 - 0.10 - 0.25} = €21,078$$

As indicated in the formula, the applicable national insurance contribution rate is 10% of the individual's gross income, such that national insurance contribution amounts to €2,108. The applicable income tax rate for the single parent is 25% of gross income, and the corresponding deductible is €3,155. The latter is the 'deductible' indicated in the Inland Revenue Department's (IRD) income tax rate tables.

To verify that the computation is correct, the table shows that deducting the income tax and the national insurance contribution from the gross NLI yields the net NLI. For the Single Parent household with two children this is estimated at €16,855. Note that this is equivalent to the expenditure required to afford a decent life.

8.2 Estimates of National Living Income by type of household

The NLI estimates for the various types of households are presented in Table 24 below. The second column indicates a range for the cost of decent living for the household based on the top cut-off points of the 40th and 50th percentiles of the equivalised expenditure distribution. This can be interpreted as the net NLI. The third column indicates the NLI per household, i.e. the level of income that would be required for all members of the household to afford a decent life. This can be interpreted as the gross NLI.

TYPE OF HOUSEHOLD	COST OF DECENT LIVING		NATIONAL LIVING INCOME	
Single, no children	10,535	12,476	12,226	14,864
Single parent, one child	13,695	16,219	16,215	20,099
Single parent, two children	16,855	19,962	21,078	26,018
Couple, no children	15,802	18,715	17,704	21,316
Two parents, one child	18,962	22,457	21,084	25,746
Two parents, two children	22,123	26,200	25,300	30,734

Table 24: Estimates of National Living Income by type of household Euros (€)

The gross NLI for a Single Adult household with no children is estimated to range between €12,226 and €14,864 per annum. This is the income that would be required by the household to afford a decent living. This is estimated to cost the Single Adult household anything between €10,535 and €12,476.

For the Adult Couple household with no children, the NLI is estimated to range between €17,704 and €21,316 per annum. This is the income required for the household to be able to spend anything between €15,802 and €18,715 that would be required to live a decent life. This is 1.5x that required by a Single Adult household without children, reflecting economies of scale at the household level that can be attributed to shared household goods.[21] For example, the cost of internet subscription is likely similar for one and two adult households. Thus, the total cost per adult in a two adult household is not twice that in a one adult household.

The NLI for a Single Parent household with one child is estimated to range between €16,160 and €20,099 per annum. This is the income required for the household to be able to spend anything between €13,695 and €16,219 that would be required to live a decent life. Note that this is 1.3x that required by a Single Adult household without children. The figures for a Single Parent household with two children can be interpreted in a similar manner.

The NLI for a Two Parent household with one child is estimated to range between €21,084 and €25,746 per annum. This is the income required for the household to be able to spend anything between €18,962 and €22,457 that would be required to live a decent life. The figures for a Two Parent household with two children can be interpreted in a similar manner.

[21] Deaton, A., & Paxson, C. (1998). Economies of Scale, Household Size, and the Demand for Food. In, *Journal of Political Economy* 106(5), pp. 897-930.

8.3 Benchmarking the National Living Income estimates

In this sub-section of the report, we compare the estimates for NLI and the cost of a decent living to a number of relevant benchmarks, such as Caritas' minimum essential budget for a decent living, the statutory national minimum wage and others. These comparisons are intended to gauge whether the NLI estimates may be deemed reasonable or otherwise.

8.3.1 Comparison to a minimum essential budget

The first benchmark for the cost of a decent living is Caritas' minimum essential budget for a decent living (MEBDL).[22] Caritas' estimates provide a lower bound for the cost of a decent living estimates (as defined in this study) since they cover only essential consumption. Caritas' estimates are presented in the table below alongside estimates for the cost of decent living proposed in this study.

EXPENDITURE		SINGLE PARENT TWO CHILDREN	TWO PARENTS TWO CHILDREN	COUPLE OVER 65 YEARS
Basic needs	MEBDL	11,038	13,947	8,156
Augmented basket (exc. rent)*	MEBDL	12,820	15,850	9,500
Augmented basket (inc. rent)*	MEBDL	21,974	25,003	17,900
Total (40th percentile)	**NLI**	**16,855**	**22,123**	**15,802**
Total (50th percentile)	**NLI**	**19,962**	**26,200**	**18,715**

*Basic needs plus use of private car and eating out

Table 25: NLI vs MEBDL estimates

[22] Piscopo, S., Bonello, A., & Gatt. A. (2020). *A minimum essential budget for a decent living - 2020: a research study focusing on three low-income household categories.* Malta: Caritas.

The Caritas report distinguishes between two consumption baskets: a 'basic needs' basket and an 'augmented' basket. The components of the basic needs basket are discussed in detail in Section 3.3, while the augmented basket includes the basic needs and adds to it the use of a private car, eating out as well as housing rent. In the table above, we disaggregate Caritas' augmented basket into two: an augmented basket excluding housing rent and another one including it.

For the various types of households considered in the Caritas report, the table above shows that the cost of decent living estimates exceed both Caritas' expenditure estimates for basic needs and the augmented basket (excluding housing rent). For example, for the Single Parent household with two children, Caritas estimated that the expenditure required to cover basic needs is €11,038, while that for the augmented basket (excluding housing rent) is €12,820. The cost of decent living estimates presented in this report are higher – they range between €16,855 and €19,962. This is sensible given the NLI definition adopted in this study – that the cost of decent living for all members of the household covers the cost of basic needs plus expenses over and above the basic needs that would be required to live a decent life.

8.3.2 Comparison to the minimum wage

We also make comparisons of the NLI estimates to the statutory national minimum wage. Differences between the NLI and the minimum wage are indicative of the extent to which current labour market conditions may fall short of enabling workers to afford a decent life.

For 2022, the national weekly minimum wage stood at €182.83. This works out to €9,507 per annum. At €12,226, the most conservative NLI estimate for a Single adult household without children (see Section 8.2) is almost 30% higher than the minimum wage. This represents a significant increase. By way of comparison, the anticipated weekly cost-of-living-adjustment (COLA) of €10 for 2023 would result in a 5% increase in the minimum wage.

8.3.3 Comparison to other benchmarks

In a CASE brief prepared of the Centre for Analysis of Exclusion of the London School of Economics, McKnight and Cooper (2020) reported that: [23]

> *"In July 2015, in the [UK's] Conservative government's first budget after winning the May 2015 general election, the then Chancellor of the Exchequer George Osbourne announced the National Living Wage (NLW) which would be introduced in April 2016. At the same time, the government tasked the [UK's] Low Pay Commission to make recommendations for future increases in line with achieving 60% of the median wage by 2020."*

We therefore considered whether a similar benchmark would be applicable to Malta's case.

The NSO does not publish data on Malta's median wage. However, data on employment income compiled through the EU-SILC for 2020 shows that the median annual income from employment for a one-adult household of working age is €19,393. The comparable figure for a two-adult

[23] McKnight, A., & Cooper, K. (2020). *The National Living Wage and falling earnings inequality*. Centre for Analysis of Social Exclusion CASE brief 38, London School of Economics. Accessed on September 9, 2022 from https://sticerd.lse.ac.uk/dps/case/cb/casebrief38.pdf.

household is €37,031; which works out to €18,515 if it is earned equally by the two adult members of the household. In our calculations, we therefore assume a median income from employment of €19,000 per annum.

60% of this median income amounts to €11,400 gross and €9,915 after adjusting for income tax and the national insurance contribution. For some household types, this falls significantly short of the basic needs estimate by Caritas. For example, for a Single Parent household with two children, the Caritas basic needs estimate is of €11,038; more than one thousand euros higher than would be prescribed by '60% of the median wage'. We therefore consider the incomes that amount to 60% of the median income as insufficient to cover the cost of a decent life.

8.4 Housing, social benefits and other considerations

In this sub-section, we briefly discuss how and to what extent housing, social benefits and other aspects are taken into consideration in this study.

8.4.1 Housing

For a larger number of households, housing is the single most expensive item in the consumption basket. Depending on tenure choices, many households whose members are relatively young have to either make substantial loan repayments on their home loan or pay substantial residential rent. For example, Caritas (2020) estimate that households with children would have to incur a cost of €9,600 per annum on residential rent alone, while a Couple of pension age would require €8,400 per annum.

In this study, expenditure on housing is captured just like any other item of expenditure. Households were asked to report on housing related expenditure, including any payments related to a home loan or residential rent. But since those that pay the exorbitant prices that currently prevail in the housing market are in a minority, the NLI estimates based on the general level of expenditure of the population do not suffice to cover such housing expenditure. Since this affordability challenge is restricted to a portion of the household population, we propose that housing is treated by a policy that is separate but complementary to the NLI.

8.4.2 Social benefits and allowances

In computing the NLI, other studies (see, for example, Anker and Anker, 2017) also take into consideration social benefits or allowances. However, not all allowances should be considered in the calculation of the NLI.[24] The general principles that are used to decide which forms of allowances should be considered are the following:

(i) they must be receipt assured;

(ii) they must be received within one year; and

(iii) they must be regular (i.e. not one-offs).

If these principles are applied to the entire population, no such benefits/allowances exist. If the NLI were to be restricted to persons in employment, an example of such an allowance would be the Government bonuses that are paid to workers every three months. And if the principles were to be applied at household type level,

[24] Anker, R., & Anker, M. (2017). *Living wages around the world: Manual for measurement.* Edward Elgar Publishing.

another example would be children's allowance. In the estimates presented in this report, we make no adjustment for these allowances.

8.4.3 Savings

Respondents were not specifically inquired about their savings in credit institutions. However, notwithstanding the consideration that savings may be a subjective financial management decision of the individual household, the reported expenditure behaviour of households inclusive of specific one-off considerable expenses (e.g. furniture; appliances), require a disposable sum cushioning the household's unplanned or unordinary needs. Such irregular expenses are captured in the respondents' year-long expenditure calculation.

8.5 Shortfall of current income and expenditure

This section provides information on the number of households that currently have income levels that fall below the NLI, and also provides metrics that indicate the extent of the expenditure shortfall by comparing current levels of expenditure to those that would be required for a decent life.

For each type of household, Table 26 shows the number of households that have a current income level that is lower than the most conservative estimate of the NLI. For example, the number of Single adult households (under 65 years) without children that have an income below €12,226 is 9,165. This amounts to 30% of the total population of Single adult households (under 65 years) without children. The figures for the other types of households can be interpreted in a similar manner.

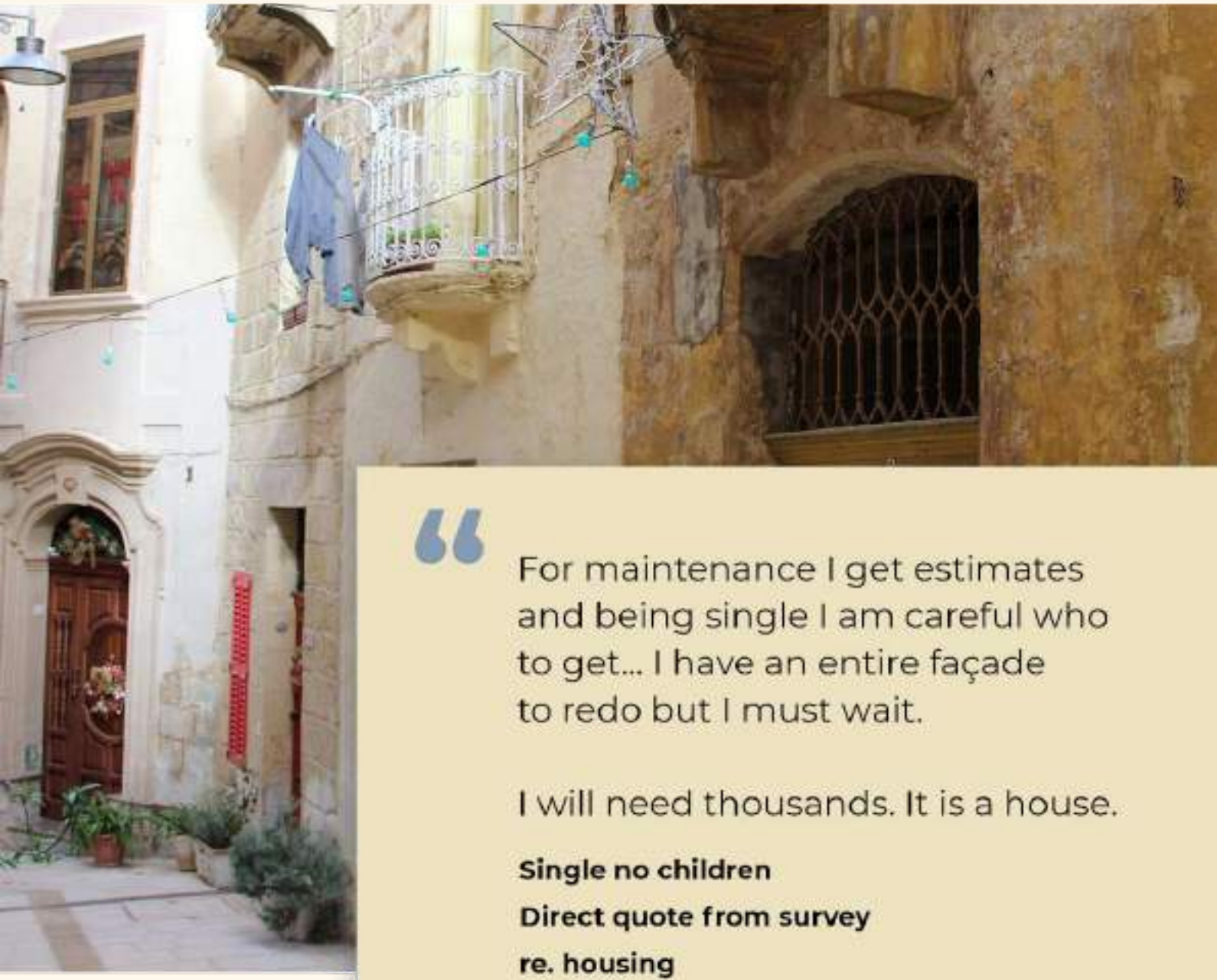
A large number of households that have an annual income below the NLI have members of the household that are over 65 years old. In fact, the percentage of the household population that have incomes below the NLI is 72% for Single adult household over 65 years and 69% for a Couple adult households over 65 years. Similarly high percentages are shown for Single Parent households with one or more children.

Number of households with income below NLI *Euros (€)*

TYPE OF HOUSEHOLD	NLI (lower bound) Euros (€)	NUMBER OF HOUSEHOLDS WITH INCOME LESS THAN NLI	PERCENTAGE OF HOUSEHOLD POPULATION %
Single, under 65 years	12,226	9,165	30.4
Couple, under 65 years	17,704	9,641	29.9
Single parent, one or more dependent children	16,160/21,078*	5,232	76.0
Two parents, one or more dependent children	21,084/25,300*	16,373	38.9
Single, over 65 years	12,226	19,650	71.6
Couple over 65 years	17,704	18,441	68.6

Table 26: Number of households with income below NLI

For different types of households, Table 27 below compares the most conservative estimated cost of decent living to current expenditure levels. For example, the Single adult household (under 65 years of age) is estimated to require at least €10,535 to afford a decent living. The population data collected on current expenditure levels suggests that the majority of Single adult households meet this threshold. In fact, the top cut-off point of the 20th percentile of the expenditure distribution of the Single adult household (under 65 years of age) is €11,129. This means that, in 2022, 80% of the Single adult household population spent more than €11,129.



> For maintenance I get estimates and being single I am careful who to get... I have an entire façade to redo but I must wait.
>
> I will need thousands. It is a house.

Single no children
Direct quote from survey
re. housing

TYPE OF HOUSEHOLD	COST OF DECENT LIVING	CURRENT EXPENDITURE		
	LOWER BOUND	20TH PERCENTILE	40TH PERCENTILE	60TH PERCENTILE
Single under 65 years	10,535	11,129	14,699	22,370
Couple, under 65 years	15,802	14,435	22,299	30,750
Single Parent, one or more dependent children	13,695 / 16,855*	9,875	13,016	17,457
Two Parent, one or more dependent children	18,962 / 22,123*	19,929	22,954	29,972
Single, over 65 years	10,535	6,340	8,367	11,143
Couple, over 65 years	15,802	9,986	13,016	17,163

Table 27: Cost of Decent Living and Current Expenditure Euros (€)

*The first figure is the lower-bound for the household with one child while the second figure is the lower-bound for the household with two children

In contrast, a large share of the Single adult household population (over 65 years of age) spent less than the estimated cost for a decent living. The estimated required expenditure to afford a decent life is €10,535, but 40% of Single adult household population (over 65 years of age) spend €8,367 or less. This is indicative of higher relative poverty rates for households with older members.

The figures presented for the other types of households can be interpreted in a similar manner. It is clear that the households that are faring the worst are the Single Parent households and those with member over 65 years of age.

9. Conclusion

A National Living Income should have the aim of enabling all members of society a meaningful participation in society. The concept goes beyond the notion of a bare minimum for survival since it aims at a decent quality of life. A guaranteed NLI thus aims at shifting the lower-income categories upward, and ensuring access to necessary goods and services to all.

The study suggests that stiff statutory systems, such as the minimum wage and the COLA, have been unable to hold the pace of the dynamic socio-economic changes experienced during the recent years. The figures resulting from this exercise point towards a re-evaluation of income levels in Malta, particularly since there appears to be significant discrepancies between the different income quintiles. A guaranteed NLI for every household would be mitigating the steep differences that there currently exist between the bottom end of the wage scale and the average income earners.

The NLI is, ultimately, intended to represent a tool to fight social inequality and to support lower-income categories from falling behind. It is clear that the households that are faring the worst are the Single Parent households and those with members over 65 years of age.

Appendix

Appendix I - Focus Groups and Interviews Research Schedule

7 CATEGORIES IN RESEARCH SCHEDULE

Health:
family doctor, chemist, private clinic, insurance

Food and drinks:
groceries, health food, eating out, delivery food

Housing:
insurance, rent, cleaning, decoration,
maintenance, utilities, internet/mobile/tv

Education:
schooling tuition, private lessons,
uniform, internet, books, printing, etc.

Transport:
petrol/diesel, insurance/licence,
mechanic, new car, parking

Leisure:
music, tv service streaming subscriptions, books,
computers/electronics, holiday (internal, abroad), gym

Miscellaneous:
life insurance, professional services,
clothes (work / personal), hairdresser, facial, laser,
nails, etc., gifts, pets – food and grooming

About the authors

Dr Joseph Gravina B.Ed. (Hons)(Melit.), M.Ed.(Melit.),Ph.D.(Melit.) is a Senior Lecturer within the Department of Arts, Open Communities & Adult Education of the Faculty of Education at the University of Malta. His research interests include industrialisation, social reproduction and education; the educational relevance of Antonio Gramsci's writings; and human rights education.

Dr Daniel Gravino B.Com.(Hons)(Melit.), M.A.(Econ.)(Melit.),M.Sc.(Econ.)(Warw.), Ph.D.(Econ.)(Lough.) is an Economist and Lecturer in the Department of Economics of the University of Malta with research interests in foreign direct investment, tax competition, the housing market, and policy more generally.

Dr Vincent Marmara B.Sc.(Hons.)(Melit.), M.Sc.(Sheffield) Statistics, Ph.D.(Stir.), FRSS, K.L.J. is a Statistician and Researcher by profession. He is a Senior Lecturer at the Department of Business Management and Enterprise (FEMA) at the University of Malta and a fellow of the Royal Statistical Society (UK). He was entrusted with numerous research projects both at a national and international level. He led research groups and analysed data to a high-level scientific extent.

Dr Kurt Xerri LL.D.(Melit.), M.A.(Laws)(Melit.), Ph.D.(URV) is a Lawyer and Lecturer in the Department of Civil Law at the University of Malta. His research interests include fundamental human rights, particularly social and economic rights.

Mr Jake Adam Azzopardi LL.B (Hons.)(Melit) is a social policy consultant. He has experience in both the European Parliament as well as the national government. He also has a past experience in the media.