



# Appropriate social protection and greater equality

Access to benefits of last resort and  
the distributive impact of monetary family benefits

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ÖNB  
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# Poverty & Inequality



# Our contributions

## Tool

*Microsimulation*

## Projects

*Non-take-up of minimum income benefit and monetary social assistance in Austria*

*Distributive and fiscal impact of monetary family benefits in Austria*

# Non-take-up of benefits of last resort

- **Key performance criterion** of social protection schemes: do benefits reach their target group?
- Means-tested programmes characterised by access problems



**Non-take-up of benefits of last resort****Share of non-take-up in selected European countries**

Country	Year	Households	Payments
Austria	2003	56 %	(>) 48 %
Czech Republic	2010/11	72 %	
Germany	2008	34-43 %	
France	2010	50-64 %	
Lithuania	2011	68 %	(>) 43 %
Poland	2005	57 %	
Sweden	2001	21 %	
United Kingdom	2013/14	19-23 %	

Sources: Bruckmeier et al., 2013; Matsaganis et al., 2014; Eurofund, 2015

## Non-take-up of benefits of last resort

### What does it mean for policy makers?

- **Failure** in design or implementation of benefit
- Distortion of targeted **welfare impact**
- Reduction of capacity to **anticipate social outcomes** and financial **costs** of policy reforms
- Unjustified **disparities** among eligible households

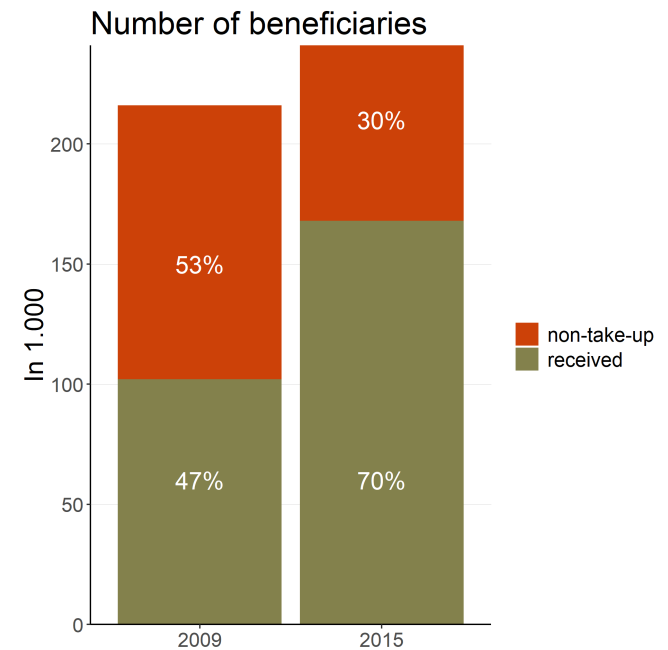
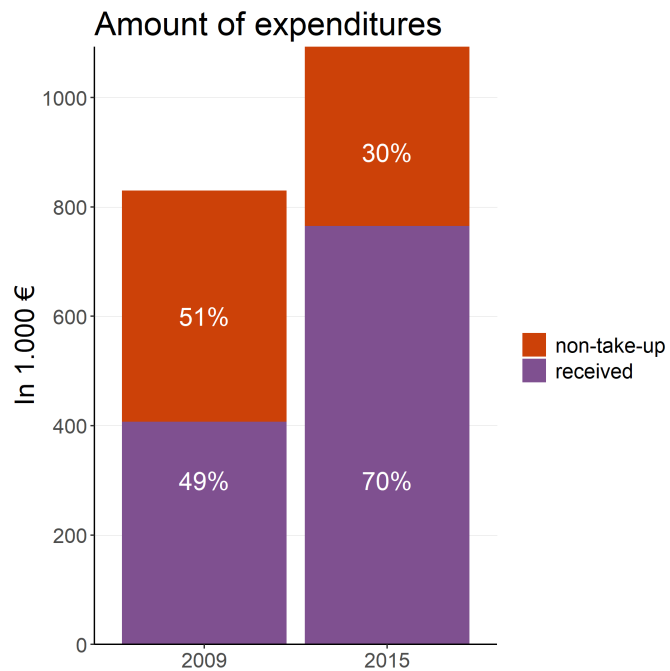
# From social assistance to minimum income benefits



- Policy reform in 2010/11
- **Aims:** combating poverty, facilitating access
- **Key amendments:** Increased and uniform minimum standards Inclusion in health insurance and labour market programmes, more transparency and legal certainty

## The Austrian reform

### Increased take-up rates



Source: Statistics Austria; own calculation



# Conclusion

- Minimum income benefit reform **decreased at-risk-of-poverty rate** in Austria
- Take-up rates can be increased by
  - Reduction of **stigma** / Increased **anonymity**
  - **Assistance** in application process
  - **One-stop shops**



# Distributive impact of family benefits

## Family tax credit (“family bonus +”)

- Tax reform introduced in Austria in 2019
- Aim: tax **relief for working parents** as long as liable to income tax

## Basic security for children

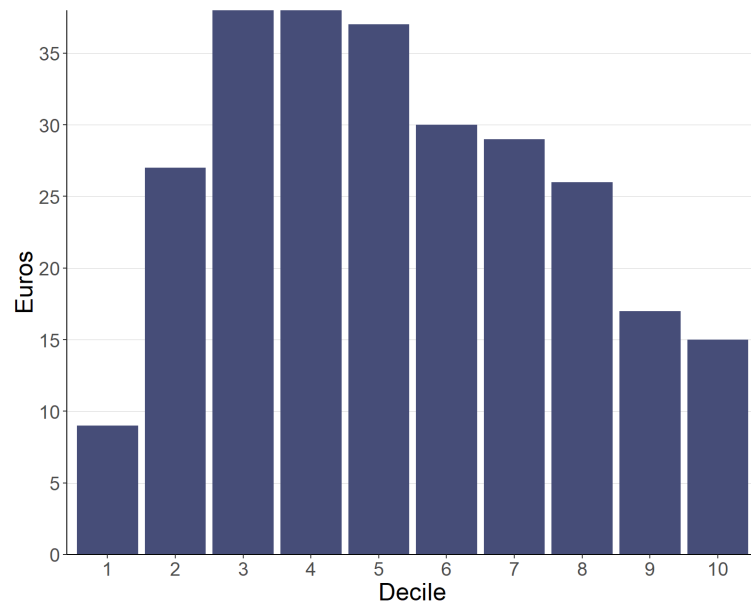
- Minimum income scheme promoted by the Austrian NGO “Volkshilfe”
- Aim: to **lift children out of poverty**



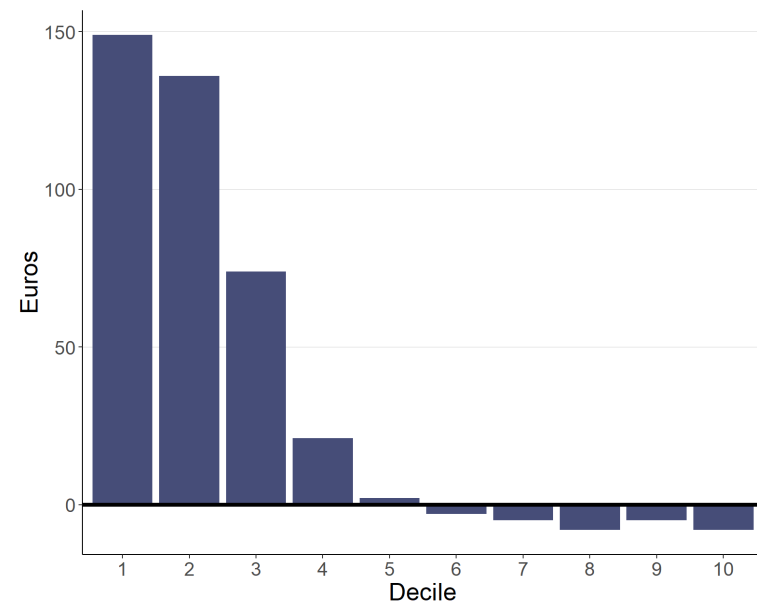
## Distributive impact of family benefits

### Increases in equivalised net disposable income by decile

Family tax credit (“family bonus +”)



Basic security for children



Sources: Statistics Austria, own calculations based on EUROMOD/SORESI; Fuchs & Hollan, 2018b

# Conclusion

- Family tax credit: Benefits families with sufficiently high income → **horizontal redistribution**
- Basic security for children: transfers oriented at material household situation → **vertical redistribution**



**Thank you for your attention!**

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