

# News Release



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## **Government Finance**

### **Government expenditure on Social Security Benefits: January-June 2007**

*Expenditure on social security benefits rose by 5.7% during the first half of 2007, driven mainly by outlays on pensions in respect of retirement.*

Total expenditure on social security benefits amounted to Lm126.1 million during the first half of 2007, up by Lm6.8 million over the same period of last year. As Table 1 shows, this reflected mainly higher expenditure on contributory benefits.

In turn, the increase in contributory benefits was driven mainly by a Lm4.9 million growth in pensions in respect of retirement, which amounted to Lm58.3 million for the first half of 2007. This increase was underpinned by outlays on the Two-Thirds pension. Pensions in respect of widowhood increased by Lm1.0 million while pensions in respect of invalidity decreased marginally during the period under review.

In the first six months of 2007, non-contributory benefits increased by Lm0.8 million over the same period in 2006 and amounted to Lm31.0 million. Within this category there was an increase of Lm0.6 million in social assistance payments and a decline of Lm0.3 million in children's allowance payments.

Government expenditure on social security benefits for the first half of this year made up 51.8 per cent of the annual budget forecast of Lm243.3 million. During the same period in 2006, Government's outlay amounted to Lm119.3 million, making up 51.1 per cent of the total outlay on social security benefits in 2006.

A glossary at the end of this release defines the major pensions, grants and other benefits ■

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Table 1. Comparative Social Security Benefits (Jan-Jun)

Description	Jan-Jun 2005	Jan-Jun 2006	Jan-Jun 2007	Jan-Jun 2007/ Jan-Jun 2006	
	Lm thousands			Absolute Change	% change
<b>Contributory Benefits</b>	<b>82,953</b>	<b>89,050</b>	<b>95,065</b>	<b>6,016</b>	<b>6.8</b>
Pensions in respect of Retirement	48,586	53,382	58,308	4,927	9.2
Retirement Pension	8,089	8,461	9,236	775	9.2
National Minimum Pension	5,440	5,596	5,568	-28	-0.5
Increased Retirement Pension	2,991	2,766	2,760	-6	-0.2
Two-thirds Pension	30,472	34,576	38,727	4,151	12.0
Increased National Minimum Pension	1,456	1,850	1,898	48	2.6
Decreased National Minimum Pension	138	132	120	-12	-9.2
Pensions in respect of Invalidity	7,393	7,542	7,411	-131	-1.7
Invalidity Pension	1,139	1,161	1,079	-82	-7.1
Increased Invalidity Pension	311	290	265	-25	-8.8
National Minimum Invalidity Pension	5,921	6,074	6,045	-29	-0.5
Decreased National Minimum Invalidity Pension	21	16	22	6	34.2
Pensions in respect of Widowhood	18,734	19,524	20,545	1,020	5.2
Widows' Pension	2,198	1,980	1,885	-95	-4.8
Early Survivors' Pension	2,720	2,822	2,859	37	1.3
Survivors' Pension	5,343	5,912	6,507	595	10.1
National Minimum Widows' Pension	8,473	8,811	9,294	483	5.5
Benefit in Respect of Industrial Injuries and Gratuities	385	337	381	44	12.9
Injury Benefit	261	244	298	54	22.3
Injury Pension	76	74	69	-5	-6.2
Injury Gratuity	48	20	14	-6	-30.6
Other Benefits	2,070	2,276	2,254	-21	-0.9
Unemployment Benefit	375	429	317	-112	-26.2
Special Unemployment Benefit	214	248	182	-66	-26.6
Maternity Benefit	323	361	365	4	1.1
Sickness Benefit	1,038	1,108	1,276	169	15.2
Orphans' Allowance	7	10	9	0	-3.2
Marriage Grant	106	117	102	-14	-12.3
Re-Marriage Gratuity	8	3	2	-1	-30.5
Bonus	5,787	5,989	6,166	177	3.0
<b>Non-Contributory Benefits</b>	<b>29,780</b>	<b>30,211</b>	<b>30,996</b>	<b>785</b>	<b>2.6</b>
Children's Allowance	7,096	6,832	6,490	-342	-5.0
Old Age Pension	3,049	3,308	3,419	111	3.4
Disability Pensions/Allowance	1,710	1,763	1,827	63	3.6
Social Assistance	11,660	11,898	12,483	585	4.9
Medical Assistance	3,407	3,509	3,653	144	4.1
Supplementary Assistance	1,271	1,257	1,442	185	14.7
Bonus	1,588	1,644	1,682	38	2.3
<b>Total Social Security Benefits</b>	<b>112,733</b>	<b>119,260</b>	<b>126,061</b>	<b>6,801</b>	<b>5.7</b>

Table 2. Comparative Social Security Benefits (Apr-Jun)

Description	Apr-Jun 2005	Apr-Jun 2006	Apr-Jun 2007	Apr-Jun 2007/ Apr-Jun 2006	
	Lm thousands			Absolute Change	% change
<b>Contributory Benefits</b>	<b>42,161</b>	<b>44,743</b>	<b>47,691</b>	<b>2,948</b>	<b>6.6</b>
Pensions in respect of Retirement	21,743	23,759	26,059	2,300	9.7
Retirement Pension	3,517	3,719	4,175	456	12.3
National Minimum Pension	2,721	2,766	2,774	8	0.3
Increased Retirement Pension	1,292	1,186	1,220	34	2.9
Two-thirds Pension	13,419	15,052	16,867	1,816	12.1
Increased National Minimum Pension	736	981	972	-9	-0.9
Decreased National Minimum Pension	58	55	50	-4	-7.6
Pensions in respect of Invalidity	3,720	3,735	3,686	-48	-1.3
Invalidity Pension	574	569	531	-38	-6.7
Increased Invalidity Pension	154	141	132	-9	-6.2
National Minimum Invalidity Pension	2,982	3,016	3,011	-5	-0.2
Decreased National Minimum Invalidity Pension	10	8	11	4	45.6
Pensions in respect of Widowhood	10,804	11,226	11,808	582	5.2
Widows' Pension	1,304	1,194	1,120	-73	-6.2
Early Survivors' Pension	1,565	1,618	1,634	16	1.0
Survivors' Pension	3,089	3,404	3,750	346	10.2
National Minimum Widows' Pension	4,845	5,010	5,303	294	5.9
Benefit in Respect of Industrial Injuries and Gratuities	187	173	191	18	10.5
Injury Benefit	120	132	147	15	11.7
Injury Pension	36	37	33	-4	-9.7
Injury Gratuity	30	4	11	6	155.4
Other Benefits	1,077	1,065	1,040	-25	-2.3
Unemployment Benefit	182	194	147	-47	-24.1
Special Unemployment Benefit	96	122	84	-39	-31.6
Maternity Benefit	157	166	176	10	6.0
Sickness Benefit	576	509	571	62	12.3
Orphans' Allowance	3	7	5	-2	-23.2
Marriage Grant	63	68	56	-12	-18.0
Re-Marriage Gratuity	0	0	2	2	0.0
Bonus	4,630	4,785	4,906	121	2.5
<b>Non-Contributory Benefits</b>	<b>15,133</b>	<b>15,298</b>	<b>15,700</b>	<b>402</b>	<b>2.6</b>
Children's Allowance	3,562	3,377	3,251	-126	-3.7
Old Age Pension	1,557	1,676	1,713	37	2.2
Disability Pensions/Allowance	866	887	914	27	3.0
Social Assistance	5,231	5,409	5,681	272	5.0
Medical Assistance	1,991	2,010	2,086	76	3.8
Supplementary Assistance	650	635	718	83	13.1
Bonus	1,275	1,303	1,337	34	2.6
<b>Total Social Security Benefits</b>	<b>57,293</b>	<b>60,041</b>	<b>63,391</b>	<b>3,350</b>	<b>5.6</b>

## Glossary

**Children's Allowance** is payable to locally resident female citizens of Malta who have the care of children under 16 years of age, and where the household income does not exceed an established level.

**Contributory Benefits:** The local contributory scheme is a system where an employee, self-occupied or self-employed person pays a weekly contribution as laid down in the Social Security Act, through a 'pay as you earn' system. All the pensions and other allowances payable under this scheme are subject to some form of contribution tes depending on the type of benefit claimed.

**Decreased National Minimum Pension** where a person is entitled to a service pension and this service pension together with the rate of retirement pension or increased retirement pension is less than the rate of national minimum pension, such a person shall be entitled to the National minimum pension reduced by the service pension.

**Increased Retirement Pension** applies to cases where the sum total of a person's service pension together with the rate of retirement pension applicable are lower than two-thirds of the person's pensionable income.

**Injury Benefit:** This benefit is payable for injury at work or contraction of industrial disease. Maximum entitlement is limited to 12 months.

**Injury Gratuity** is a lump sum payment payable to a person following injury at work. It is applicable when the degree of disability is estimated between 1% and 19%.

**Injury Pension** is payable if injury or disease caused or contracted whilst at work is considered to have caused a loss of physical or mental faculty calculated between 20% and 89%. Rates awarded vary according to the degree of disability. Where the degree of disablement is assessed at 90% and over, the person concerned is automatically awarded an Invalidity Pension at the full rate.

**Invalidity Pension** is payable to persons deemed permanently incapable for suitable full-time or regular part-time employment. There are various rates according to different conditions.

**Marriage Grant** is a one-time payment payable upon marriage to persons ordinarily resident in Malta. To be eligible a person must be employed, self-employed or self-occupied for at least six months at any time prior to his marriage.

**Maternity Benefit** is payable to locally resident pregnant citizens of Malta in respect of the last 8 weeks of pregnancy and the first 5 weeks after childbirth. This benefit is only payable if the female is not entitled to maternity leave from her employer, if employed.

**Medical Assistance** is a benefit payable to persons suffering from a chronic disease or condition that requires special diet.

**National Minimum Pension / Increased National Minimum Pension** is payable to a person who is not in receipt of a Service pension from an employer. The rates applicable are four-fifths of the National Minimum Wage in the case of a married man maintaining a wife and two-thirds of the National Minimum Wage in the case of any other person.

**Non-Contributory Benefits:** The non-contributory scheme was set up to act as a safety net by catering for those below the 'poverty line'. Unlike the contributory scheme, the benefits within the non-contributory scheme are not based on the contributions, but on a financial means-test of the person claiming the benefit.

**Old Age Pension** is payable to citizens of Malta over 60 years of age, provided that their income does exceed an established level.

**Orphans' Allowance** is a weekly allowance paid to a guardian of a child or children who are under 16 years of age.

**Orphans' Supplementary Allowance** is a further weekly allowance paid to a guardian of a child or children aged between 16 years and 21 years who are not following any gainful occupation the gross earnings of which exceeds the national income wage.

**Pensions in respect of Disability** are payable to citizens of Malta over 16 years of age.

**Re-marriage Grant** is payable to a widow who remarries and hence forfeits her right to a widow's pension. The payment is equivalent to one year's widows' pension.

**Retirement Pension** is payable on reaching pension age (61 in the case of males and 60 for females). The rates and types of categories vary according to a range of statutory conditions.

**Sickness Benefit:** Entitlement of 156 days but may in certain cases be extended to 312 days. The first three days of each new claim for this benefit are not paid.

**Social Assistance** is payable to heads of households who are either unemployed or seeking employment and whose relative financial means falls below that established by the Social Security Act. This benefit is also payable to single or widowed females who lack financial resources and who are caring for an elderly or physically/mentally handicapped relative on a full-time basis.

**Special Unemployment Benefit:** entitlement is also for a maximum of 156 days but at a higher rate than unemployment benefit. This benefit is applicable to persons who would qualify for non-contributory Social Assistance.

**Supplementary Assistance** is payable to households where the total income of the members falls below the limits established by the Social Security Act.

**Survivors' Pension** is payable to a widow whose husband was entitled to a two-thirds pension or whose husband would have been entitled to a pension had he reached retiring age at the time of his death

**Two-Thirds Pension** is a pension related to earnings, payable to persons who have retired after January 1979. This scheme provides for a pension equivalent to two-thirds of the insured person's pensionable income. Maximum and minimum rates are applicable.

**Unemployment Benefit** is payable to unemployed persons for a maximum period of 156 days. This benefit is considered as a short-term benefit. Subsequently unemployed persons may qualify for long-term benefits under 'Social Assistance'.

**Widows' Pension** is payable to widows, irrespective of age, who are not gainfully occupied, who are occupied but earning less than the national minimum wage, or who are carrying out gainful activities but have the care and custody of children under 16 years of age. Rates may vary according to conditions outlined in the Social Security Act (Social Security Act, Part IV, and subsequent amendments). Any reference to a widow also means a widower.

#### **Methodological note:**

The data provided in this release are extracted from the administrative records of the Social Security Department which are based on the Consolidated Fund of Government. As such this data are not normally subject to revision