

# News Release



Date: 7 November 2007  
No. : 175/2007  
Time of release: 11.00 hrs

**Theme:**  
**Economy and Finance**

**Compiled by:**

**Government Finance Unit  
Economic Statistics Division  
e-mail: [govtfinance.nso@gov.mt](mailto:govtfinance.nso@gov.mt)  
Tel: 25997241**

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## **Government Finance**

### **Government Expenditure on Social Security Benefits: January-September 2007**

*Expenditure on social security benefits rose by 5.4% during the first nine months of 2007, driven mainly by outlays on pensions in respect of retirement.*

Total expenditure on social security benefits amounted to Lm183.9 million during the first nine months of 2007, up by Lm9.5 million over the same period last year. This reflected mainly higher expenditure on contributory benefits amounting to Lm8.7 million, as shown in Table 1. Non-contributory benefits rose marginally by Lm0.8 million.

The increase in contributory benefits was essentially the result of a Lm7.0 million growth in pensions in respect of retirement, which amounted to Lm85.8 million during the first nine months of 2007. This increase was primarily underpinned by outlays on the Two-Thirds Pension, in part reflecting a rise in the number of beneficiaries. Pensions in respect of invalidity declined marginally during the period under review, while benefits relating to industrial injuries edged up. Pensions in respect of Widowhood increased by Lm1.2 million while Other Benefits went up by Lm0.3 million.

Non-contributory benefits increased by Lm0.8 million over the same period in 2006. Within this category there was a Lm0.7 million rise in outlays on Social Assistance, wholly offset by a decline in Children's Allowances. All other benefits under the Non-Contributory heading experienced small increases during the first three quarters.

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

**National Statistics Office  
Library & Information Unit**  
Lascaris, Valletta CMR 02, Malta  
Tel: (+356) 25997219  
Fax: (+356) 25997205  
e-mail: [nso@gov.mt](mailto:nso@gov.mt)  
<http://www.nso.gov.mt>

Table 1. Comparative Social Security Benefits (January-September)

Description	Jan-Sep 2005	Jan-Sep 2006	Jan-Sep 2007	Jan-Sep 2007/ Jan-Sep 2006	
				Absolute Change	% change
Lm thousands					
<b>Contributory Benefits</b>	<b>121,103</b>	<b>130,599</b>	<b>139,257</b>	<b>8,657</b>	<b>6.6</b>
Pensions in respect of Retirement	71,468	78,836	85,820	6,984	8.9
Retirement Pension	11,804	12,669	13,472	803	6.3
National Minimum Pension	8,934	9,135	9,169	34	0.4
Increased Retirement Pension	4,198	3,943	3,946	3	0.1
Two-thirds Pension	43,957	49,932	55,955	6,023	12.1
Increased National Minimum Pension	2,381	2,969	3,106	137	4.6
Decreased National Minimum Pension	194	187	172	-16	-8.5
Pensions in respect of Invalidity	12,325	12,446	12,328	-118	-0.9
Invalidity Pension	1,931	1,943	1,815	-128	-6.6
Increased Invalidity Pension	514	473	443	-30	-6.4
National Minimum Invalidity Pension	9,846	10,002	10,034	32	0.3
Decreased National Minimum Invalidity Pension	34	26	35	9	33.2
Pensions in respect of Widowhood	26,682	28,301	29,511	1,210	4.3
Widows' Pension	3,073	3,019	2,864	-154	-5.1
Early Survivors' Pension	3,888	4,051	4,096	45	1.1
Survivors' Pension	7,692	8,552	9,337	785	9.2
National Minimum Widows' Pension	12,029	12,680	13,214	534	4.2
Benefit in Respect of Industrial Injuries and Gratuities	562	539	607	68	12.6
Injury Benefit	378	379	467	88	23.2
Injury Pension	123	122	116	-6	-5.2
Injury Gratuity	61	39	25	-14	-35.5
Other Benefits	3,108	3,321	3,607	286	8.6
Unemployment Benefit	529	598	474	-124	-20.7
Special Unemployment Benefit	291	327	248	-79	-24.1
Maternity Benefit	484	527	571	43	8.2
Sickness Benefit	1,583	1,628	2,050	422	25.9
Orphans' Allowance	10	16	14	-2	-10.6
Marriage Grant	204	220	220	-1	-0.3
Re-Marriage Gratuity	8	4	30	26	586.4
Bonus	6,958	7,156	7,383	227	3.2
<b>Non-Contributory Benefits</b>	<b>42,583</b>	<b>43,839</b>	<b>44,656</b>	<b>817</b>	<b>1.9</b>
Children's Allowance	10,151	10,046	9,390	-657	-6.5
Old Age Pension	4,599	4,993	5,174	181	3.6
Disability Pensions/Allowance	2,559	2,651	2,751	100	3.8
Social Assistance	16,730	17,323	18,017	694	4.0
Medical Assistance	4,808	5,008	5,210	202	4.0
Supplementary Assistance	1,856	1,866	2,116	249	13.4
Bonus	1,880	1,950	1,999	49	2.5
<b>Total Social Security Benefits</b>	<b>163,686</b>	<b>174,438</b>	<b>183,913</b>	<b>9,475</b>	<b>5.4</b>

Table 2. Comparative Social Security Benefits (July-September)

Description	Jul-Sep 2005	Jul-Sep 2006	Jul-Sep 2007	Jul-Sep 2007/ Jul-Sep 2006	
				Absolute Change	% change
	Lm thousands				
<b>Contributory Benefits</b>	<b>38,150</b>	<b>41,550</b>	<b>44,191</b>	<b>2,642</b>	<b>6.4</b>
Pensions in respect of Retirement	22,882	25,454	27,512	2,058	8.1
Retirement Pension	3,715	4,208	4,236	28	0.7
National Minimum Pension	3,494	3,540	3,601	62	1.7
Increased Retirement Pension	1,208	1,177	1,186	9	0.8
Two-thirds Pension	13,485	15,356	17,229	1,873	12.2
Increased National Minimum Pension	925	1,119	1,209	89	8.0
Decreased National Minimum Pension	56	55	51	-4	-6.6
Pensions in respect of Invalidity	4,933	4,904	4,917	13	0.3
Invalidity Pension	792	782	736	-46	-5.9
Increased Invalidity Pension	203	183	178	-5	-2.7
National Minimum Invalidity Pension	3,925	3,929	3,990	61	1.5
Decreased National Minimum Invalidity Pension	13	10	13	3	31.6
Pensions in respect of Widowhood	7,948	8,777	8,967	190	2.2
Widows' Pension	876	1,039	979	-59	-5.7
Early Survivors' Pension	1,168	1,229	1,237	8	0.7
Survivors' Pension	2,349	2,640	2,830	190	7.2
National Minimum Widows' Pension	3,556	3,869	3,920	51	1.3
Benefit in Respect of Industrial Injuries and Gratuities	177	202	226	24	12.0
Injury Benefit	117	135	169	34	24.9
Injury Pension	48	48	46	-2	-3.7
Injury Gratuity	12	19	11	-8	-40.8
Other Benefits	1,038	1,045	1,352	307	29.4
Unemployment Benefit	153	169	157	-12	-7.0
Special Unemployment Benefit	77	79	66	-13	-16.2
Maternity Benefit	161	167	206	39	23.5
Sickness Benefit	545	520	773	253	48.7
Orphans' Allowance	3	6	5	-1	-22.6
Marriage Grant	99	104	117	14	13.2
Re-Marriage Gratuity	0	1	28	27	1,985.5
Bonus	1,171	1,167	1,217	50	4.3
<b>Non-Contributory Benefits</b>	<b>12,803</b>	<b>13,628</b>	<b>13,660</b>	<b>32</b>	<b>0.2</b>
Children's Allowance	3,055	3,215	2,899	-315	-9.8
Old Age Pension	1,550	1,685	1,754	70	4.1
Disability Pensions/Allowance	850	888	925	37	4.1
Social Assistance	5,070	5,425	5,534	109	2.0
Medical Assistance	1,401	1,500	1,557	58	3.8
Supplementary Assistance	585	609	673	64	10.5
Bonus	292	306	317	11	3.5
<b>Total Social Security Benefits</b>	<b>50,953</b>	<b>55,177</b>	<b>57,851</b>	<b>2,674</b>	<b>4.8</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 test depending on the type of benefit claimed.

**Decreased National Minimum Pension** is payable to a person who receives a Service Pension and a Retirement Pension or Increased Retirement Pension. If both pensions are less than the National Minimum Pension, such a person will be entitled to a National Minimum Pension reduced by the same 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.

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**Source:**

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