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Government Finance

Government Expenditure on Social Security Benefits: January-September 2008

Expenditure on social security benefits rose by 10.1 per cent during the first nine months of 2008, driven mainly by outlays on pensions in respect of retirement and children's allowance.

Total expenditure on social security benefits amounted to €471.7 million during the first nine months of 2008, up by €43.3 million over the same period last year. This reflected mainly higher expenditure on contributory benefits amounting to €27.9 million, as shown in Table 1. Non-contributory benefits rose by €15.3 million.

The increase in contributory benefits was essentially the result of a €23.4 million growth in pensions in respect of retirement, which amounted to €223.3 million. 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 by €1.7 million during the period under review, while benefits relating to industrial injuries edged marginally up. Pensions in respect of widowhood increased by €2.5 million while Other Benefits went up by €0.2 million.

Non-contributory benefits increased by €15.3 million over the same period in 2007. Most of the increase in this category was attributed to a €9.9 million rise in outlays on Children's Allowance. Old Age Pension, Disability Pensions/Allowance and Social Assistance rose by €1.6 million, €1.4 million and €1.2 million respectively. All other benefits under the Non-Contributory heading experienced small increases during the first nine months.

As shown in Table 2, expenditure on social security benefits during the third quarter amounted to €139.5 million, an increase of €4.8 million compared to the September quarter of 2007. This increase was brought about by an increase of €3.9 million in non-contributory benefits. During the same quarter, an increase of €4.6 million in retirement pensions was in part offset by a decline of €3.6 million in pensions in respect of invalidity.

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 (January-September)

Description	Jan-Sep 2006	Jan-Sep 2007	Jan-Sep 2008	Jan-Sep 2008/ Jan-Sep 2007	
				Absolute Change	% change
	€ thousands				
Contributory Benefits	304,215	324,381	352,329	27,949	8.6
Pensions in respect of Retirement	183,639	199,908	223,284	23,376	11.7
Retirement Pension	29,510	31,381	35,415	4,034	12.9
National Minimum Pension	21,280	21,359	21,117	-242	-1.1
Increased Retirement Pension	9,186	9,192	9,554	362	3.9
Two-thirds Pension	116,310	130,341	148,298	17,957	13.8
Increased National Minimum Pension	6,916	7,236	8,518	1,282	17.7
Decreased National Minimum Pension	436	400	383	-16	-4.1
Pensions in respect of Invalidity	28,991	28,716	27,045	-1,672	-5.8
Invalidity Pension	4,527	4,228	3,635	-593	-14.0
Increased Invalidity Pension	1,103	1,032	1,045	13	1.2
National Minimum Invalidity Pension	23,299	23,374	22,291	-1,083	-4.6
Decreased National Minimum Invalidity Pension	62	82	74	-8	-9.7
Pensions in respect of Widowhood	65,924	68,743	71,260	2,517	3.7
Widows' Pension	7,032	6,672	5,427	-1,245	-18.7
Early Survivors' Pension	9,437	9,542	10,008	466	4.9
Survivors' Pension	19,920	21,749	23,790	2,041	9.4
National Minimum Widows' Pension	29,535	30,779	32,006	1,226	4.0
Widows' with Children	N/A	N/A	29	N/A	N/A
Benefit in Respect of Industrial Injuries and Gratuities	1,256	1,414	1,482	68	4.8
Injury Benefit	882	1,087	1,122	35	3.3
Injury Pension	284	269	271	2	0.7
Injury Gratuity	90	58	89	31	52.7
Other Benefits	7,736	8,401	8,563	162	1.9
Unemployment Benefit	1,393	1,104	1,235	131	11.9
Special Unemployment Benefit	762	578	454	-124	-21.4
Maternity Benefit	1,229	1,329	1,488	159	12.0
Sickness Benefit	3,792	4,775	4,723	-52	-1.1
Orphans' Allowance	37	33	48	15	45.7
Marriage Grant	513	511	484	-27	-5.3
Re-Marriage Gratuity	10	71	130	59	83.7
Bonus	16,669	17,198	20,696	3,498	20.3
Non-Contributory Benefits	102,116	104,020	119,332	15,311	14.7
Children's Allowance	23,402	21,872	31,749	9,877	45.2
Old Age Pension	11,631	12,052	13,622	1,570	13.0
Disability Pensions/Allowance	6,175	6,409	7,820	1,411	22.0
Social Assistance	40,352	41,968	43,217	1,249	3.0
Medical Assistance	11,666	12,136	12,377	241	2.0
Supplementary Assistance	4,347	4,928	5,737	809	16.4
Bonus	4,543	4,656	4,810	154	3.3
Total Social Security Benefits	406,331	428,401	471,661	43,260	10.1

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

Description	Jul-Sep 2006	Jul-Sep 2007	Jul-Sep 2008	Jul-Sep 2008/ Jul-Sep 2007	
				Absolute Change	% change
	€ thousands				
Contributory Benefits	96,785	102,938	103,783	845	0.8
Pensions in respect of Retirement	59,293	64,086	68,678	4,592	7.2
Retirement Pension	9,801	9,868	11,229	1,362	13.8
National Minimum Pension	8,245	8,388	6,347	-2,042	-24.3
Increased Retirement Pension	2,742	2,764	2,783	19	0.7
Two-thirds Pension	35,769	40,132	45,747	5,615	14.0
Increased National Minimum Pension	2,607	2,815	2,457	-358	-12.7
Decreased National Minimum Pension	128	119	115	-5	-3.9
Pensions in respect of Invalidity	11,423	11,453	7,873	-3,581	-31.3
Invalidity Pension	1,821	1,714	1,063	-651	-38.0
Increased Invalidity Pension	426	415	315	-100	-24.1
National Minimum Invalidity Pension	9,152	9,294	6,474	-2,819	-30.3
Decreased National Minimum Invalidity Pension	24	31	21	-10	-31.5
Pensions in respect of Widowhood	20,445	20,887	21,470	584	2.8
Widows' Pension	2,420	2,281	1,534	-747	-32.7
Early Survivors' Pension	2,863	2,883	3,023	141	4.9
Survivors' Pension	6,149	6,591	7,271	680	10.3
National Minimum Widows' Pension	9,012	9,131	9,628	497	5.4
Widows' with Children			14		
Benefit in Respect of Industrial Injuries and Gratuities	470	527	488	-39	-7.4
Injury Benefit	315	393	382	-11	-2.9
Injury Pension	112	108	79	-29	-26.7
Injury Gratuity	43	26	27	1	5.3
Other Benefits	2,435	3,150	2,649	-501	-15.9
Unemployment Benefit	393	365	378	13	3.4
Special Unemployment Benefit	184	154	173	19	12.1
Maternity Benefit	388	480	504	25	5.2
Sickness Benefit	1,211	1,801	1,305	-496	-27.5
Orphans' Allowance	14	11	15	4	36.9
Marriage Grant	241	273	233	-40	-14.5
Re-Marriage Gratuity	3	66	40	-26	-38.8
Bonus	2,719	2,835	2,626	-210	-7.4
Non-Contributory Benefits	31,744	31,819	35,735	3,917	12.3
Children's Allowance	7,488	6,754	8,162	1,408	20.9
Old Age Pension	3,925	4,087	5,327	1,240	30.3
Disability Pensions/Allowance	2,068	2,154	3,006	852	39.6
Social Assistance	12,638	12,890	13,283	393	3.0
Medical Assistance	3,493	3,628	3,674	46	1.3
Supplementary Assistance	1,419	1,568	1,475	-93	-5.9
Bonus	713	738	808	70	9.5
Total Social Security Benefits	128,529	134,757	139,519	4,762	3.5

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 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/her marriage.

Maternity Benefit is payable to locally resident pregnant citizens of Malta in respect of the last 8 weeks of pregnancy and the first 6 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 a 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 his 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 and 21 who are not following any gainful occupation, the gross earnings of which exceed 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.

Source:

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 is not normally subject to revision. Figures may not add up exactly due to rounding.