

News Release



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Government Finance

Government Expenditure on Social Security Benefits: January-March 2008

Expenditure on social security benefits rose by 19.2 per cent during the first three months of 2008, driven mainly by outlays on pensions in respect of retirement, pensions in respect of widowhood and children's allowances.

Total expenditure on social security benefits amounted to €174.0 million during the first three months of 2008, up by €28.0 million over the same period last year. This reflected mainly higher expenditure on contributory benefits amounting to €18.1 million, as shown in Table 1. At the same time non-contributory benefits increased by €9.9 million.

The increase in contributory benefits was essentially the result of a €7.6 million growth in pensions in respect of retirement, which amounted to €82.7 million during the first three months of 2008. 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 €7.3 million because during the reference period four payments (instead of three) were affected. Contributory Bonus increased by €3.3 million reflecting the introduction of a one-time payment of €3.0 million due to the cost of living adjustment.

Non-contributory benefits increased by €9.9 million over the same period in 2007. Within this category there was a €6.8 million rise in Children's Allowances resulting from a one-time payment of €5.3 million to new beneficiaries. Other increases were recorded under Medical Assistance, up by €1.3 million and the Non-Contributory Bonus which increased by €1.1 million. This latter increase includes a one-time payment of €0.4 million due to the cost of living adjustment.

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-March)

Description	Jan-Mar 2006	Jan-Mar 2007	Jan-Mar 2008	Jan-Mar 2008/ Jan-Mar 2007	
				Absolute Change	% change
	€ thousands				
Contributory Benefits	103,207	110,353	128,427	18,074	16.4
Pensions in respect of Retirement	69,003	75,122	82,686	7,564	10.1
Retirement Pension	11,046	11,789	12,343	553	4.7
National Minimum Pension	6,591	6,508	6,458	-50	-0.8
Increased Retirement Pension	3,680	3,586	3,922	336	9.4
Two-thirds Pension	45,480	50,919	57,277	6,358	12.5
Increased National Minimum Pension	2,025	2,157	2,527	370	17.2
Decreased National Minimum Pension	181	163	159	-4	-2.2
Pensions in respect of Invalidity	8,868	8,676	8,351	-325	-3.7
Invalidity Pension	1,380	1,277	1,106	-171	-13.4
Increased Invalidity Pension	348	309	312	4	1.2
National Minimum Invalidity Pension	7,121	7,066	6,910	-156	-2.2
Decreased National Minimum Invalidity Pension	20	24	22	-2	-8.5
Pensions in respect of Widowhood	19,330	20,350	27,673	7,323	36.0
Widows' Pension	1,831	1,781	1,639	-142	-8.0
Early Survivors' Pension	2,804	2,853	3,977	1,125	39.4
Survivors' Pension	5,841	6,423	9,337	2,914	45.4
National Minimum Widows' Pension	8,854	9,294	12,709	3,415	36.7
Widows' with Children	N/A	N/A	10	N/A	N/A
Benefit in Respect of Industrial Injuries and Gratuities	383	442	476	34	7.6
Injury Benefit	260	351	360	9	2.5
Injury Pension	85	83	84	1	1.4
Injury Gratuity	37	8	32	24	295.2
Other Benefits	2,819	2,828	2,999	171	6.1
Unemployment Benefit	549	396	453	57	14.5
Special Unemployment Benefit	294	230	134	-95	-41.5
Maternity Benefit	455	441	511	70	15.8
Sickness Benefit	1,396	1,643	1,737	93	5.7
Orphans' Allowance	7	10	14	4	38.7
Marriage Grant	113	108	103	-5	-4.3
Re-Marriage Gratuity	6	0	47	47	N/A
Bonus	2,804	2,934	6,242	3,308	112.7
Non-Contributory Benefits	34,738	35,630	45,566	9,936	27.9
Children's Allowance	8,048	7,545	14,379	6,834	90.6
Old Age Pension	3,802	3,975	4,117	142	3.6
Disability Pensions/Allowance	2,040	2,125	2,292	167	7.8
Social Assistance	15,114	15,844	16,293	449	2.8
Medical Assistance	3,492	3,650	4,975	1,325	36.3
Supplementary Assistance	1,449	1,687	1,648	-40	-2.3
Bonus	793	804	1,862	1,059	131.7
Total Social Security Benefits	137,945	145,983	173,993	28,010	19.2

Glossary

Children's Allowance is payable to locally resident female citizens of Malta who have the care of children under 16 years of age.

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.

Contributory Bonus is payable to persons receiving a pension for services rendered in Malta, or ex-British Service pensioners, or persons over 75 years of age who receive a service pension from any other source, or persons who were born before 1902.

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 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 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.

Non-Contributory Bonus is payable to all persons receiving a pension, orphans' allowance / supplementary allowance, Social Assistance and Leprosy Assistance under the Social Security Act.

Old Age Pension is payable to citizens of Malta over 60 years of age, provided that their income does not 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 and the gross earnings of which do not 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.