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Government Finance

Government Expenditure on Social Security Benefits: January-December 2007

Expenditure on social security benefits rose by 5.2 per cent during 2007, mainly due to higher outlays on pensions in respect of retirement.

Total expenditure on social security benefits during 2007 increased by Lm12.2 million (€28.5 million), or 5.2 per cent compared to 2006, and amounted to Lm245.7 million (€572.3 million). In 2007 the outlay on social security benefits made up 10.6 per cent of the GDP at current market prices.

The pensions in respect of retirement, which is the main component of contributory benefits, increased by Lm9.0 million (€21.1 million), due to an additional outlay of Lm7.6 million (€17.8 million) in the two-thirds pensions. This increase was brought about by a net increase in the number of beneficiaries. The outlay on retirement pensions increased by Lm1.2 million (€2.8 million).

The pensions in respect of widowhood also added Lm1.5 million (€3.4 million), mainly on account of the survivors' pension which accounted for Lm1.0 million (€2.4 million) of this increase.

In 2007, non-contributory benefits increased by Lm1.2 million (€2.7 million), or 2.0 per cent over the previous year. Within this category, social assistance increased by Lm0.9 million (€2.1 million) which was in part offset by a decline in children's allowance of Lm0.8 million (€1.9 million).

Expenditure on social security benefits during the last quarter of 2007 registered an increase of Lm2.7 million (€6.4 million), or 4.6 per cent. This was essentially brought about by an additional outlay of Lm1.6 million (€3.8 million) in the two-thirds pension.

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

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Table 1a. Comparative Social Security Benefits (January-December)

Description	Jan-Dec 2005	Jan-Dec 2006	Jan-Dec 2007	Jan-Dec 2007/ Jan-Dec 2006	
				Absolute Change	% change
				Lm thousands	
Contributory Benefits	162,859	174,013	185,055	11,042	6.3
Pensions in respect of Retirement	94,870	103,495	112,540	9,045	8.7
Retirement Pension	15,838	16,839	18,058	1,219	7.2
National Minimum Pension	11,619	11,832	11,886	54	0.5
Increased Retirement Pension	5,631	5,083	5,089	6	0.1
Two-thirds Pension	58,373	65,659	73,296	7,637	11.6
Increased National Minimum Pension	3,160	3,842	3,990	149	3.9
Decreased National Minimum Pension	250	240	220	-20	-8.2
Pensions in respect of Invalidity	16,081	16,116	15,894	-222	-1.4
Invalidity Pension	2,547	2,528	2,336	-192	-7.6
Increased Invalidity Pension	664	608	573	-35	-5.7
National Minimum Invalidity Pension	12,827	12,944	12,939	-5	0.0
Decreased National Minimum Invalidity Pension	43	36	45	9	26.4
Pensions in respect of Widowhood	35,319	37,186	38,653	1,468	3.9
Widows' Pension	4,268	4,154	3,774	-380	-9.2
Early Survivors' Pension	5,091	5,247	5,338	91	1.7
Survivors' Pension	10,165	11,216	12,239	1,023	9.1
National Minimum Widows' Pension	15,795	16,568	17,302	734	4.4
Benefit in Respect of Industrial Injuries and Gratuities	754	739	810	72	9.7
Injury Benefit	521	528	626	98	18.5
Injury Pension	159	158	150	-7	-4.6
Injury Gratuity	74	53	34	-19	-35.6
Other Benefits	4,219	4,489	4,832	343	7.6
Unemployment Benefit	704	769	664	-105	-13.6
Special Unemployment Benefit	389	420	333	-87	-20.6
Maternity Benefit	664	714	790	76	10.6
Sickness Benefit	2,149	2,254	2,674	420	18.6
Orphans' Allowance	13	22	18	-5	-20.9
Marriage Grant	285	300	304	4	1.3
Re-Marriage Gratuity	15	10	50	40	408.1
Bonus	11,616	11,989	12,326	337	2.8
Non-Contributory Benefits	57,971	59,460	60,632	1,171	2.0
Children's Allowance	13,553	13,307	12,512	-795	-6.0
Old Age Pension	6,816	7,294	7,544	250	3.4
Disability Pensions/Allowance	3,708	3,856	4,010	154	4.0
Social Assistance	22,014	22,753	23,665	912	4.0
Medical Assistance	6,217	6,500	6,754	254	3.9
Supplementary Assistance	2,474	2,462	2,802	340	13.8
Bonus	3,189	3,289	3,346	57	1.7
Total Social Security Benefits	220,830	233,473	245,687	12,213	5.2
GDP at Current Market Prices	2,044,597	2,175,067	2,308,485		
Total Benefits as a % of GDP	10.80	10.73	10.64		

Table 1b. Comparative Social Security Benefits (January-December)

Description	Jan-Dec 2005	Jan-Dec 2006	Jan-Dec 2007	Jan-Dec 2007/ Jan-Dec 2006	
				Absolute Change	% change
	€ thousands				
Contributory Benefits	379,360	405,341	431,062	25,721	6.3
Pensions in respect of Retirement	220,988	241,078	262,147	21,069	8.7
Retirement Pension	36,892	39,225	42,065	2,840	7.2
National Minimum Pension	27,065	27,561	27,687	125	0.5
Increased Retirement Pension	13,116	11,840	11,854	14	0.1
Two-thirds Pension	135,972	152,945	170,734	17,789	11.6
Increased National Minimum Pension	7,360	8,948	9,295	347	3.9
Decreased National Minimum Pension	583	559	513	-46	-8.2
Pensions in respect of Invalidity	37,458	37,540	37,023	-517	-1.4
Invalidity Pension	5,932	5,889	5,442	-446	-7.6
Increased Invalidity Pension	1,546	1,416	1,336	-81	-5.7
National Minimum Invalidity Pension	29,880	30,152	30,140	-12	0.0
Decreased National Minimum Invalidity Pension	101	83	105	22	26.4
Pensions in respect of Widowhood	82,272	86,619	90,038	3,418	3.9
Widows' Pension	9,943	9,677	8,791	-886	-9.2
Early Survivors' Pension	11,859	12,223	12,435	212	1.7
Survivors' Pension	23,678	26,126	28,509	2,383	9.1
National Minimum Widows' Pension	36,793	38,593	40,302	1,709	4.4
Benefit in Respect of Industrial Injuries and Gratuities	1,756	1,721	1,888	167	9.7
Injury Benefit	1,215	1,231	1,458	228	18.5
Injury Pension	370	367	350	-17	-4.6
Injury Gratuity	172	123	79	-44	-35.6
Other Benefits	9,827	10,456	11,255	799	7.6
Unemployment Benefit	1,640	1,791	1,547	-244	-13.6
Special Unemployment Benefit	905	978	776	-202	-20.6
Maternity Benefit	1,548	1,664	1,840	177	10.6
Sickness Benefit	5,006	5,250	6,228	977	18.6
Orphans' Allowance	30	52	41	-11	-20.9
Marriage Grant	664	698	707	9	1.3
Re-Marriage Gratuity	34	23	116	93	408.1
Bonus	27,059	27,927	28,712	785	2.8
Non-Contributory Benefits	135,036	138,505	141,234	2,729	2.0
Children's Allowance	31,570	30,998	29,145	-1,853	-6.0
Old Age Pension	15,878	16,989	17,573	583	3.4
Disability Pensions/Allowance	8,638	8,982	9,340	358	4.0
Social Assistance	51,279	53,000	55,124	2,124	4.0
Medical Assistance	14,481	15,140	15,732	592	3.9
Supplementary Assistance	5,763	5,735	6,527	792	13.8
Bonus	7,428	7,661	7,793	132	1.7
Total Social Security Benefits	514,396	543,847	572,296	28,450	5.2
GDP at Current Market Prices	4,762,630	5,066,542	5,377,324		
Total Benefits as a % of GDP	10.80	10.73	10.64		

Table 2a. Comparative Social Security Benefits (October-December)

Description	Oct-Dec 2005	Oct-Dec 2006	Oct-Dec 2007	Oct-Dec 2007/ Oct-Dec 2006	
				Absolute Change	% change
	Lm thousands				
Contributory Benefits	41,756	43,414	45,798	2,385	5.5
Pensions in respect of Retirement	23,402	24,659	26,719	2,061	8.4
Retirement Pension	4,034	4,171	4,587	416	10.0
National Minimum Pension	2,685	2,697	2,717	20	0.7
Increased Retirement Pension	1,432	1,139	1,143	3	0.3
Two-thirds Pension	14,416	15,727	17,341	1,613	10.3
Increased National Minimum Pension	779	872	884	12	1.4
Decreased National Minimum Pension	56	53	49	-4	-7.1
Pensions in respect of Invalidity	3,755	3,670	3,566	-104	-2.8
Invalidity Pension	616	585	521	-64	-10.9
Increased Invalidity Pension	149	135	130	-4	-3.2
National Minimum Invalidity Pension	2,981	2,942	2,905	-37	-1.3
Decreased National Minimum Invalidity Pension	9	9	10	1	6.7
Pensions in respect of Widowhood	8,637	8,884	9,142	257	2.9
Widows' Pension	1,195	1,136	910	-226	-19.9
Early Survivors' Pension	1,203	1,196	1,242	46	3.8
Survivors' Pension	2,473	2,664	2,902	238	8.9
National Minimum Widows' Pension	3,767	3,889	4,088	200	5.1
Benefit in Respect of Industrial Injuries and Gratuities	192	199	203	4	1.9
Injury Benefit	143	150	159	10	6.5
Injury Pension	35	36	35	-1	-2.7
Injury Gratuity	13	14	9	-5	-36.0
Other Benefits	1,111	1,168	1,225	57	4.9
Unemployment Benefit	175	171	190	19	11.2
Special Unemployment Benefit	98	93	85	-8	-8.4
Maternity Benefit	181	187	219	33	17.4
Sickness Benefit	566	626	624	-2	-0.3
Orphans' Allowance	3	6	3	-3	-46.3
Marriage Grant	81	80	84	4	5.6
Re-Marriage Gratuity	7	5	19	14	260.8
Bonus	4,658	4,833	4,943	110	2.3
Non-Contributory Benefits	15,388	15,622	15,976	354	2.3
Children's Allowance	3,402	3,261	3,122	-138	-4.2
Old Age Pension	2,217	2,300	2,370	70	3.0
Disability Pensions/Allowance	1,149	1,205	1,258	53	4.4
Social Assistance	5,284	5,430	5,648	218	4.0
Medical Assistance	1,409	1,491	1,544	52	3.5
Supplementary Assistance	618	596	687	91	15.3
Bonus	1,309	1,339	1,347	8	0.6
Total Social Security Benefits	57,144	59,036	61,774	2,739	4.6

Table 2b. Comparative Social Security Benefits (October-December)

Description	Oct-Dec 2005	Oct-Dec 2006	Oct-Dec 2007	Oct-Dec 2007/ Oct-Dec 2006	
				Absolute Change	% change
€ thousands					
Contributory Benefits	97,265	101,127	106,682	5,555	5.5
Pensions in respect of Retirement	54,512	57,440	62,239	4,800	8.4
Retirement Pension	9,397	9,715	10,684	969	10.0
National Minimum Pension	6,255	6,282	6,328	46	0.7
Increased Retirement Pension	3,336	2,654	2,662	7	0.3
Two-thirds Pension	33,580	36,634	40,393	3,758	10.3
Increased National Minimum Pension	1,814	2,032	2,059	27	1.4
Decreased National Minimum Pension	131	122	114	-9	-7.1
Pensions in respect of Invalidity	8,748	8,550	8,307	-243	-2.8
Invalidity Pension	1,435	1,362	1,214	-148	-10.9
Increased Invalidity Pension	348	314	304	-10	-3.2
National Minimum Invalidity Pension	6,944	6,853	6,766	-87	-1.3
Decreased National Minimum Invalidity Pension	21	21	23	1	6.7
Pensions in respect of Widowhood	20,120	20,695	21,295	600	2.9
Widows' Pension	2,784	2,645	2,119	-526	-19.9
Early Survivors' Pension	2,802	2,786	2,893	107	3.8
Survivors' Pension	5,760	6,205	6,759	554	8.9
National Minimum Widows' Pension	8,774	9,058	9,523	465	5.1
Benefit in Respect of Industrial Injuries and Gratuities	447	464	473	9	1.9
Injury Benefit	333	349	371	23	6.5
Injury Pension	83	83	81	-2	-2.7
Injury Gratuity	31	33	21	-12	-36.0
Other Benefits	2,588	2,721	2,854	133	4.9
Unemployment Benefit	408	399	443	45	11.2
Special Unemployment Benefit	227	216	198	-18	-8.4
Maternity Benefit	421	435	511	76	17.4
Sickness Benefit	1,319	1,458	1,453	-5	-0.3
Orphans' Allowance	7	15	8	-7	-46.3
Marriage Grant	188	185	196	10	5.6
Re-Marriage Gratuity	16	12	45	33	260.8
Bonus	10,851	11,257	11,513	256	2.3
Non-Contributory Benefits	35,845	36,389	37,214	825	2.3
Children's Allowance	7,925	7,596	7,273	-323	-4.2
Old Age Pension	5,164	5,358	5,521	163	3.0
Disability Pensions/Allowance	2,677	2,807	2,931	124	4.4
Social Assistance	12,308	12,648	13,156	508	4.0
Medical Assistance	3,282	3,474	3,596	122	3.5
Supplementary Assistance	1,439	1,388	1,600	212	15.3
Bonus	3,049	3,118	3,137	19	0.6
Total Social Security Benefits	133,111	137,516	143,895	6,380	4.6

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 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.

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.