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Government Finance

Government Expenditure on Social Security Benefits: January-June 2008

Expenditure on social security benefits rose by 13.1 per cent during the first six months of 2008, driven mainly by outlays on pensions in respect of retirement, contributory bonuses and children's allowances.

Total expenditure on social security benefits during the first six months this year amounted to €332.1 million, an increase of €38.5 million compared to the same period last year. This increase reflected higher outlays of €27.1 million and €11.4 million on contributory and non-contributory benefits respectively.

The increase in contributory benefits was essentially the result of an €18.8 million growth in pensions in respect of retirement, which amounted to €154.6 million during the first six months of 2008. This increase was primarily underpinned by additional outlays amounting to €12.3 million on the two-thirds pension, in part reflecting a rise in the number of beneficiaries. Pensions in respect of invalidity increased during the period under review and so did benefits relating to industrial injuries. Pensions in respect of widowhood increased by €1.9 million whilst the Contributory Bonus increased by €3.7 million.

Non-contributory benefits increased by €11.4 million over the same period last year. Within this category there was an €8.5 million rise in Children's Allowances resulting from a one-time payment to new beneficiaries. This expenditure was made during the first quarter of the year. Other increases were recorded under Social Assistance, up by €0.9 million and under the Non-Contributory Bonus, which increased by €1.0 million

As shown in Table 2, expenditure on social security benefits during the second quarter of the year amounted to €158.2 million. This outlay represents an increase of €10.5 million, or 7.1 per cent, when compared to the June quarter of 2007, and was brought about by an increase of €11.2 million in pensions in respect of retirement. During the second quarter this year pensions in respect of widowhood declined by €5.4 million, mainly because during the same quarter of 2007, four payments were made compared to three this year.

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-June)

Description	Jan-Jun 2006	Jan-Jun 2007	Jan-Jun 2008	Jan-Jun 2008/ Jan-Jun 2007	
				Absolute Change	% change
	€ thousands				
Contributory Benefits	207,430	221,443	248,546	27,104	12.2
Pensions in respect of Retirement	124,346	135,822	154,606	18,784	13.8
Retirement Pension	19,709	21,513	24,185	2,672	12.4
National Minimum Pension	13,035	12,970	14,770	1,800	13.9
Increased Retirement Pension	6,444	6,429	6,771	343	5.3
Two-thirds Pension	80,541	90,209	102,551	12,342	13.7
Increased National Minimum Pension	4,309	4,420	6,060	1,640	37.1
Decreased National Minimum Pension	309	280	268	-12	-4.2
Pensions in respect of Invalidity	17,567	17,263	19,172	1,909	11.1
Invalidity Pension	2,706	2,514	2,572	58	2.3
Increased Invalidity Pension	676	617	730	113	18.3
National Minimum Invalidity Pension	14,147	14,080	15,817	1,737	12.3
Decreased National Minimum Invalidity Pension	38	51	53	2	3.5
Pensions in respect of Widowhood	45,480	47,856	49,790	1,933	4.0
Widows' Pension	4,612	4,391	3,893	-498	-11.3
Early Survivors' Pension	6,573	6,660	6,985	326	4.9
Survivors' Pension	13,771	15,158	16,519	1,361	9.0
National Minimum Widows' Pension	20,523	21,648	22,377	729	3.4
Widows' with Children	N/A	N/A	15	N/A	N/A
Benefit in Respect of Industrial Injuries and Gratuities	786	888	994	107	12.0
Injury Benefit	567	694	741	47	6.7
Injury Pension	172	161	192	31	19.0
Injury Gratuity	47	33	62	29	89.9
Other Benefits	5,301	5,251	5,914	663	12.6
Unemployment Benefit	1,000	739	857	119	16.1
Special Unemployment Benefit	578	424	282	-143	-33.6
Maternity Benefit	840	850	984	134	15.8
Sickness Benefit	2,581	2,973	3,417	444	14.9
Orphans' Allowance	23	22	33	11	49.9
Marriage Grant	272	238	251	13	5.3
Re-Marriage Gratuity	7	5	90	85	N/A
Bonus	13,950	14,363	18,070	3,707	25.8
Non-Contributory Benefits	70,372	72,202	83,596	11,395	15.8
Children's Allowance	15,914	15,118	23,587	8,469	56.0
Old Age Pension	7,706	7,965	8,295	330	4.1
Disability Pensions/Allowance	4,107	4,255	4,814	559	13.1
Social Assistance	27,715	29,077	29,934	856	2.9
Medical Assistance	8,173	8,508	8,703	195	2.3
Supplementary Assistance	2,928	3,360	3,335	-25	-0.7
Bonus	3,829	3,918	4,929	1,011	25.8
Total Social Security Benefits	277,802	293,644	332,142	38,498	13.1

Table 2. Comparative Social Security Benefits (April-June)

Description	Apr-Jun 2006	Apr-Jun 2007	Apr-Jun 2008	Apr-Jun 2008/ Apr-Jun 2007	
				Absolute Change	% change
	€ thousands				
Contributory Benefits	104,223	111,090	120,119	9,029	8.1
Pensions in respect of Retirement	55,343	60,700	71,921	11,220	18.5
Retirement Pension	8,663	9,724	11,843	2,119	21.8
National Minimum Pension	6,444	6,462	8,312	1,850	28.6
Increased Retirement Pension	2,763	2,843	2,849	6	0.2
Two-thirds Pension	35,061	39,290	45,274	5,984	15.2
Increased National Minimum Pension	2,284	2,263	3,533	1,270	56.1
Decreased National Minimum Pension	127	117	109	-8	-6.9
Pensions in respect of Invalidity	8,699	8,586	10,821	2,234	26.0
Invalidity Pension	1,326	1,237	1,466	229	18.5
Increased Invalidity Pension	329	308	418	109	35.4
National Minimum Invalidity Pension	7,026	7,014	8,906	1,892	27.0
Decreased National Minimum Invalidity Pension	18	27	30	4	14.6
Pensions in respect of Widowhood	26,150	27,506	22,116	-5,389	-19.6
Widows' Pension	2,781	2,610	2,254	-356	-13.6
Early Survivors' Pension	3,770	3,807	3,008	-799	-21.0
Survivors' Pension	7,930	8,735	7,182	-1,553	-17.8
National Minimum Widows' Pension	11,669	12,354	9,668	-2,686	-21.7
Widows' with Children	N/A	N/A	5	N/A	N/A
Benefit in Respect of Industrial Injuries and Gratuities	403	446	519	73	16.4
Injury Benefit	307	343	381	38	11.0
Injury Pension	86	78	107	30	37.9
Injury Gratuity	10	25	30	6	23.2
Other Benefits	2,482	2,423	2,915	491	20.3
Unemployment Benefit	452	343	404	61	17.9
Special Unemployment Benefit	285	195	147	-47	-24.3
Maternity Benefit	386	409	473	65	15.8
Sickness Benefit	1,185	1,330	1,681	351	26.4
Orphans' Allowance	15	12	19	7	59.6
Marriage Grant	159	130	148	17	13.3
Re-Marriage Gratuity	1	5	43	38	760.2
Bonus	11,147	11,429	11,828	399	3.5
Non-Contributory Benefits	35,634	36,571	38,030	1,459	4.0
Children's Allowance	7,866	7,573	9,208	1,635	21.6
Old Age Pension	3,904	3,990	4,178	188	4.7
Disability Pensions/Allowance	2,067	2,130	2,522	392	18.4
Social Assistance	12,601	13,234	13,641	407	3.1
Medical Assistance	4,681	4,858	3,728	-1,130	-23.3
Supplementary Assistance	1,479	1,673	1,687	14	0.9
Bonus	3,036	3,114	3,067	-48	-1.5
Total Social Security Benefits	139,857	147,661	158,150	10,488	7.1

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.

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.