

Social Protection in the Nordic Countries 2009/10

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Scope, Expenditure and Financing

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Preface

The Nordic Social Statistical Committee (NOSOSCO) is a permanent committee under the Nordic Council of Ministers. The aim of the Committee is partly to coordinate social statistics from the Nordic countries, partly to compare analyses and descriptions of the scopes and contents of social welfare measures.

The Committee is composed of three representatives from each country and a number of substitutes. The countries chair the Committee in turn for three years, with Finland having the chairmanship for the period 2011-2013.

In its report, *Social Protection in the Nordic Countries*, NOSOSCO publishes its findings regarding current social development. In 2005, the Faroe Islands gained full membership of the Committee, and data from the Faroe Islands have been included in this publication as from the 2003 publication.

As a result of their EU membership or participation in the EEA cooperation, all Nordic countries are obliged to report data on social protection to EUROSTAT, the EU statistical office, and consequently, NOSOSCO has decided to adopt the specifications and definitions used in ESSPROS, EUROSTAT's nomenclature.

The data in the report are the most recent ones available in the spring of 2011, i.e. data are, where possible, from 2010 and otherwise from 2009. In respect of legislation and benefit rates, reference is made to current legislation and the rates applying in 2010.

To assist the Committee Secretariat in its preparation of the present report, NOSOSCO set up an editorial group. Besides, a working group has contributed calculations regarding typical cases and income distribution. On www.nom-nos.dk, a list of NOSOSCO's members and its working groups can be seen.

The present edition of the publication is only available in electronic form on NOSOSCO's homepage together with supplementary information.

Johannes Nielsen, Head of Secretariat, NOSOSCO's Secretariat, is the editor of *Social Protection in the Nordic Countries, 2009/10*.

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Symbols Used in the Tables:

Data not available	..
Data non-existent	.
Less than half of the used unit.....	0 or 0.0
Nil (nothing to report)	-

Chapter 1

Changes in Nordic Social Policies in 2010 and 2011

DENMARK: After the international financial crisis in 2008 and 2009, the Danish economy was characterized by a moderate recovery in 2010 supported by high growth in the neighbouring markets in Sweden and Germany. The negative growth of -5.2 per cent in 2009 turned in 2010 to positive growth of 1.7 per cent. In 2011, a slight positive growth rate of 1.3 per cent is anticipated due to the international debt crisis. In 2012, the growth rate is expected to increase again to 1.8 per cent.

From 2009 to 2010, the employment rate decreased by 60 000 people. In 2011, the employment rate is expected to decline by 2 000 people and in 2012 to increase by 7 000 people.

The unemployment rate as a percentage of the labour force (cf. the EU definition) increased from 6.0 per cent in 2009 to 7.4 per cent in 2010. In 2011 and 2012, the unemployment rate is expected to remain at largely the same level.

Inflation increased from 1.3 per cent in 2009 to 2.3 per cent in 2010. In 2011, an inflation rate of 2.8 per cent is expected, after which it is expected to drop to 1.8 per cent in 2012.

The public finance deficit increased from DKK 46.5bn in 2009 to DKK 48.3bn in 2010. The deficit is expected to increase further to DKK 68.2bn in 2011 and to DKK 84.5bn in 2012.

The bright spot in the financial development is the balance of payments in respect of foreign countries showing a surplus of DKK 59.0bn on the current account in 2009 and of DKK 89.9bn in 2010. In 2011, a surplus of DKK 83.8bn and in 2012, a surplus of DKK 76.8bn is expected.

In the social security area, the following changes have been implemented or adopted in the period from 1 July 2010 to 1 July 2011:

Harmonization as from 1 January 2011 of the rules governing calculation of time of residence regarding entitlement to retirement pension. The Act

no longer allows refugees to include time of residence in their country of origin in the calculation of retirement pension. Consequently, the same principles apply to refugees as apply to other immigrants and Danes who have resided in other countries. The Act contains an interim provision to the effect that the previously applicable provision putting residence in one's country of origin on the same footing shall apply to refugees who arrived in Denmark before 1 January 2011;

An Act on notification obligation in connection with temporary long-term stay in countries within the EU/EEC and Switzerland as well as increased control with payment of social pensions. The notification obligation applies to retirement and disability pensioners with permanent residence in Denmark who are staying temporarily in other countries for a period of more than two months. This involves that a pensioner must inform the local authorities on the date of departure and the expected date of return prior to leaving Denmark, and immediately upon return inform about the actual date of return. This Act took effect on 1 July 2010:

Introduction of an eligibility principle for family allowance and child allowance and enhanced control and extended set-off approach on payment of family allowance. An eligibility principle for family allowance and child allowance is introduced to the effect that recipients must have been resident or employed in Denmark for two years in the past 10 years to be entitled to the full benefit amount. This change means that entitlement to 25 per cent of the full benefit amount will be earned after six months of residence or employment in Denmark and 50 per cent after a year, etc. After two years of residence or work in Denmark, entitlement to the full benefit amount shall thus be earned. The eligibility principle shall apply as from 1 January 2012.

In years to come, major administrative changes have been planned for the social sector. For this purpose, an independent institution "Payment Denmark" was established and is expected to take over a number of municipal case-administration areas in which decisions are primarily made on the basis of objective criteria in the areas retirement pension, disability pension, housing benefits, maternity benefits, child allowance, child and youth benefits, collection and advance payments of child maintenance as well as collection of alimony. It is expected that a bill be introduced to implement amendments to the individual benefit acts with a more explicit specification of which tasks "Payment Denmark" is to take over from the local authorities, as well as a bill on the rules applying to case administration and the administration of "Payment Denmark".

As to cash assistance, the following changes were implemented or adopted in the period from 1 July 2010 to 1 July 2011:

On 1 January 2011, a reorganization of the State reimbursement was implemented to the effect that local authorities are supplied with further incentives to provide cash assistance recipients with activation measures. The changes imply that local authorities are reimbursed 30 per cent of the expenditure on cash and start assistance in "passive periods" and 50 per cent reimbursement in "active periods" (periods with assistance during rehabilitation, pre-rehabilitation, during general education or job practice). For recipients of unemployment benefits and special benefits, local authorities are also reimbursed 30 per cent of the expenditure on benefits payable in passive periods and 50 per cent in active periods (job practice).

To ensure a more continuous affiliation with the labour market for married couples drawing cash assistance, the previous affiliation requirement (each spouse must have had a minimum of 450 hours of work in the past two years) was changed to a 225-hour-rule. A married couple who both draw cash assistance must in future each have had a minimum of 225 hours of ordinary and unassisted work in the past 12 months in order to remain entitled to receiving cash assistance. This rule came into force on 1 July 2011 with effect from 1 July 2012.

As part of the measures against social security fraud, the sanction rules have been altered. From 1 July 2011, it will have consequences if cash or start assistance recipients unjustifiably and against their better judgement draw benefits during stays abroad. It has furthermore been pointed out that the assistance amount will be reduced in the period from a person signs off from being actively looking for work and until he signs up again.

In the social service area, the following changes have been implemented or adopted in the period from 1 July 2010 to 1 July 2011:

From 1 October 2010, free choice of all kinds of technical aids and adaptation of dwellings to citizens with disabilities was introduced. The amendment of the law entitles citizens with reduced capacities who have been referred to some kind of technical aid, freely to choose supplier, just as citizens by paying any price difference are free to choose a more expensive technical aid than the one to which they have been referred. Besides, the amendment entitles citizens with reduced capacities, who have been referred to compensating adaptation of their homes, the liberty to choose another craftsman to carry out the adaptation than the one allocated by the local authority. Furthermore, by paying extra citizens are free to choose other materials than those provided by the local authority.

Interpretation availability was increased per 1 August 2010, when people with hearing disabilities got unlimited access to use an interpreter when working voluntarily. Besides, availability of interpretation in connection with leisure time activities and in connection with participation in disability-political events abroad was improved.

Subsequently, availability of interpretation has been further improved, i.e. in connection with participation in large parties, antenatal courses and disability-political sporting events for the disabled abroad. The joint interpretation solution provides access to unlimited use of interpreters for a large number of initiatives that are necessary in order to partake in community life on equal terms with others. The latest changes entered into force on 15 June 2011.

The Minister for Social Affairs has issued a new executive order on wage payment and transport expenditure, etc., in connection with sheltered employment, specially arranged employment and measures regarding activities and social events. Among other things, a change was introduced ensuring the expenditure of citizens who have been referred to sheltered employment on transport to their work place does not exceed 30 per cent of their income from the sheltered employment after deduction of tax. The executive order enters into force on 1 September 2011.

As from 1 January 2011, the subsidy payable towards privately distributed hearing aids was reduced by 10 per cent from DKK 6 230 to DKK 5 607 per hearing aid.

As from 1 January 2011, a maximum was introduced to the benefit payable for lost income from work in connection with childminding in the home to the effect that a maximum of about DKK 20 000 is payable a month in connection with full-time childminding.

As from 1 July 2011, bilingual children who are not attending day care facilities, and in case at least one of the parents is unemployed, must be provided with a language-stimulating measure in the form of a day measure of 30 hours a week if a language evaluation of the child shows that the child is in need of a language-supporting measure. The day measure is free of charge for the parents.

Local authorities must no later than 1 August 2011 provide a healthy luncheon in all day care institutions. The parental board in the individual day care institution may opt out of the luncheon scheme in the day care institution. Parents are to pay for the meals. Parental charges for luncheon may be reduced by means of sibling subsidies and free place subsidies according to the same rules as apply to reduced charges for a place in the day care institution.

THE FAROE ISLANDS: The economic development after the economic crisis has in recent years left its mark on the Faroese society. In the autumn of 2010, the development entailed that one of the largest banks in the Faroe Islands went into liquidation. The bank that covered 60 per cent of the market was saved by the Financial Stability Company, of which the Faroese banking system has formed part since its introduction. After bank privatizations in the middle of the 2000s, a large part of the Faroese population placed their savings in the Faroese banking system, and these minor shareholders were not saved in connection with the liquidation.

The consequences of the liquidation have been insignificant in respect of the ordinary bank clients, but for trade and industry consequences were that the largest fishing factory in the Faroe Islands went into liquidation before Christmas 2010 and left many unemployed. Several construction projects in the vicinity of Tórshavn have also been suspended or completely stopped as a result of the bank failure. The remains of the bank were reconstructed by national investors during 2011.

The most visible result of the bank failure was the increase in the unemployment rate, which is still just under 7 per cent. Similarly, the Faroese Economic Council anticipated a reduction in community growth.

The political wish for a reduction of public expenditure has resulted in legislative amendments to the effect that the projection of public benefits and services be reduced from 3 per cent to 1 per cent. Similarly, legislative amendments have resulted in disability pensioners living in service housing having been deprived of their entitlement to heating supplements. Besides, the public contribution to parental benefits has been reduced.

Politically, the present Government has lost its majority in the spring of 2011, after which alternating cross-party majorities have taken part in the implementation of the legislative amendments. It has not yet been possible to carry out the reforms which the home government has worked on in the pension and municipal areas. An election to the *Lagting* has been scheduled for 19 January 2012 at the latest, and the result of this election is awaited before the reforms can be presented again.

The pension reform presented to the *Lagting* in the spring entailed compulsory saving of the gross earnings for contributions to retirement pensions and reorganization of existing pensions to retirement pensioners. The reform regarding amalgamation of municipalities would result in care for the elderly becoming a municipal matter. That means that legislation must be drawn up ensuring care and services to the elderly.

Work is still in progress to draw up job-promoting measures in connection with the welfare legislation to make it more flexible to get people with reduced working capacities back into the labour market.

It was decided to amalgamate the Faroese social administration (Almannastovan) and the national home care scheme (Nærverkið). This means an amalgamation of the two largest public work places in the country. One of the objectives was to create cutbacks and provide citizens with only one public authority to contact when assistance from the public authorities is needed.

The census mentioned earlier has been scheduled to be carried out in the autumn of 2011. In the autumn of 2010, a pilot project was implemented prior to the final census.

FINLAND: Towards the end of 2010, the gross domestic product started increasing and as last year, the volume of the GDP increased by 3.1 per cent. In 2011, the GDP is anticipated to increase by 3.6 per cent and then by about 2.5 per cent per year.

In 2010, the employment rate and the unemployment rate remained on average at the same levels at the previous year. The employment rate decreased, and the unemployment rate increased at the beginning of the year but subsequently the situation improved. The employment rate among men remained the same whereas the rate among women continued to decline. The unemployment rate was on average 8.4 per cent. The youth unemployment rate remained high, while the employment situation improved somewhat for older employees, i.e. those having reached the age of 55 years.

The challenges to the social security system were the international economic situation; the effects of the new technology; the ageing of the population; the employment situation; the financing of the welfare system; the accession to social and health care services; differences in welfare among different population groups and social exclusion. The improvement of the employment rate has started to reduce the need for unemployment benefits to the unemployed. The social expenditure continues to increase, however, and in 2010 it amounted to about EUR 55bn. In relation to the GDP, the expenditure amounted to about 30-31 per cent in 2009-2011, whereas its share of the GDP was 25-26 per cent in 2006-2008.

The Committee (the SATA Committee) that discussed a complete reform of the social security system completed its work in 2009. The Committee's proposals aim at improving basic protection and earnings-related benefits; promoting employment; clarification of social protection

and reducing bureaucratic traps. One objective of the reform committee was to enhance the incentives for work. Unemployment benefits and benefits related to adult education were reformed from the beginning of 2010. As part of the reforms, an increased allowance payable for the period of participation in active employment was introduced regarding both the earnings-related and the basic benefits for the unemployed.

In line with the Committee's proposals, the situation of people with low incomes was further improved in 2011. The rates of the minimum benefits (child allowance, the minimum rate of rehabilitation, sickness, maternity, paternity and parental benefits, benefits payable for childminding in the home and for private childminding) had previously been increased by way of separate parliamentary decisions. As from 1 March 2011, those benefits were linked to the national retirement pension index. To improve the situation of people on the lowest pension incomes, the so-called guaranteed pension of EUR 690 per month was introduced at the same time. The rates of the basic benefits will in future be evaluated regularly each fourth year. The first evaluation was made in the spring of 2011 prior to the Parliamentary election.

According to the reform that entered into force at the beginning of 2010, user charges payable for social and health services as well as the maximum payable for such services are adjusted in future in relation to the retirement pension index, while day care charges are adjusted in relation to the price index for social and health care every second year. The maximum for day care charges are adjusted at the same time as the income level index.

The age limit when it comes to the obligation to participate in work as part of a rehabilitating measure for people under the age of 25 years was abolished as from the beginning of 2010. Those having reached the age of 25 years who refuse to participate in work as part of a rehabilitating measure or abandon their participation now also lose their entitlement to labour market support for 60 days from the time of refusal or abandonment. At the same time, it became possible to reduce the basic amount of the income support for the 18–24-year-olds by 20 per cent if they are no longer entitled to unemployment benefits due to having refused to participate in education or training or having discontinued it for no reason. A reduction of the support must, however, not be detrimental to the income which the person in question absolutely needs.

Due to the municipality and service structure reform (the Paras Project), the number of municipalities have been considerably reduced. In 2005, there were 432 municipalities as against 336 in 2011. On the other hand, the reform has not yet affected the service structures. Consequently, a

comprehensive reform of the service structures and the financing of the services in the social and health sector has been initiated.

The new Health Care Act entered into force on 1 May 2011. The objective of the Act is to promote equal access, quality and patient safety in connection with health care services and to enhance client information regarding the services and primary care operating conditions. The Act gradually improves patients' options to choose which health unit they would like to receive care in across municipal boundaries.

From the beginning of 2011, a person who has been placed in long-term care has been at liberty to choose the municipality in which he or she actually lives as his/her home municipality. The law reform also makes it possible to make use of services in another municipality than one's home municipality and consequently relocate to get closer to one's relatives.

The reformation of the social security legislation that was initiated in 2009 has continued. In the law on child day care was added the option of day care across municipality boundaries. The paternity leave period was prolonged as from the beginning of 2010 from 24 working days to 36 working days.

The development goals and the most important measures for social and health care for the years 2008–2011 have been laid down in the National Development Programme for Social Welfare and Health Care (KASTE). Grants were awarded from the appropriations under the programme for projects to promote participation and preventing and reducing social exclusion. Priorities are i.a. exchange of services for children, youth and families; services related to mental care and abuse; reduction of long-term homelessness as well as improvement of disability services. The realization of the objectives of the KASTE programme regarding the service system has been improved by means of state-supported projects that go beyond sector boundaries and the usual business procedures. The objective of these projects is resilient structural and functional changes in the organization of the social and health sector.

A prolongation of working life is being examined in 2010 by two working groups with the intention of increasing the average pensionable age by three years by 2025.

The financing of the social security system was made more distinct by the retirement pension charge payable by employers being abolished from the beginning of 2010. The charge was abolished for all employers in both the private and the public sector. Retirement pensions are now totally financed by the State. Furthermore, the so-called state ratio system was reformed at the beginning of 2010.

ICELAND: The financial crisis and the resulting collapse of banks and financial institutions in Iceland on 6 October 2008 have had serious financial consequences. There has been a recession in Iceland from the beginning of the financial crisis. In 2008, the economic growth rate was 1.4 per cent, in 2009 -6.9 per cent and in 2010 -3.5 per cent. In comparison, the growth rate was 3.8 per cent in 2007 and 7.5 per cent in 2005. Inflation increased sharply towards the end of 2008 as a result of the financial crisis and the devaluation of the Icelandic currency. Inflation was 18.1 per cent on average in 2008, 12 per cent in 2009 and 7 per cent in 2010.

Political measures in Iceland after the financial crisis have been concentrated on curbing the effects of the crisis and attempting to stabilize the economy and create a basis for as quickly a clean-up and restoration of the economy and the labour market as possible. The Icelandic Government has cooperated with the IMF from the onset of the crisis.

Traditionally, Iceland has had a high participation rate and a low unemployment rate in the population as a whole, even in comparison with the other Nordic countries. The unemployment rate was approximately 2 per cent in the decade before the collapse and rose to about 8 per cent in 2009 and 2010. In July 2011, the unemployment rate reached 6.6 per cent. The unemployment rate is higher among young people than among older people; higher among men than among women and higher in the capital region than in other parts of the country. Due to the sharp growth in youth unemployment, the Icelandic Government launched the programme “Young People in Action” (“Unge i aktivitet”) in January 2010 to counteract youth unemployment. About 9 per cent of everyone under the age of 25 years in Iceland participated in 2010 in the programme, and about 40 per cent of the participants started in employment, further education or other measures for jobseekers after having participated in the programme in 2010.

After the financial crisis, the *Althing* and the Government initiated a number of special measures/institutions. The 'Welfare Watch' was set up shortly after the financial crisis by the Government to observe the welfare and the financial and social consequences of the crisis and to protect the most vulnerable groups in society. The main task of the Welfare Watch is to present recommendations as to how to help families, children and individuals in Iceland with a special focus on preventive measures. The *Althing* set up an Investigative Committee to investigate and throw light on the causes for the crisis. The Committee's findings were published in April 2010. A new public office - a Special Prosecutor, was established by law

shortly after the collapse. The office works exclusively with criminal cases concerning enterprises and individuals in connection with the prelude to the collapse of the financial system in 2008. The *Althing* also set up another special public office - the Ombudsman for the debt-ridden. A Constitution Committee was elected in a democratic election in 2010 to revise the Constitutional Act. The Committee has completed its work and presented its recommendations to the *Althing* in 2011.

The Government action plan for initiatives to ease the debt burden for individuals and families and to reschedule their debts consists of a combination of general guidelines and new special solutions. Numerous initiatives have been taken to help individuals and families who are suffering financial problems. Such initiatives include improved legislation concerning debt-rescheduling; considerable help schemes for people with foreign car loans and initiatives concerning housing. A special Government work group presented in 2011 its recommendations concerning housing policies stressing among other aspects changes in Iceland's uniform housing policies which mainly favoured the owner-occupier model. The recommendations concern i.a. composition of a more manifold housing market with different solutions, not least in respect of young families and low-income families.

In accordance with the Government action plan for protection of the most vulnerable groups in society, it was decided in the middle of 2011 to earmark ISK 8bn for payments to disability pensioners, retirement pensioners and the unemployed who receive the lowest maintenance amounts from the Social Welfare Department and the Labour Department, respectively.

The expenditure of the Social Welfare Department on payments of retirement and disability pensions was lower in 2009 and 2010 than in 2008. This is among other things due to the information availability on pensioners' income being better today, particularly capital income that counts as income, just as earned income from work and payments from pension funds. Not before 2010 did income from pension funds affect the Social Welfare Department's payments to pensioners. The Government decided to initiate an action plan in 2013-2015 concerning payment of retirement pensions from the Social Welfare Department. The aim is to decrease retirement pensioners' income reductions due to interaction between payments from pension funds and payments from the Social Welfare Department. Furthermore, the Government decided that retirement pensioners' income from other sources than the Social Welfare Department should be gradually increased in 2013, 2014 and 2015, so that

in 2015 the same terms shall apply as to disability pensioners in respect of income that is allowed without it affecting pension payments from the State.

On 1 January 2011, the Health Department and the Social and Welfare Department were united in one new department – the Welfare Department. On 1 January 2011, the disability care service was transferred from the State to the local authorities, and it was decided to transfer care services for the elderly from the State to the local authorities in 2013. These changes are steps in the development towards the responsibility for the running of the services becoming deeply rooted in the municipalities, while the responsibility for supervision, rights, legislation and complaints rests with the State.

NORWAY: The Norwegian economy has improved considerably in the past year. While the GDP for "mainland Norway" (excluding income from oil and foreign shipping trade) increased by 2.2 per cent from 2009 to 2010 at constant prices, the GDP as a whole increased by 0.4 per cent in that same period. The low growth in the GDP as a whole is a result of a lower degree of extraction in the kerosene industry.

The development in the labour market also indicates that the recession in the mainland economy came to a standstill in the first half of 2010. After man-hours worked hitting rock bottom in the first quarter of 2010, they have since increased, also if the public administration is excluded. There was an increase in man-hours worked both in industry and in the construction sector, two industries that are sensitive to cyclical movements in the mainland economy.

The labour force (the sum of the employed and the unemployed) counted in 2010 2 602 000 individuals, which was an increase of 12 000 from 2009. The participation rate among the 15-74-year-olds was reduced from 72.8 per cent in 2009 to 71.9 per cent in 2010. The participation rate declined in most age groups but mostly so for those under the age of 30. The participation rate for men is 75 per cent as against 68.7 per cent for women. The gender difference is largest in the older age groups. The share of unemployed in the age group 15-74 years has increased from 2.3 per cent in 2009 to 2.6 per cent in 2010. Nearly 40 per cent of the unemployed are women, and more men than women have become unemployed in the past year. In 2010, 31 per cent of the unemployed were long-term unemployed, i.e. consecutively unemployed for more than six months, as against 25 per cent in 2009.

The education level in the labour force continues to increase. In the period 2006-2010, the number of people in the labour force with higher

education increased by 16.7 per cent, and in 2010, 36 per cent of the labour force had graduated from college or university.

In 2010, 28.1 per cent of all people of the ages 15-74 years were outside the labour force. Of those, 36 per cent were disability pensioners or unable to work; 24 per cent were retirement pensioners; 28 per cent were receiving education or training, while 5 per cent worked from home (7 per cent unaccounted for). At the end of June 2010, about 9.5 per cent of the population between 18 and 67 years received disability benefits.

The Labour and Welfare Administration was reorganized in the years 2006-2009. One of the main purposes of the organizational reform was to get more people in work or participating in activation measures and to reduce the number of people that have benefits or assistance as their main source of income. A more user-friendly, coordinated and efficient administration was another main purpose of the reform. In all, 457 labour and welfare centres (NAV centres) were established on the basis of a cooperation agreement between the Ministry of Labour and Social Inclusion and the individual local authorities. In the period 2007-2013, an evaluation of the reform, both a process and an effect evaluation, is being carried out. The results of the effect evaluation shall only be available by the end of the evaluation period.

A new pension system came into force on 1 January 2011. The overall objective is to make the pension system financially sustainable in the long run. The pension model is to stimulate an increase of jobs, at the same time as it must contribute to income equalization. From 2011, the retirement pension payable by the social security fund was made flexible from the ages 62 to 75 years, and it is possible to combine retirement pension and work without the pension being reduced. Pension to new retirement pensioners will be adjusted in relation to the life expectancy for the age group at the time of award of the pension. Retirement pension in the new accumulation model consists of a work pension and a minimum pension by way of a guaranteed pension. Work pension will be accumulated on the basis of income from work from the first *krone* up to a fixed maximum, and every year counts. The new accumulation model applies in full to people born in 1963 or later and shall be gradually phased in for the year groups 1954-1962. In 2011, an evaluation of the pension reform that will run until 2018 was initiated by the Research Council of Norway. The purpose of the evaluation is to check whether the reform contributes to a financially and politically sustainable pension system and which effects the reform will have on flexibility and distribution and equality.

In February 2010, the Government and the labour-market parties agreed to continue the intention agreement concerning a more including working life. The aims of the new agreement are to prevent and reduce absence due to illness, increase the participation rate and improve the working environment, as well as prevent exclusion from and drop-out of the working life.

The main philosophy in the cooperation is early intervention and to root measures firmly in working life and in the individual work place. As part of the effort to reduce absence due to illness, the Government has presented amendments to both the Working Environment Act and the Social Security Act to ensure an early and relevant follow-up on ill employees and increased use of graded absence due to illness. Also efforts to develop measures aimed at those reporting absence to illness (principally general practitioners) have been initiated.

SWEDEN: In 2010, the Swedish economy was characterized by a record development, and the GDP increased by 5.5 per cent. A strong financial position in both the private and the public sector enabled increased consumption and increased investment activity. Besides, Swedish export was favoured by the development in the world market. The growth rate shall, however, be saturated in 2011 and is expected to end at 4.3 per cent due to the recovery in the world economy having come to a standstill. Recovery is on hold as hesitating households and enterprises defer consumption and investment decisions, and so also in Sweden. In the second half of 2012, recovery will pick up again. The GDP is expected to increase by 1.9 and 3.4 per cent, respectively, in 2012 and 2013.

The employment rate increased by 1.1 per cent in 2010, and the number of people aged 15-74 years in employment was 4 546 000. The increase can be explained by 43 000 more people becoming employed. The recruitment plans of trade and industry indicate that the employment rate shall continue to increase also in 2011, although the poorer growth in demand and GDP during the autumn and winter of 2010 resulted in the enterprises moderating their recruitment plans. The increase is expected to be 2.1 per cent in 2011 and 0.6 per cent in 2012, which will be an increase of about 125 000 people in all. The supply of labour does, however, increase rapidly, resulting in the unemployment rate declining rather slowly.

In 2010, the number of unemployed people increased on average to 416 000 people, 223 000 men and 193 000 women, accounting for 8.4 per cent of the labour force as in 2009. On the other hand, the number of long-term unemployed increased in 2010 to 132 000 people, which was an

increase of 17 000 people compared with 2009. The unemployment rate was estimated to decline to 7.5 per cent in 2011 and to be at the same level in 2012.

After many years of a decreasing number of sickness benefit days, the number of benefit days will increase in 2011. The growing trend will continue in 2012 after which the number of days is anticipated to decline again. That the number of sickness benefit days increases in 2011 and 2012 is a result of time limits having been introduced in the sickness insurance scheme. The time limits resulted in many people leaving the sickness insurance scheme in 2010. A large part of the non-insured returned to applying for sickness benefits after three months which results in the anticipated increase in the number of people drawing sickness benefits in 2011 and 2012.

In 2009, the number of whole-year equivalents receiving social transfer incomes and assistance such as sickness benefits; sickness and activity allowance; labour market support and financial support started increasing after several years of decline. A whole-year equivalent corresponds to a person receiving full compensation for a whole year, i.e. two people, who have been unemployed for six months, will, put together, become one whole-year equivalent.

In 2010, the number was by and large unaltered, whereas there were large changes among the various forms of support. The number of people receiving sickness benefits; sickness and activity allowance and unemployment benefits decreased while the number of people receiving labour market benefits increased by 45 per cent.

The number of whole-year equivalents is expected to fall in 2011-2012, which is explained by the number of recipients of sickness and activity allowance and of labour market benefits decreasing.

In order to get more people in work and to reduce marginalization, tax on earned income was reduced. This was done partly by reducing tax on income from work in four stages and partly by reducing state income tax. The tax reduction on earned income is made in such a way that low income and medium income wage earners get a higher tax relief in relation to their earned income than do high income earners.

In 2007, the income tax was lowered by SKK 40bn; in 2008 and 2009, by SKK 10 and 15bn, respectively, and in 2010 by another SKK 10bn. The fourth step in income tax reduction involves that the income tax deduction will be increased for those under the age of 65 years whose earned incomes from work exceed about SKK 38 600 per year. For the majority of wage earners, the improvement of the income tax deduction

entails that they get between SKK 200 and 250 more in their pockets each month. The fourth step in the income tax reduction entered into force on 1 January 2010.

To improve the financial circumstances for pensioners, taxes were lowered in a third step in respect of those turned 65 years on 1 January 2011. Tax relief was further increased for this group. The decrease was carried out in such a way that those earning the least got the highest increase. Furthermore, housing benefits for people on sickness and activity allowance were increased in 2010.

In 2010, the sickness insurance scheme was improved which meant that it in very special cases will be possible to have one's sickness benefit period extended beyond the 550 days that applied earlier. Enhanced measures for people forced to leave the sickness insurance scheme and for the unemployed to help them get back in work will be implemented in 2010 in the form of i.a. enhanced facilitation measures, work training and education.

On 1 January 2010, the Pension Authority was established in Sweden. It is the task of the Pension Authority to administer the general retirement pension, but also housing supplements to pensioners and survivor's pension. The Pension Authority takes over a number of tasks from the Insurance Fund and all tasks from the Premium Pension Fund.

On 1 July 2010, the multiple birth supplement was increased by SKK 50 for the second child; SKK 100 for the third child; SKK 150 for the fourth child and SKK 200 for the fifth child and any subsequent children.

On 1 January 2011, the Swedish Agency for Health and Care Services Analysis (MYVA) was set up. The Agency's task is from the perspective of patients, users and citizens to follow up and analyze enterprises and circumstances within the care and nursing sector, the dental care sector and in the interface between care and nursing.

New legislation on social insurance was introduced on 1 January 2011 applying in principle to all social insurance benefits and services administered by the Social Insurance Fund and the Pension Authority and replacing some thirty acts on social insurance.

On 1 January, a new patient security act entered into force. The new act includes provisions on carers' obligation to systematically safeguard patients' security.

Chapter 2

Population and Income Distribution

Link to supplementary information:

[EUROSTAT - database](#)

[EU-SILC database](#)

Table 2.1 Total fertility rate in the EU, Faroe Islands, Iceland and Norway, 2009

Denmark	1.84	Austria	1.39	Greece	1.52	The Netherlands	1.79
Faroe Islands	2.33	Belgium	1.84	Hungary	1.32	Poland	1.40
Finland	1.86	Bulgaria	1.57	Ireland	2.07	Portugal	1.32
Iceland	2.23	The Czech Republic	1.49	Italy	..	Romania	1.38
Norway	1.98	Cyprus	1.51	Latvia	1.31	Slovakia	1.41
Sweden	1.94	Estonia	1.62	Lithuania	1.55	Slovenia	1.53
		France	2.00	Luxembourg	1.59	Spain	1.40
		Germany	1.36	Malta	1.44	United Kingdom	1.94

Source: EUROSTAT; Statistics Faroes

Population

The demographic composition of the populations in the Nordic countries varies somewhat from one country to another, which is significant in relation to the need for child-minding facilities, activities for children and adolescents, the number of unemployed people and their age groups, the number of old-age pensioners, as well as the need for care and nursing of the oldest age groups.

The overall fertility rate has been relatively stable in the Nordic countries during recent years, with the Faroe Islands and Iceland having the highest fertility rates.

At the same time, the number of people in the oldest age groups has increased in all the countries and consequently also the need for care and nursing. There are, however, marked differences among the various countries and between the two genders. In all the countries, there are more women than men in the oldest age groups, which results in many older women living alone during the last years of their lives.

Of the Nordic countries, Sweden and Finland have the oldest population and Iceland and the Faroe Islands the youngest.

The development of fertility, average life expectancy and migration appears from Table 2.3. It should be noted that there are differences in the premises applied by the individual countries in the calculation of the figures in Table 2.3. Figure 2.1 shows the development of the Nordic populations until 2050 based on the national population projections.

POPULATION AND INCOME DISTRIBUTION

Table 2.2 Mean population by gender and age, 2010

	Denmark		Faroe Islands		Finland		Iceland		Norway		Sweden	
	1 000	Per cent	1 000	Per cent	1 000	Per cent	1 000	Per cent	1 000	Per cent	1 000	Per cent
<i>Men</i>												
0-6 yrs.	235	9	2	10	213	8	16	10	218	9	367	8
7-17 yrs.	387	14	4	16	342	13	25	15	352	14	586	13
18-24 yrs.	239	9	3	10	236	9	17	11	227	9	457	10
25-49 yrs.	937	34	8	33	882	34	56	35	866	36	1 572	34
50-64 yrs.	542	20	5	18	576	22	28	18	461	19	891	19
65-79 yrs.	327	12	3	10	304	12	13	8	242	10	602	13
80- yrs.	81	3	1	3	79	3	4	3	78	3	196	4
In total	2 748	100	25	100	2 632	100	160	100	2 444	100	4 670	100
<i>Women</i>												
0-6 yrs.	223	8	2	10	204	8	16	10	207	8	347	7
7-17 yrs.	368	13	4	16	328	12	24	15	334	14	556	12
18-24 yrs.	229	8	2	9	225	8	16	10	217	9	434	9
25-49 yrs.	923	33	7	31	846	31	55	35	827	34	1 510	32
50-64 yrs.	542	19	4	18	586	22	27	17	448	18	883	19
65-79 yrs.	364	13	3	11	370	14	14	9	270	11	649	14
80- yrs.	147	5	1	5	172	6	6	4	142	6	329	7
In total	2 796	100	23	100	2 732	100	158	100	2 445	100	4 708	100
<i>Women and men</i>												
0-6 yrs.	458	8	5	10	417	8	32	10	426	9	714	8
7-17 yrs.	755	14	8	16	670	13	48	15	686	14	1 141	12
18-24 yrs.	468	8	5	10	461	9	33	10	443	9	891	9
25-49 yrs.	1 860	34	15	32	1 728	32	111	35	1 693	35	3 082	33
50-64 yrs.	1 084	20	9	18	1 162	22	55	17	908	18	1 774	19
65-79 yrs.	691	12	5	11	674	13	28	9	512	10	1 252	13
80- yrs.	228	4	2	4	252	5	11	3	221	5	525	6
In total	5 544	100	49	100	5 363	100	318	100	4 889	100	9 378	100

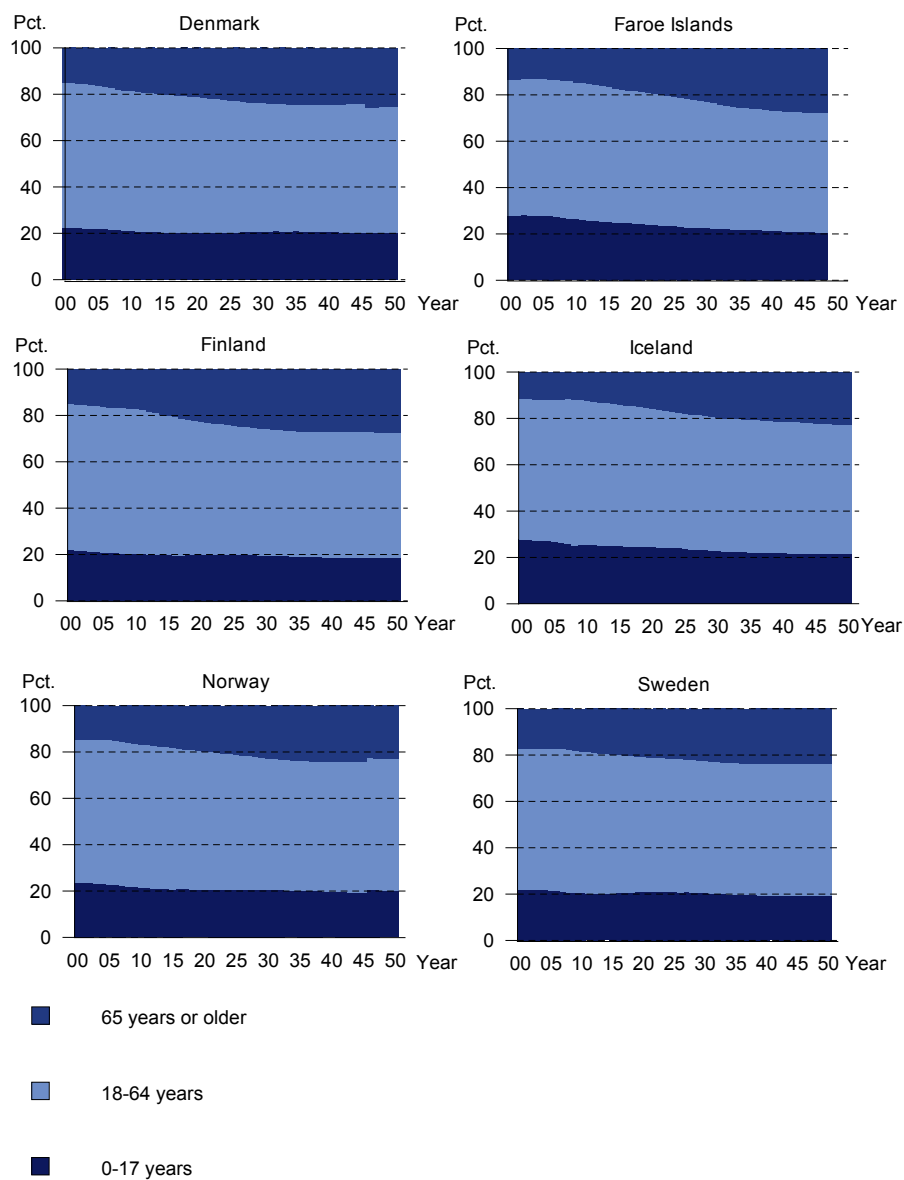
Table 2.3 Outline of the background for the population projections in the Nordic countries

	Denmark ¹⁾		Faroe Islands ²⁾		Finland		Iceland		Norway		Sweden	
	2010	2050	2010	2048	2010	2060	2010	2050	2010	2050	2010	2050
<i>Average life expectancy</i>												
- Men	77.5	84.8	78	80.4	76.7	86.8	79.8	84.8	78.9	85.7	79.5	84.1
- Women	81.7	86.8	83	82.5	83.2	90.3	83.1	87.0	83.2	88.9	83.4	86.4
Fertility rate	1.9	1.9	2	2.5	1.9	1.9	2.2	1.9	2.0	2.0	2.0	1.8
Number of children born, 1 000	62.6	67.6	1	..	60.9	62.5	4.8	5.0	61.0	78.5	115.6	94.3
Net migration in 1 000	9	9	-281	3.5	14	15	-4.0	0.9	42	22	45	20

1 Fertility in respect of people of Danish origin only.

2 Population projections 2050 stem from 2009, as the Faroe Islands were unable to provide new calculations this year.

**Figure 2.1 Mean populations in percentages broken down by age groups
2000-2010 and projections 2011-2050**



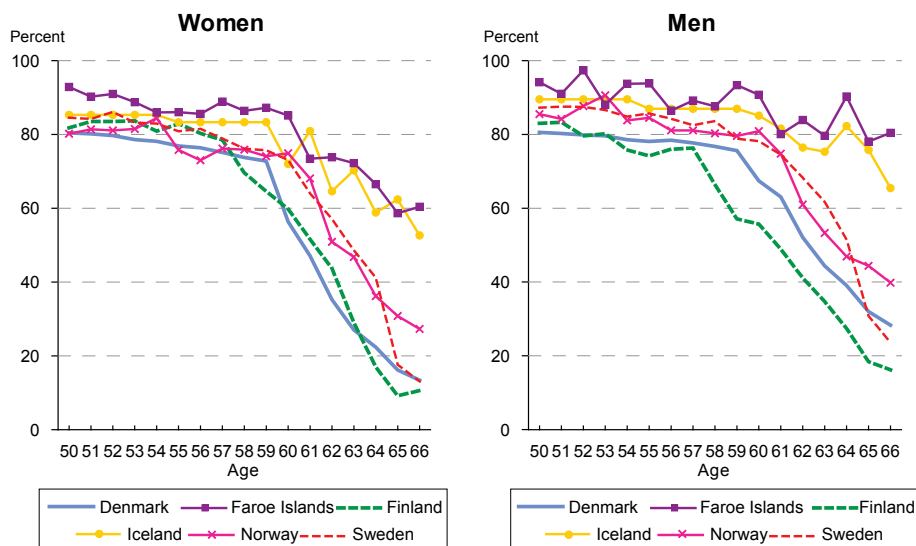
Early Retirement from the Labour Market

A significant issue in relation to the expenditure on the elderly and the disabled is particularly the length of time for which people remain in active employment in the labour market.

Figure 2.2 shows the employment rate for men and women in the age group 50-66 years in 2010, and Figures 2.3 and 2.4 show the development in the employment rate for 60- and 64-year-old men and women, respectively, in the period 2000-2010.

As it appears from Figure 2.2, men have a higher employment rate in general than do women. In all the Nordic countries, the employment frequency declines markedly with age in respect of both men and women. There are, however, also large differences from one country to another. The reasons for such differences are mainly to be found in different occupational structures, with the resulting different consequences to the health of the labour force, differences in the unemployment patterns, as well as differences in the possibilities of retiring early from work with public income-substituting benefits.

Figure 2.2 People in employment as percentages of the population, broken down by age and gender, 2010



POPULATION AND INCOME DISTRIBUTION

Early retirement from the labour market is most common in Denmark and Finland. These two countries have the most comprehensive public retirement schemes. In the Faroe Islands, there are no other public retirement schemes than health-related disability pension. In Iceland, there is no other public retirement scheme than health-related disability pension, with the exception of sailors who are granted public pension from the age of 60 years. Sweden holds a position in between in respect of retirement age.

There are distinct differences amongst the countries as to the employment rate for the 60- and 64-year-old men and women. The development in the period 2000-2010 also differs from one country to another. Particularly in Finland and Denmark, there has in recent years been an increasing employment frequency for the 60-year-olds and to a lesser degree for the 64-year-olds in respect of both men and women.

Figure 2.3 Women of the ages 60 and 64 years in employment, per cent, 2000-2010

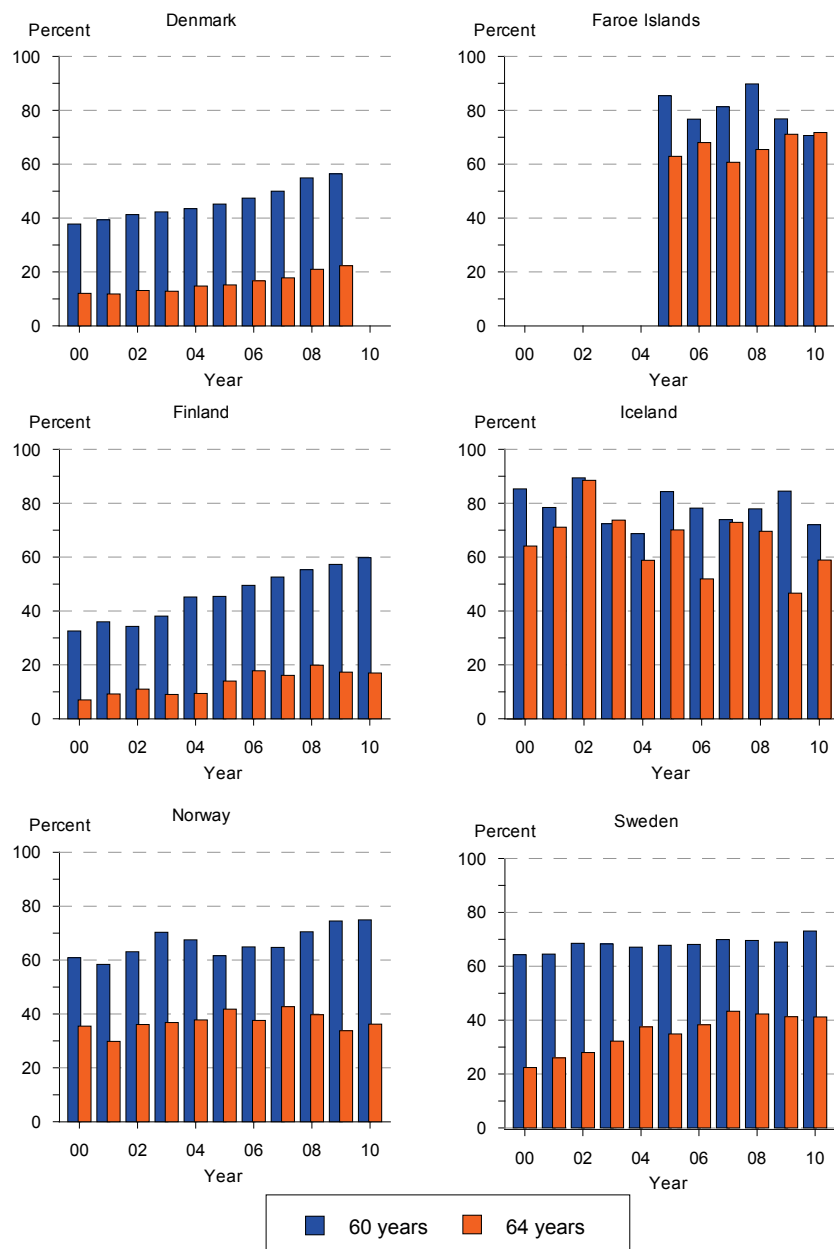
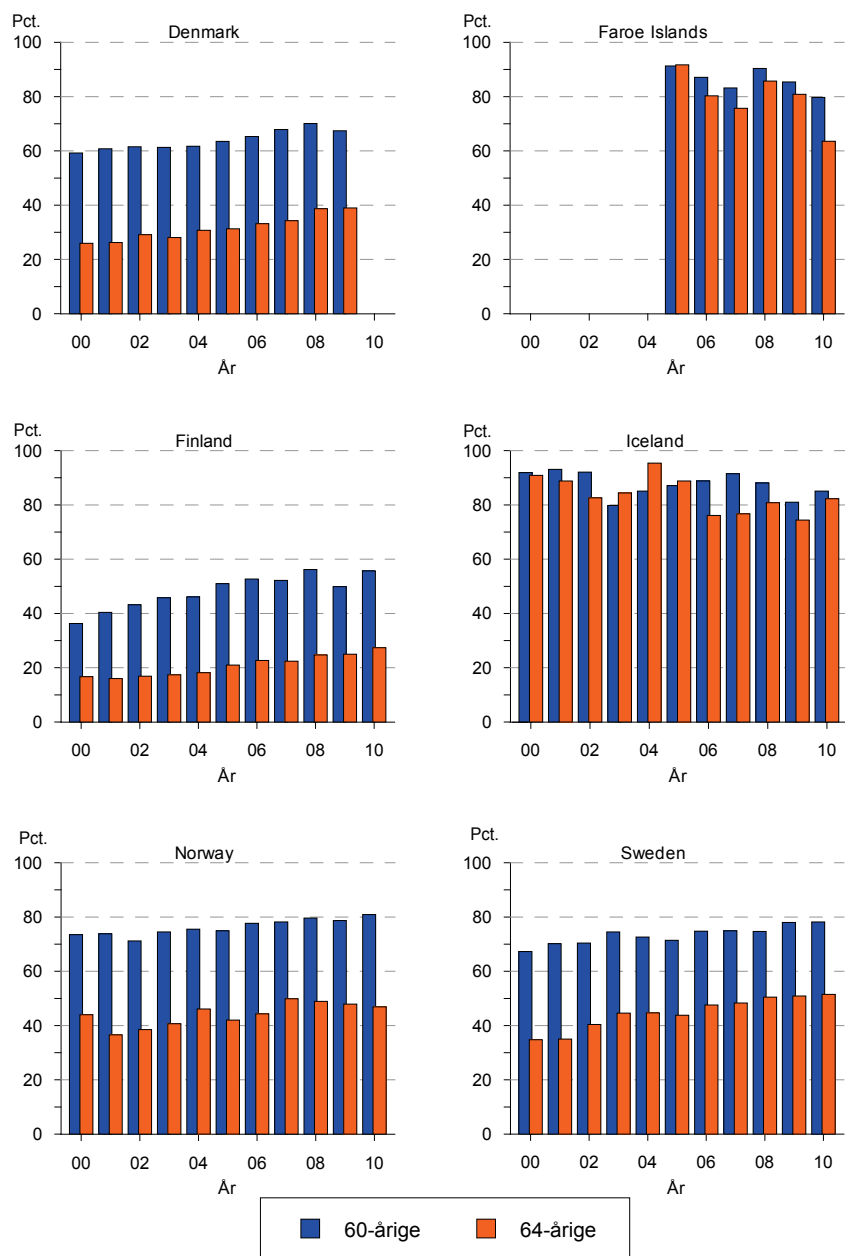


Figure 2.4 Men of the ages 60 and 64 years in employment, per cent, 2000-2010



Income Distribution

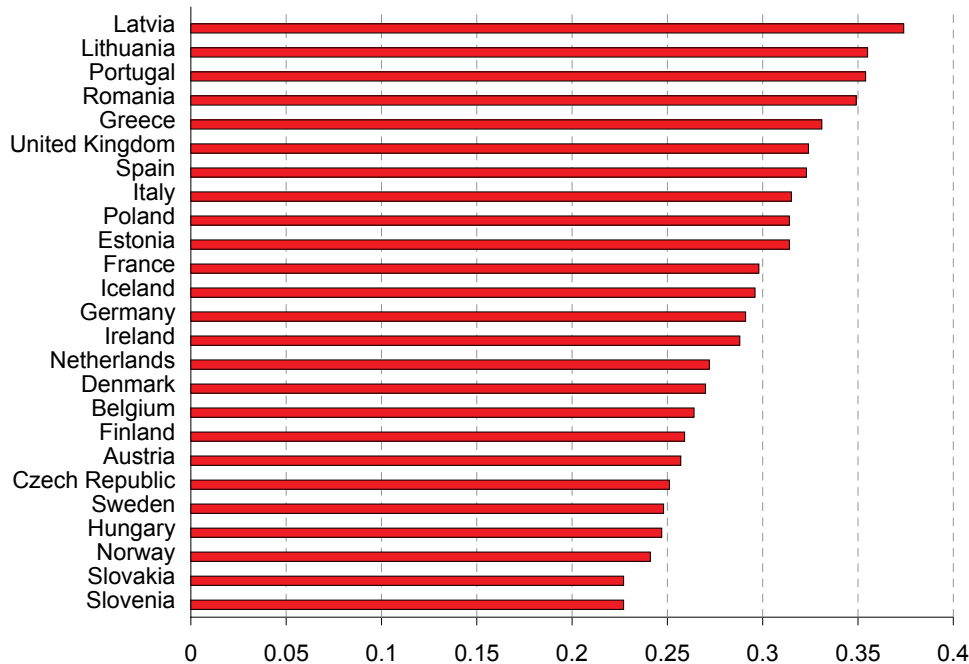
Figure 2.5 shows income distribution expressed by way of Gini coefficients for the Nordic countries and selected EU countries in 2008 (the Gini coefficient is a measure of dispersion, where the value in case of equal distribution is 0 and 1 in case of the most unequal distribution).

Compared with other countries, the differences in the income levels in the Nordic countries are small. The differences are smallest in Norway and Sweden and somewhat larger in Denmark, Finland and especially in Iceland.

The similarities in the income distribution in the Nordic countries are results of mange different factors.

Undoubtedly, income transfers and taxation are significant factors for the similarities.

Figure 2.5 Gini coefficients for the Nordic countries and selected EU countries in 2008



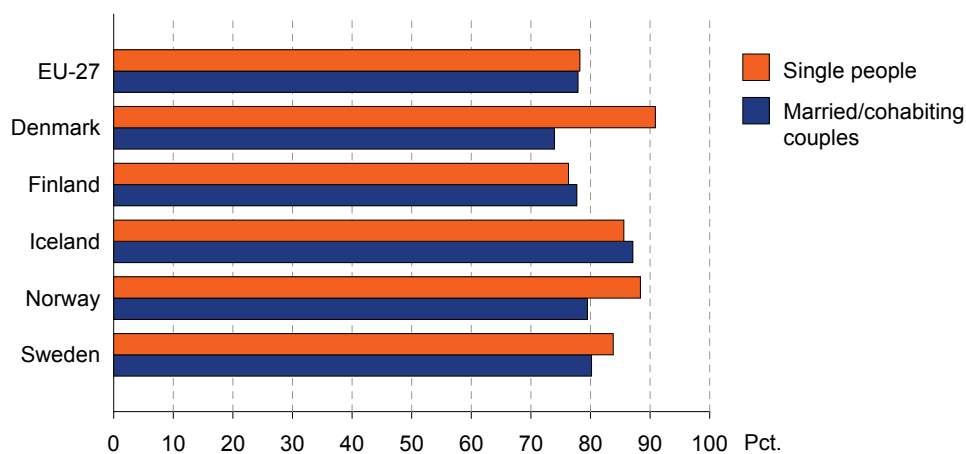
Kilde: EU- SILC.

Pensioners' Incomes Compared with Other Households

Figure 2.6 shows the disposable incomes in families where at least one person in the household is 65 years or older. The incomes are shown as percentages of the disposable incomes for single people and couples younger than 65 years.

As can be seen from the Figure, families 65+ years have a lower disposable income on average in all the countries than have families younger than 65 years. This applies to both single people and couples, but single people have a considerably higher percentage share than do couples with the exception of Finland where it is quite the opposite.

Figure 2.6 Equivalent incomes for single people/couples 65+ years as percentages of the equivalent incomes for single people/couples younger than 65 years, 2009



Source: EU-SILC.

Risk of Poverty

Tables 2.4 and 2.5 show the ratio of the population living in households with an income of less than 50 and 60 per cent, respectively, of the equivalent disposable income median in 2008.

It should be mentioned, however, that calculations of poverty risks are susceptible to the definitions used. The largest differences among the countries and in relation to the EU average are in particular to be found in connection with single parents, single elderly people and couples of whom at least one party has turned 65 years.

Table 2.4 Ratio of the total population living in households with an income of less than 50 per cent of the median equivalent disposable income, per cent, 2008

	Denmark	Finland	Iceland	Norway	Sweden	EU27
Single parents	9.8	11.7	10.3	14.7	14.8	20.2
Single people younger than 65 years	20.1	18.0	17.1	21.3	19.8	17.6
Couples younger than 65 years	3.4	3.6	5.6	4.6	4.7	6.7
Couples with dependent children:						
- couples with one dependent child	3.5	3.2	3.3	3.7	4.8	6.9
- couples with two dependent children	2.6	3.0	1.8	1.2	3.1	8.9
Single people 65+ years	6.4	13.5	9.1	5.7	10.3	13.8
Couples, of whom at least one part is 65+ years	2.9	1.6	0.0	0.5	2.4	6.9
All households	7.2	6.4	5.0	6.9	7.6	9.8

Source: EU-SILC.

POPULATION AND INCOME DISTRIBUTION

Table 2.5 Ratio of the total population living in households with an income of less than 60 per cent of the median equivalent disposable income, per cent, 2008

	Denmark	Finland	Iceland	Norway	Sweden	EU27
Single parents	20.3	24.3	22.8	28.9	28.9	34.0
Single people younger than 65 years	28.0	29.0	25.9	27.4	26.7	24.7
Couples younger than 65 years	5.5	6.7	9.5	6.7	6.6	10.5
Couple with dependent children:						
- couples with one dependent child	5.6	6.8	5.8	4.3	7.1	11.4
- couples with two dependent children	5.2	7.4	4.2	2.9	5.1	14.5
Single people 65+ years	23.2	42.2	31.0	28.5	33.1	26.8
Couple, of whom at least one part is 65+ years	14.7	8.4	2.7	1.6	5.9	13.8
All households	13.2	13.8	10.2	11.7	13.3	16.3

Source: EU-SILC.

Chapter 3

Families and Children

Links to supplementary information:

[EUROSTAT - database](#)

[EU-SILC database](#)

[Typical cases](#)

[Social expenditure](#)

While the Nordic countries spend almost identical ratios of the total social expenditure in per cent of the GDP on families and children, there are somewhat larger differences in the spending patterns of the EU countries.

Table 3.1 Expenditure on families and children as percentages of the GDPs in the EU, Faroe Islands, Iceland and Norway, 2008

Denmark	3.8	Austria	2.8	Greece	1.6	The Netherlands	1.8 ^p
Faroe Islands	5.9	Belgium	2.1	Hungary	2.8	Poland	0.7
Finland	3.0	Bulgaria	1.3	Ireland	3.1	Portugal	1.3
Iceland	3.0	The Czech Republic	1.5	Italy	1.3 ^p	Romania	1.5
Norway	2.8	Cyprus	2.1	Latvia	1.4	Slovakia	1.5 ^p
Sweden	3.0 ^p	Estonia	1.8	Lithuania	1.9 ^p	Slovenia	1.8 ^p
		France	2.5 ^p	Luxembourg	3.9 ^p	Spain	1.5 ^p
		Germany	2.8 ^p	Malta	1.3	United Kingdom	1.7 ^p

^p Preliminary data

Note: The source is EUROSTAT: Database for Social Protection Expenditure and Receipts. As to the Faroe Islands, the source is the Ministry of Social Affairs

The Nordic countries also differ from the other European countries in that women have a high participation rate (cf. Chapter 4), which increases the need for child-minding options during parents' working hours. Moreover, child minding falls under the educational system in the rest of Europe, and so the figures in Table 3.1 are not quite comparable.

One characteristic trait of Nordic families is that there are relatively many single parents. In all the countries, the number of single mothers is considerably higher than that of single fathers. The large number of one-parent families reflects the frequent changes in family structures.

Table 3.2 Number of families by family type, 2010

	Denmark	Finland	Iceland ¹⁾	Norway	Sweden ^{2,3)}
<i>Number of families with children aged 0-17 years (1 000)</i>	766	582	51	629	1 107
- in per cent of all families	27.2	19.8	41.2	27.5	19.9
Of whom (per cent):					
- Married	61.7	61.3	57.4	54.4	{76.7
- Cohabiting	16.1	18.4	22.8	23.9	
- Single	22.1	20.2	19.9	21.7	23.3
In total	100.0	100.0	100.0	100.0	100.0
<i>Distribution of children (per cent)</i>					
-1 child	40.8	43.7	45.6	44.8	44.2
-2 children	42.8	38.2	33.3	39.0	41.6
-3 or more children	16.4	18.1	21.1	16.2	14.2
Average number of children per family	1.8	1.8	1.6	1.8	1.7
<i>Number of childless families (1 000)</i>	2 048	2 362	73	1 657	4 447
Of whom (per cent):					
- Married	27.5	25.6	42.5	30.3	{27.7
- Cohabiting	8.4	8.7	4.5	6.9	
- Single	64.1	65.7	53.0	62.8	72.3
In total	100.0	100.0	100.0	100.0	100.0
<i>Single parents (per cent):</i>					
Men	17.0	13.4	8.6	19.2	19.8
Women	83.0	86.6	91.4	80.8	80.2
In total	100.0	100.0	100.0	100.0	100.0
<i>Single people with no children (per cent):</i>					
Men	50.0	48.6	51.3	49.7	51.1
Women	50.0	51.4	48.7	50.3	48.9
In total	100.0	100.0	100.0	100.0	100.0
<i>Average number of people per family</i>	2.0	2.8	2.4	2.2	1.7

1 Figures taken from Hagstofa Iceland's committee survey on living conditions (EU-SILC).

2 Figures projected by means of the simulation model FASIT and based on Statistics

Sweden's committee survey of household economies.

3 Cohabiting individuals counted as married people.

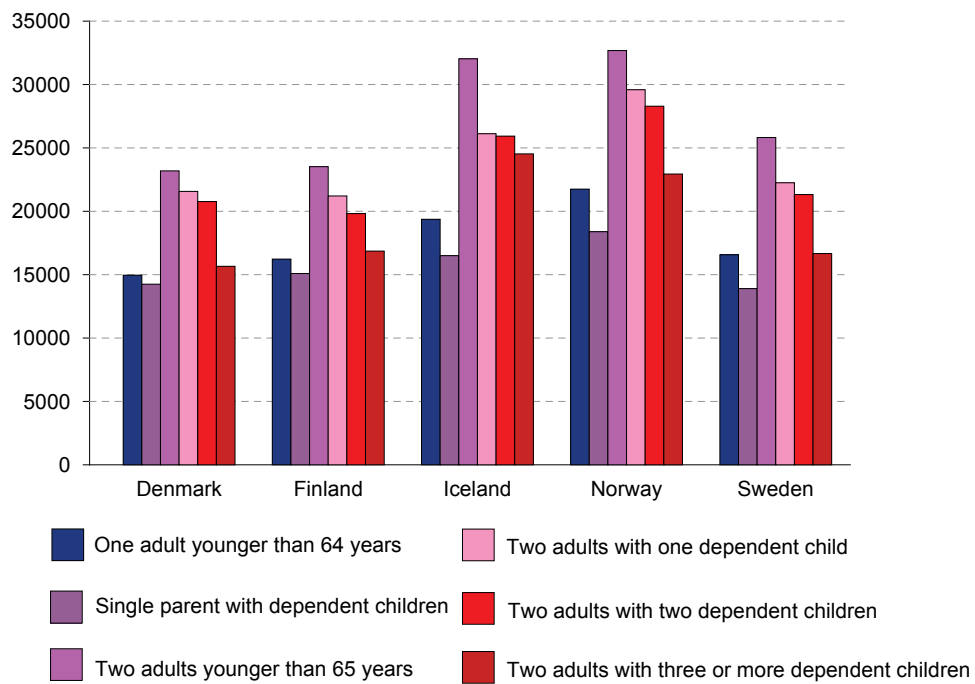
Figure 3.1 shows the average disposable incomes broken down by family types and measured in PPP-Euro in 2008. The incomes have been adjusted (equivalent incomes) in relation to household size and composition in order to make household sizes more comparable (see Appendix 1).

The purpose of Figure 3.1 is to compare different household types, and the Figure thus shows the disposable incomes for the adults in the household, for which reason households without children include only households without elderly members. Especially the category single-adult households includes many students and others who are not in permanent employment. This partly explains the relatively low incomes for single-adult households. In all the countries, single providers have the lowest incomes.

In all the countries, couples with many children have lower incomes than have couples with no children or couples with one child. The number of children increases the divisor used for the calculation of equivalent income.

Besides, several other factors contribute to the levels of income of the various household types. Employment rates and levels of education vary in respect of the various household types, just as the average earnings increase with age.

Figure 3.1 Equivalent average disposable incomes broken down by family types, PPP Euro 2008



Source: EU-SILC data. Average equivalent net income in PPP.

Cash Benefits to Families and Children¹

Daily Cash Benefits in Connection with Childbirth and Adoption

In all Nordic countries, compensation is granted to cover any loss of income in connection with childbirth during the last few weeks prior to and at least the first months after childbirth. In all the countries, a similar benefit is payable in the event of adoption.

In all the countries, the benefit amount depends on any previous income but also on the length of the leave period.

In all countries, employees may receive their pay in full according to collective agreements.

In Denmark, a prerequisite for obtaining the benefit is that one complies with the employment requirement, i.e. either by having worked for 120 hours within the latest 13 weeks; by being entitled to daily cash benefits; or by having concluded a vocational qualification course of a duration of at least 18 months within the past month; or by being an apprentice in paid trainee service.

In the Faroe Islands, it is also a condition for receiving the benefit that one is affiliated with the labour market by way of employment or by being self employed, or that one draws unemployment benefit. Other people are entitled to means-tested social assistance.

In the other Nordic countries, people who are not affiliated with the labour market also qualify for a benefit. In Finland, Iceland and Sweden, only a small amount is awarded (a basic amount), however, and in Norway, the benefit is a non-recurrent payment. In 2010, the amount is NOK 35 236 per child.

In all the countries, mothers are entitled to compensation for any lack of income if they are forced to terminate their work early in their pregnancy period due to work that could be detrimental to the foetus or in case of a difficult pregnancy. The rules governing such incidents vary somewhat from one country to another; in some countries, maternity benefits shall be payable, in some cases sickness benefits and in other cases a special benefit.

¹ Benefits payable to children who have lost one or both parents are described in Chapter 6.4. Special benefits that may be granted as supplementary social benefits to families and children are described in Chapter 8.

Table 3.3 Rules governing award of income-substituting cash benefits in the event of childbirth, 2010

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Gainfully employed (employees)</i>						
Maximum number of weeks in which maternity benefit shall be payable	50 ¹⁾	52	44 (48) ²⁾	39	46/56 ⁴⁾	69
- Maternity benefit to mothers before birth (weeks)*	4	4-8	5-8	4	3	9
Maternity benefits (weeks):						
- Mother only	18	14	18	13	9	8
- Father only		4	(4) ²⁾	13	10	8
- Either mother or father	32 ¹⁾	30	26 ³⁾	13	27/37	52
Additionally:						
- Father together with mother	2	2	3	-	2 ⁵⁾	2 ⁷⁾
Benefits subject to tax?	Yes	Yes	Yes	Yes	Yes	Yes
<i>Not gainfully employed</i>						
Maximum number of weeks in which maternity benefits shall be payable	..	..	44	39	Lump sum ⁶⁾	69
Benefits subject to tax?	..	..	Yes	Yes	No	Yes
Leave period sharable with father?	..	..	Yes, for a max. of 26 weeks	Yes	5)	Yes

* Note: The total number of reimbursable weeks includes the number of weeks, in which mothers are entitled to benefits prior to giving birth.

- 1 The common leave period of 32 weeks may be prolonged by 8 or 14 weeks to 40 or 46 weeks. The total leave period will consequently be 58 or 64 weeks. When a leave period is prolonged, the daily cash benefits will be reduced accordingly, so that the total amount for the 40 or 46 weeks equals the amount payable for 32 weeks.
- 2 Fathers drawing parental daily cash benefits during the last 12 working days of the parental daily cash benefit period are entitled to paternal daily cash benefits for another 24 working days (the so-called bonus days of leave).
- 3 In the event of multiple births, the maternity-benefit period shall be extended by 60 days for the second child and each subsequent child.
- 4 46 weeks at a compensation level of 100 per cent or 56 weeks at a compensation level of 80 per cent.
- 5 Fathers are entitled to two weeks of unpaid leave in connection with childbirth. The two weeks may either be taken just before the child is born or immediately thereafter. Entitlement to two weeks unpaid leave does not apply in the event of adoption. In the public sector and in large parts of the private sector, there are, however, collective agreements granting compensation for those two weeks.
- 6 The non-recurrent payment of NOK 35 263 is exempt from tax. A father is entitled to a non-recurrent amount if the mother has died, and/or he has assumed sole custody of the child.
- 7 Parents cannot draw parental benefits simultaneously, but an insured person other than the mother may draw two extra weeks of benefits in connection with the birth.

Table 3.4 Amount of income-substituting cash benefits in the event of childbirth 2010

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Gainfully employed (employees)</i>						
Amount of maternity benefits (per week) as percentages of any previous income	100 ²⁾	100	Normally 70-90 ⁴⁾	75-80 ⁵⁾	80/100	77.6/80 ¹⁰⁾
Income ceiling per week for full compensation ¹⁾	4 087	6 250	No maximum	89 147	8 728	8 127
Income ceiling per week for full compensation in PPP-Euro ¹⁾	385	589		496	740	711
Minimum amount per week	.	.	132.24	19 113 ⁶⁾	727 ⁸⁾	1 260 ¹¹⁾
Minimum amount per week in PPP-Euro	.	.	108	106	62	110
Maximum amount per week	3 760	5 580 ³⁾		69 767	⁹⁾	6 307
Maximum amount per week in PPP-Euro	354	526		388	.	552
<i>Not gainfully employed</i>						
Amount of daily cash benefits (per week)	.	.	132.24	11 559 ⁷⁾	⁸⁾	1 260
Amount of daily cash benefits (per week) in PPP-Euro	.	.	108	64	.	110

1 The income ceiling is the income maximum (previous income) in relation to which maternity benefits are calculated. The calculation of the income ceiling is made according to different principles in the various countries

2 When the joint leave period of 32 weeks is extended to 40 or 46 weeks, daily cash benefits shall be reduced accordingly, so that they correspond to 80 per cent for 40 weeks and to about 70 per cent for 46 weeks

3 The maximum amount per week is less contribution of 12 per cent payable to the holiday account

4 90 per cent of an earned income up to a maximum of EUR 49 003 per year for the first 56 days of the maternal leave period. For incomes exceeding EUR 49 003, it is 32.5 per cent. For the following 49 days, it is 70 per cent of an earned income of up to EUR 31 850 per year

5 Income in the last 12 months prior to birth determines the level of cash benefits in the following way: They amount to 80 per cent of the income from work up to ISK 46 512 per week, but 75 per cent of weekly wages above that amount and up to the income ceiling (ISK 69 767)

6 The minimum amount is payable when the employment has been between 25 and 49 per cent. The minimum amount payable when the employment has been between 50 and 100 per cent is ISK 26 489 per week. ISK 26 489 per week is payable to full-time students

7 Shall also be payable when the employment is less than 25 per cent

8 For those who have not earned a right to maternity benefits, a non-recurrent payment of NOK 35 263 may be granted per child

9 Calculated as maternity benefits for mothers in work, the maximum amount will be NOK 8 728 per week at 100 per cent compensation for 46 weeks, or NOK 6 982 at 80 per cent compensation for 56 weeks

10 The compensation level is 80 per cent, but a conversion factor for the income on which the compensation is based makes the compensation level 77.6 per cent.

11 Benefits at the lowest level (for a total of 90 days) apply to parents in and out of employment, respectively.

In Denmark, the Faroe Islands, Finland and Sweden, fathers are also entitled to daily cash benefits for a number of days immediately after childbirth, at the same time as mothers draw maternity benefit. In Norway, fathers are entitled to two weeks of unpaid leave in connection with childbirth. In the public sector and in large parts of the private sector, there are, however, collective agreements granting compensation for those two weeks.

In Iceland, 13 weeks of the parental leave is reserved for fathers and 13 weeks for the mothers and another 13 weeks may be divided freely between them. In Norway, 10 weeks are reserved for fathers and in relation to births after 1 July 2011, this quota will be prolonged to 12 weeks.

The period, in which daily cash benefits are payable in connection with birth and adoption is generally relatively long in the Nordic countries. Maternity leave is, however, significantly longer in Sweden than in the other countries. The number of days with parental benefits is 480 days per child. If parents mind the child jointly and equally, each parent will be entitled to half of those days.

In Denmark, maternity leave is one year and very flexible. Parents may, for example, divide the last 32 weeks of leave between them and may take turns to go on leave, or they may do it one after the other or at the same time. The 32 weeks may be extended by eight or 14 weeks, but the total amount of daily cash benefit will not be changed. Parents may furthermore postpone parts of the leave period till later and use them before the child turns 9 years.

Equivalent Disposable Income and Compensation Grades when Receiving Maternity Benefit

Figure 3.2 shows the equivalent disposable income at three different income levels for a single parent with a newborn who draws maternity benefits.

Figure 3.3 shows the equivalent disposable income at two different income levels for a couple with no other children than the newborn, and for a couple who already has two children, respectively. Definition of the equivalent incomes appears from Annex 1.

As can be seen from Table 3.5, the compensation payable to a single parent receiving maternity benefit differs somewhat in the Nordic countries. The higher compensation payable in Denmark, the Faroe Islands and Norway for an AW (the average pay for a blue-collar worker) = 67 per cent is primarily due to the child allowance payable for newborn children, but also to the housing benefit being higher for families with children than it is for childless families.

Figure 3.2 Equivalent disposable income for a single parent drawing maternity benefit, per month (December) 2010 in PPP-Euro

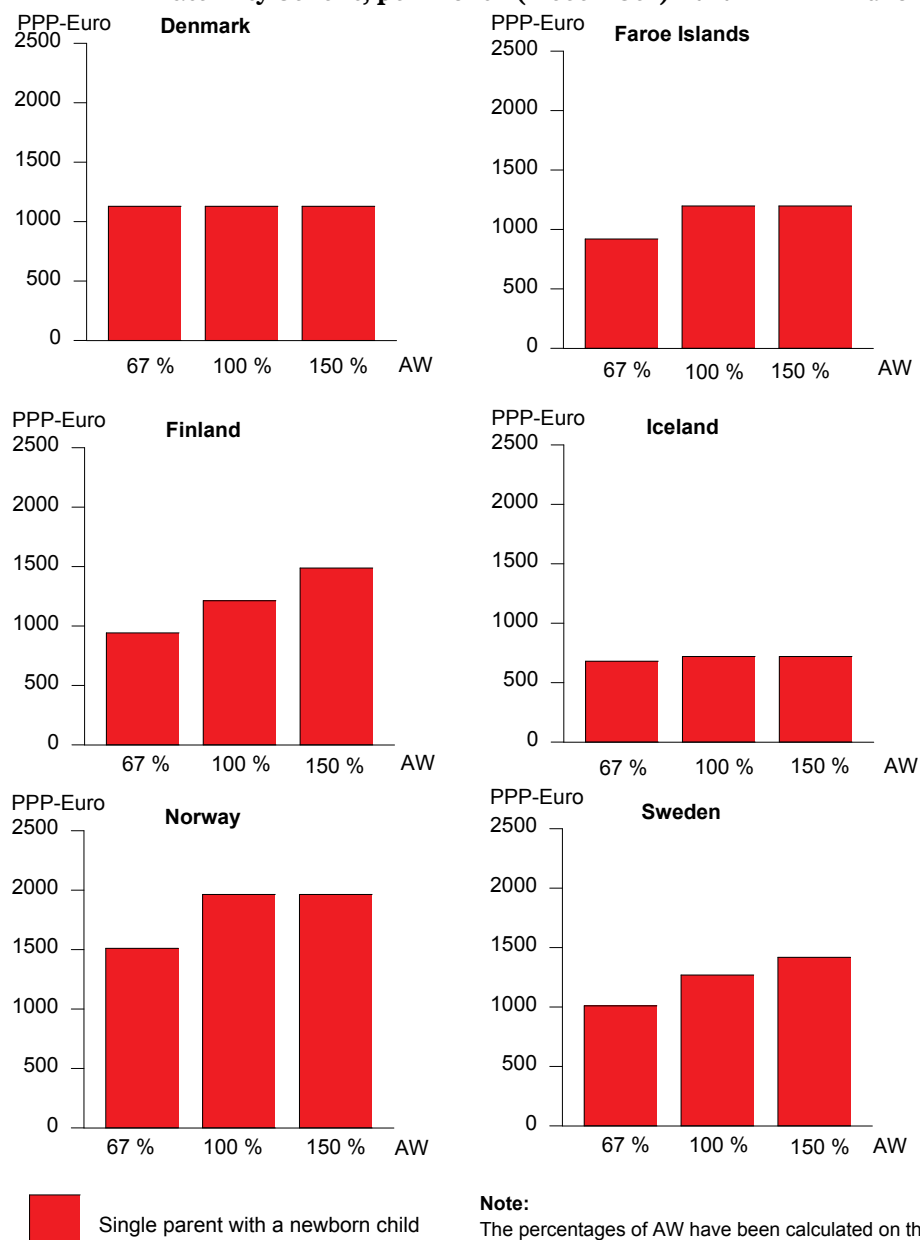
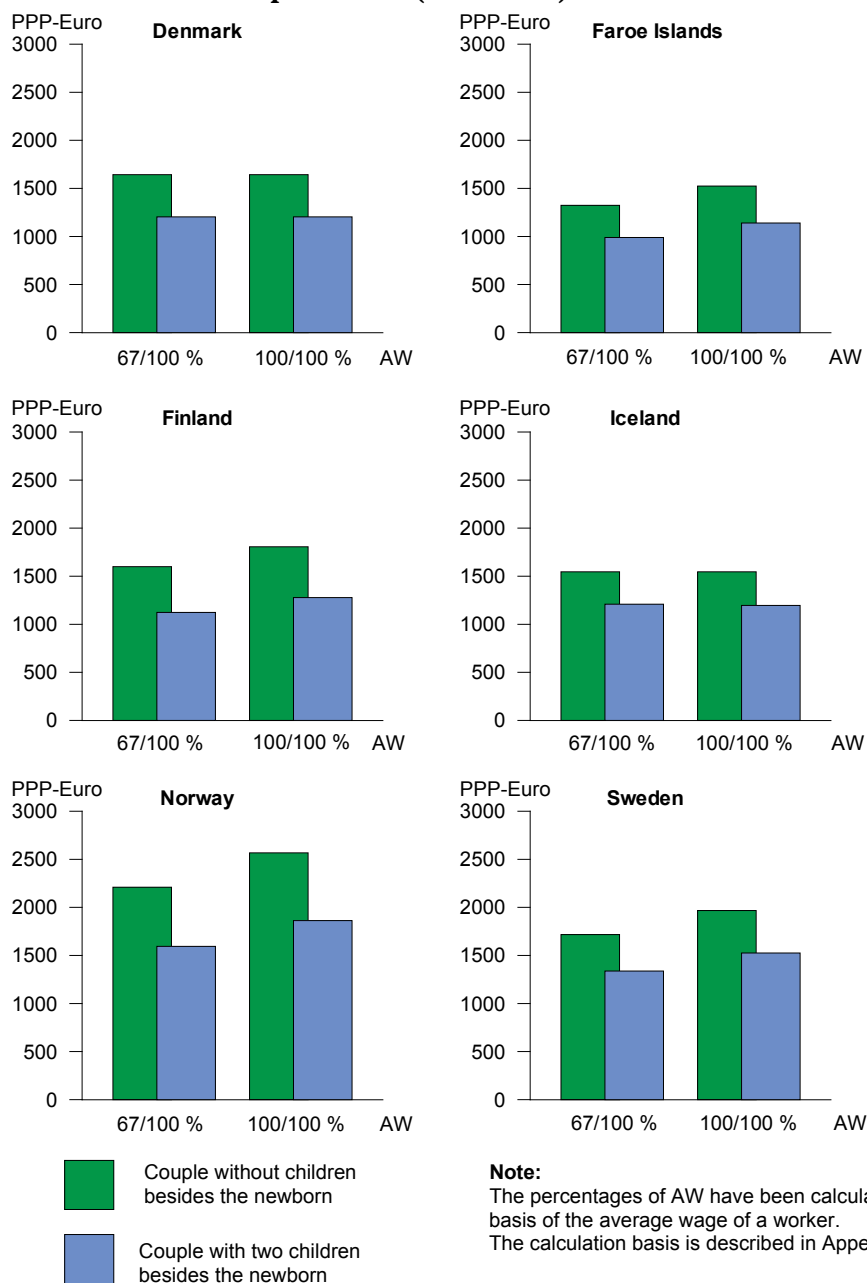


Figure 3.3 Equivalent disposable income for a couple drawing parental benefits per month (December) 2010 in PPP-Euro



For couples with two children besides the newborn, the lower compensation grades in relation to a single parent with no other children in Denmark, the Faroe Islands, Norway and Sweden for an AW=67/100 per cent is due to the payment for places in day care institutions for the other two children. The compensation grade for a single person is highest in the Faroe Islands and in Norway, while Iceland has the lowest compensation grade. The compensation grades appear from Tables 3.5 and 3.6.

Table 3.5 Equivalent compensation grades per month for a single parent drawing maternity benefits, as percentages of disposable income from work for a single person with no children (December) 2010

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
67 per cent AW	89	95	70	94	94	73
100 per cent AW	64	90	67	48	86	63
150 per cent AW	46	66	59	34	62	53

Table 3.6 Equivalent compensation grades for a couple drawing parental benefits as percentages of disposable income from work, when the partner earning the most draws benefits, 2010

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Couple with no other children than the newborn</i>						
67/100 per cent AW	82	86	78	89	85	76
100/100 per cent AW	70	86	78	77	84	74
<i>Couple with two children besides the newborn</i>						
67/100 AW	86	89	71	94	89	81
100/100 AW	73	89	72	83	88	78

The compensation grade is generally high in the Faroe Islands and in Norway, also in respect of the upper income brackets. In Sweden and Finland, the compensation grades are also relatively high for the upper income brackets, whereas the grade in Denmark is relatively low for those groups.

Men and Women's Use of the Daily Cash Benefit Schemes

It is characteristic that more and more men make use of the daily cash benefit schemes in connection with childbirth and adoption. However, both the number of recipients and the number of days in which maternity benefits are payable vary considerably from one country to another.

Table 3.7 Number of days with daily cash benefits in connection with pregnancy, childbirth and adoption during the year, 2000-2010

	Denmark ¹⁾	Finland	Iceland ²⁾	Norway ³⁾	Sweden ⁴⁾
<i>Number of days (1 000) in which maternity benefits were drawn</i>					
2000	13 150	15 232	696	10 920	37 100
2005	20 281	15 751	1 122	11 026	44 254
2009	21 475	16 534	1 282	12 647	49 561
2010	22 913	16 668	1 236	12 755	51 451
<i>Of which men in per cent</i>					
2000	5.5	4.2	2.9	6.9	13.7
2005	5.9	5.5	32.7	8.8	20.5
2009	7.3	6.7	33.9	11.6	23.1
2010	7.7	7.1	31.7	14.7	23.9

1 The calculation method was revised in 2002.

2 Before 2000, entitlement to daily cash benefits during maternity leave did not apply to mothers who were entitled to full pay from their employers.

3 Data relate to recipients of parental benefits in connection with childbirth and adoption and during pregnancy.

4 Data relate to net days with parental benefits, pregnancy benefits and temporary parental benefits in connection with childbirth and adoption.

This partly reflects differences in the coverage of the schemes, partly in the duration of the period in which one is entitled to the benefit. In Denmark, maternity leave was extended to one year in 2002. In Iceland, the new legislation on parental leave, which took effect in 2001, was fully developed in 2003, granting fathers the same independent entitlement to parental leave for 13 weeks as mothers enjoy. These changes can be seen from the statistics, which reveal that there are significantly more men than before drawing paternity benefits.

In Norway, the scheme giving fathers an exclusive right to part of the benefit period (father quota) was prolonged from four to five weeks in 2005 and to six weeks in July 2006. The latest prolongation concerns children born

after 1 July 2009. The quota is now 10 weeks. So far, the prolongation appears from the statistics in that fathers take more days with paternity benefits. The number of fathers exceeding the father-quota period is also increasing, albeit relatively slowly. Fathers' entitlement to paternity benefits, apart from the father-quota, still depends on mothers being gainfully employed after childbirth; receiving publicly approved education; or depending on assistance to take care of the child due to illness or injury.

The Swedish figures are not comparable with those from the other countries, as the benefits are payable for more days per child than is the case in any of the other countries. Besides, parental daily cash benefits may be payable until a child reaches the age of eight years. Of the total number of days for which parental benefits were payable in 2009, 83 per cent was paid for children under the age of three years, and in 2008, it was 84 per cent. As to women, about 87 per cent of the days in 2010 were for children under the age of three, and as to men, it was about 65 per cent.

Adoption Allowances

Adoptive parents are by and large granted the same benefits as are biological parents. If a child is adopted from another country, an allowance shall be granted to partly cover the expenses connected with the adoption. The adoption allowance is a tax free non-recurrent payment and varies from one country to the next.

There are, however, some differences among the Nordic countries, but in all the countries parents are approved for adoption by a public authority.

In Denmark, a non-recurrent amount of DKK 46 214 shall be payable on application to parents adopting a foreign child. The amount shall be paid by the local authorities when the adoption board has confirmed that the child has arrived in Denmark. The local authorities are reimbursed the adoption allowance by the State.

In Sweden, it is a precondition that the child has been born by foreign citizens who are not resident in Sweden at the time of adoption. Moreover, the child must not yet have turned 10 years.

Table 3.8 Newly adopted children during the year receiving adoption allowance, 2005-2010

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
2005	625	9	..	..	607	976
2009	511	13	197	34	315	720
2010	382	7	161	31	344	692

Cash Benefits to Parents Minding Children

Table 3.9 Rules applying to leave schemes concerning child minding as per December 2010

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Leave schemes for people in gainful employment?	Yes ¹⁾	No	Yes	No	Yes	Yes
Length of leave period	52 weeks	-	Until the child turns 3 years.	-	3)	480 days ⁴⁾
Amount of the allowance	60 per cent of the daily cash maximum.	-	EUR 314.28 per month + EUR 94.09 for any subsequent children under 3 years + EUR 60.46 for each subsequent child under 7 years + income-tested supplement of a maximum of EUR 168.19	-	Graduated parental benefits	390 days of the basic amount of sickness benefits and 90 days of the minimum amount.
Number of children covered by the scheme	1 633 ²⁾	-	97 337	-	..	225 725 ⁵⁾

1 The scheme has been abolished with effect from 2011.

2 Number of parents, 2009 (full-year individuals).

3 The parental benefits period may be prolonged until the child has turned three years in combination with part-time work.

4 The level of parental benefits payable is adjusted in relation to the extent of the recipient's work. If the mother works 50 per cent, she will be granted 50 per cent of the parental benefits.

5 The number of children for whom parental benefits are payable in December 2010.

In Denmark, the rules applying to child-minding leave were revoked with effect from 2011 in connection with the extension of the maternity leave to one year in 2002.

In the Faroe Islands, there are no schemes for parental benefits in connection with child minding.

In Finland, parents may after a period of receiving parental daily cash benefits choose between a place in a municipal day care institution or an allowance for the minding of young children. The allowance may be granted as a supplement towards payment for child minding in the home or as a supplement towards payment for private child minding. The allowance towards child minding in the home may be granted if a family has a child under the age of three years.

Parents may also choose to work reduced hours if they have children under the age of three. They will then be awarded a reduced minding allowance of EUR 90 per month.

In Norway, the parental benefits amount is graded. The scheme applies in the event of childbirth or adoption and makes it possible to claim part of the maternity benefits in combination with income from work for a period exceeding the standard periods of 44 or 54 weeks. The benefits must be drawn before the child turns three years.

In Sweden, parents are entitled to parental benefits for 69 weeks in connection with childbirth. This period may be divided into several short periods until a child turns eight or has completed its first year at school.

Moreover, there are schemes in Norway, Finland and Sweden entitling parents to stay at home without pay to take care of their children.

In Norway, this entitlement applies for up to one year per employee after expiry of the parental daily cash benefits period. Cash benefits are payable for children between the ages of 12 and 35 months (one- and two-year-olds) who are not attending kindergarten on a full-time basis. The amount is NOK 3 303 per child per month. The benefit is neither needs- nor income-tested and is tax free. A relatively reduced amount is payable if a child attends kindergarten on a part-time basis.

In Sweden, this scheme applies until a child turns 18 months. Besides, parents are entitled to work part-time, 75 per cent of full time, until the child has reached the age of eight years. A voluntary municipal minding contribution was introduced on 1 July 2008. Local authorities may grant a minding contribution of a maximum of SEK 3 000 for children between one and three years who are not making use of any child-minding schemes. The minding contribution cannot be combined with parental benefits for the

recipient or his/her cohabiting partner or spouse. The minding contribution is tax free.

For children born from 1 July 2008 it is possible to apply for an equal opportunities bonus. The bonus encompasses parents sharing the minding and involves a reduction of tax of a maximum of SEK 3 000 per month (SEK 100 per day) to parents who have claimed minimum parental benefits. The bonus cannot exceed SEK 13 500 per child.

Minding of Ill Children

In all Nordic countries, parents are to some extent entitled to stay at home to mind an ill child. In Norway and Sweden, this right is governed by law and in the other countries by collective agreements.

In all the countries, parents themselves decide whether the mother or the father shall stay at home to mind a child. In Sweden, it is also possible for an insured person other than one of the parents to take time off to mind an ill child and to draw daily cash benefits. In Norway, single providers are entitled to 20 days of absence and couples to 10 days of absence each to mind an ill child.

As to the length of the period in which one is entitled to stay at home to mind an ill child, the scheme is most generous in Sweden, allowing 120 days per year per child, and least so in Denmark, the Faroe Islands and Iceland.

In Denmark, the Faroe Islands, Iceland and Norway, full pay compensation is made, however, in connection with child minding during short-term illness.

In Finland, the same rules apply as to sickness benefits. In some business sectors, full compensation is payable when minding children suffering from short-term illness.

In Sweden, a compensation corresponding to not quite 80 per cent of one's income from work is payable up to a certain income level (corresponding to the upper limit for sickness benefits).

In all the countries, there are furthermore special rules applying to the minding of chronically or seriously ill children.

Child Allowance

Table 3.10 Rules applying to child allowance, 2010

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Child allowance income-tested?	No ¹⁾	No	No	Yes	No	No
Child allowance exempt from tax?	Yes	Yes	Yes	Yes	Yes	Yes
Equal allowances granted for children of all age groups?	No/Yes ²⁾	Yes	Yes	No	Yes	Yes
Supplements payable for any additional children?	No	No	Yes	Yes	No	Yes
Extra child allowance payable to single parents?	Yes	Yes	Yes	Yes	Yes	No
Special child allowances granted to special groups?	Yes ³⁾	No	No	No	Yes ⁴⁾	No

1 The special child allowance, which will be granted where one or both a child's parents have been granted disability pension before 1 January 2003 or retirement pension, is, however, income-adjusted. Child allowances to special groups of children receiving education are also income-adjusted.

2 The family allowance is age-dependant; other child allowances are not age-adjusted.

3 Multiple-birth allowance payable for children born in multiple births.

4 A special supplement to the child allowance is payable in Norway for children resident in the Finnmark, a few municipalities in the northernmost part of Troms and on Svalbard. This supplement amounts to NOK 3 480 per child in 2010.

In all the countries, an allowance is payable for children. The allowances are tax free and independent of parents' income, with the exception of Iceland, where the child allowance is income-tested. In Iceland, a fixed amount is payable irrespective of income as from 2001, however, as an extra supplement for all children under the age of seven. In Denmark, the Faroe Islands, Iceland and Norway, the allowance is payable until a child reaches the age of 18; in Finland, until a child reaches the age of 17; and in Sweden, until a child reaches the age of 16 years - 20 years, however, if a child receives education. In all the countries, with the exception of the Faroe Islands, child allowances are financed by Central Government. In the Faroe Islands, local authorities finance 43 per cent of the expenditure on child allowances by way of a deduction from one of the parents' income. If the deduction is not used in full, the remaining amount will be paid as a supplement to the parent in question.

Table 3.11 Annual amount of child allowance, 2010

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
	DKK ¹⁾	DKK	EUR	ISK ²⁾	NOK ³⁾	SEK
<i>Couple with:</i>						
1 child	13 448	10 359	1 200	84 645	11 640	12 600
2 children	26 896	20 718	2 526	72 651	23 280	27 000
3 children	40 344	31 077	4 218	125 097	34 920	45 048
<i>Single parent with:</i>						
1 child	23 272	16 719	1 759	282 937	23 280	12 600
2 children	41 588	33 438	3 644	495 243	34 920	27 000
3 children	59 904	50 157	5 896	723 535	46 560	45 048
<i>Allowance in PPP-EURO</i>						
<i>Couple with:</i>						
1 child	1 267	976	976	498	987	1 103
2 children	2 534	1 952	2 055	427	1 975	2 363
3 children	3 800	2 927	3 432	735	2 962	3 943
<i>Single parent with:</i>						
1 child	2 192	1 575	1 431	1 663	1 975	1 103
2 children	3 917	3 150	2 965	2 911	2 962	2 363
3 children	5 643	4 725	4 797	4 253	3 949	3 943

1 Calculations were made on the basis of a family allowance for 3-6-year-olds of DKK 13 448 per year to both single parents and couples. The allowance payable for 0-2-year-olds amounted to DKK 16 988 per year and to DKK 10 580 per year for 7-17-year-olds.

2 In Iceland, the amount of the allowance is subject both to the number of children in a family and to the family income. The maximum allowance to a couple with one child aged 0-18 years is ISK 152 331 and ISK 253 716 to single parents. For each child in addition to the first one, a maximum of ISK 181 323 is payable to cohabiting couples and ISK 260 262 to single parents. Besides, a supplement of ISK 61 191 is payable for children between 0 and 6 years irrespective of income. Where a couple's annual income (in 2009) exceeds ISK 3 600 000 and that of a single parent ISK 1 800 000, the allowance will be reduced by 2 per cent of the earnings exceeding the maximum amount for one child, 5 per cent for two children and 7 per cent for three or more children. All calculations in the Table were made for one child under 7 years and the average annual income for couples with children and for single parents.

3 Single providers with young children are granted a supplement of NOK 7 920 irrespective of the number of their children. In addition, NOK 3 840 are payable per child to recipients living in Northern Norway and on Svalbard.

Advance on Maintenance Allowance for Children

For children whose parents do not live together, a maintenance allowance will normally be payable by the parent not living with the child. A maintenance allowance for children will be fixed in connection with dissolution of marriage and as part of the legal proceedings in connection with birth of a child out of wedlock. The allowance will be fixed either according to agreement between the parents, by way of a court decision or a decision rendered by the local authorities.

In Denmark, Finland and Sweden, people with high incomes may be ordered to pay a higher amount than the standard allowance.

Norway introduced new rules applying to calculation of contributions in 2003. The amount of the allowance is based on the principle that the mother and the father share the expenses for the maintenance of the child in relation to their financial abilities. The division between the parents takes into consideration the time the contributor spends with the children so that parents spending a lot of time with the children pay a smaller contribution. Entitlement to advances on the maintenance allowance depends on the recipient's income level.

Where the party liable to pay does not comply on time, the public authorities may in all the Nordic countries pay the party entitled to the allowance in advance. In Denmark, the Faroe Islands, Iceland and Finland, only an amount equalling the ordinary allowance shall be payable in advance. In Norway, the allowance advance is income-adjusted. The age limit for entitlement to payment in advance of the maintenance allowance is 18 years. In Iceland, Finland and Sweden, the period may be extended to 20 years if a child is receiving education.

Table 3.12 Amounts of maintenance allowance advances, 2010

	Denmark	Faroe Islands	Finland	Iceland	Norway ¹⁾	Sweden
	DKK	DKK	EUR	ISK	NOK	SEK
Maximum amount per child per year	12 432	12 552	1 674	259 884	16 380	15 276
Maximum amount per child per year, PPP-Euro	1 171	1 182	1 362	1 446	1 389	1 337

1 Maximum maintenance allowance advances (annual average). There are three different advance rates depending on the recipient's income.

Table 3.13 Number of children receiving maintenance allowance advances as percentages of the population under 18 years, 2000-2010

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden ¹⁾
2000	14	9	10	19	18	16
2005	13	9	9	19	14	13
2009	11	8	9	19	12	12
2010	11	8	9	18	11	12

1 Number of children under 19 years.

Other Benefits

In Norway, tax relief for minding children supplements the ordinary child allowance. The expenditure on this relief is, however, not included in the social expenditure statistics. The social security fund may also grant single providers a so-called transition allowance for maintenance, financial support towards child minding and education grants.

Child pension is payable to children who have lost one or both parents.

In Finland, Iceland, Norway and Sweden, a child pension has been introduced in the form of a basic pension and a supplementary/employment pension. In Denmark, a special child allowance is payable. Child pension is described in detail in Chapter 6.

Services to Families and Children

In the Nordic countries, it has been decided to provide children and families with an extensive service on a daily basis. The responsibility for the operation of such services rests basically with the local authorities who provide day-care institutions for children and adolescents, pre-school classes, family day care, child-minding in the homes as well as child and youth welfare schemes.

Children who are physically or mentally disabled will, as far as possible, be integrated in the general care schemes.

In all the countries, families with children may, in exceptional cases, be granted home help. This applies for example where the person taking care of the home and the children is unable to do so due to illness, childbirth or the like.

Families may furthermore be granted assistance in order to avoid that children and adolescents be placed away from their homes.

Day Care Institutions and Family Day Care

Day care institutions for pre-school children

Children of pre-school age are received in day care institutions. In all the countries, both full-time and part-time places are available.

In Denmark, Finland and Norway, parents may, according to slightly dissimilar rules, be granted a cash amount for minding their children in their own homes.

In all the countries, local authorities must ensure that there are sufficient places available. As a supplement, there are in all the countries also private minding schemes that play a significant part.

In Denmark, a national child-minding guarantee was adopted in 2004 to the effect that local authorities are obliged to supply places in day care facilities adjusted to the children's ages to all children from the age of 26 weeks and until school start.

Moreover, parents are entitled to choose a place in a day care facility in another municipality. Local authorities may, however, decide to close the waiting lists for admission of children from other municipalities for capacity reasons.

In the Faroe Islands, local authorities are not obliged by law to supply all children with a kindergarten place.

In Finland, all children under seven years are entitled to a place in a municipal day care institution or in family day care. Parents may also have their children looked after in a private home with municipal subsidies. The Social Insurance Institution pays the amount direct to the institution/private individual looking after the child/children.

In Iceland, some municipalities subsidize minding of small children, if they are waiting for a place in a municipal day care institution. Rules and amounts vary.

In Norway, local authorities are obliged to provide a kindergarten place to parents who so wish.

Children turning one year before the end of August are upon application entitled to a place in a kindergarten from the month of August that year. The child is entitled to a place in the municipality in which it lives.

In Sweden, pre-school activities include all activities for children from one year to school age. The activities may be “pre-school” family day care or day-care institutions with pre-school activities. The municipalities are obliged to provide pre-school activities or family day care to:

- children, whose parents work or study
- children, whose parents are unemployed or on parental leave. In such cases, children must be offered at least three hours per day or 15 hours per week
- children, who are in need of such activities.

A place must be provided without any unnecessary delay, i.e. usually within three to four months after parents have enrolled a child. Local authorities must take into due consideration parents’ wishes as to type of minding, and the place should be provided as close to a child’s home as possible.

Moreover, all children must be offered at least 525 hours free of charge at a pre-school from the autumn in which they turn four (the so-called ordinary pre-school). The general pre-school applies as from the autumn of the year in which a child turns three years. From 1 July 2009, family day care homes shall be replaced by educational care. This will be a total concept for family day care in several varieties.

Family day care

Municipal family day care exists in all Nordic countries. These schemes mainly cover pre-school children. Municipal child-minders are employed and paid by the local authorities and receive children in their homes. As is the case with places in day care institutions, parents pay for having their children minded in family day care. In all the countries, there is also private family day care that is run without any subsidies from public authorities, with the exception of Norway. Such child-minding options are not included in the Nordic social statistics.

Pre-school classes

In several of the countries, there are special classes preparing young children for school. These classes have been established according to somewhat different rules. After school hours, children may participate in after-school clubs or day care institutions.

In Denmark, the pre-school class is subject to compulsory education. The annual number of lessons is at least 600 class hours, corresponding to 20 hours a week in lessons of 45 minutes spread over 200 school days.

In Denmark, Iceland and Norway, the compulsory school age is 6 years. On the Faroe Islands, in Finland and Sweden, it is 7 years.

On the Faroe Islands, pre-school classes are only provided in one single facility.

In Finland, 6 year-olds are entitled to a pre-school place free of charge. The scheme comprises 700 hours per year. The scheme is not compulsory, but almost all 6-year-olds participate in measures preparing them for school.

In Sweden, local authorities are obliged to offer all 6-year-olds a minimum of 525 hours in the new school structure – the pre-school class. In the autumn 2008, 95 per cent of all 6-year-olds attended pre-school classes, whereas a few per cent had already started in primary school. All 6-year-olds are entitled to start school if their parents so wish. After school, children from pre-school classes and primary school may stay in the after-school clubs.

Children of school age

In all the countries, there are day-care options for children of school age. Minding may either take place in special youth centres for children of school age or be integrated in the minding of pre-school children in day-care institutions. In Norway, the responsibility for the development of after-school

clubs is placed with the school sector. This also largely applies in Denmark, Iceland and Sweden. The range of offers varies from one municipality to another.

There are different upper age limits to entitlement to places at youth centres/after-school clubs. In Denmark, the age limit is 10 years in some municipalities and 14 years in others. In the Faroe Islands, the largest municipalities provide after-school clubs up to and including 2nd form; in smaller municipalities, day-care schemes are applied until the same age level. In Finland, there is normally no age limit, but in special cases it may be 10 years. In Iceland, it is 9 years, in Norway 10 years and in Sweden 12 years. In Norway, local authorities must provide after-school clubs for children in the 1st to the 4th grade and for children with special needs from 1st to 7th form.

Children enrolled in day care institutions and publicly financed day care

The number of children who are covered by day care schemes in day care institutions and family day care varies significantly from one country to another. Some of the reasons for this are the extent of the unemployment and the fact that children in pre-school classes in Denmark also spend time in day care institutions after having attended their pre-school classes. The low figures for the 1-2-year-olds in Finland are a result of the home-care allowance option. In Sweden, the long maternity-leave period also plays a significant part.

Table 3.14 Rules applying to child minding in day care institutions and family day care, 2010

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Children of pre-school age</i>						
All children entitled to a place in a day-care institution/ family day care?	Yes, children over the age of 26 weeks	No	Yes	No	Yes, children who have reached the age of 12 months before 1 September that year	Yes ²⁾
Centrally laid down rules governing user payment?	Yes	Yes	Yes for municipal. No for private	No	Yes	Yes
Upper limit to the user-payment amount? If yes, amount should be stated.	Yes, a maximum of 25 per cent of the estimated gross expenditure	No	Yes, EUR 254 per month for the family's first child and for subsequent children EUR 229 per child per month in municipal day care	Yes, according to law, the amount must not exceed the actual municipal average expenditure per child in the day care institution	NOK 2 330 per month	Yes, the limit varies depending on municipality and on number of children in the family
Option of full-time or part-time places free of charge?	Yes	Yes	Yes	No	Yes	Yes
<i>Children of school age</i>						
All children entitled to a place in youth centre/after-school club?	Yes ¹⁾	No	No, but minding facilities must be provided either mornings or afternoon for children in the first or second form	Yes, depending on municipality, however, but only for children in the age group 6-9 years	No	Yes ²⁾
Centrally laid down rules governing user payment?	Yes, but not for after-school club schemes	Yes	..	No	Local authorities must only charge the actual expenses	Yes
Upper limit to the user-payment amount? If yes, amount should be stated.	Yes, a maximum of 30 per cent of the estimated gross expenditure on youth clubs, but none on after school clubs	No	..	No	NOK 2 330 per month	Yes, the limit varies depending on municipality and on the number of children in the family
Option of full-time or part-time places free of charge?	Yes	Yes	..	A local authority decision	A local authority decision	Yes
Age limit to minding of children of school age	Up to 14 years	None	..	6-9-year-olds	Up to and including 10 years and 12 years for children with special needs	6-12-year-olds

1 All children are entitled to be registered for a place, and the local authorities must provide an adequate number of places, but there is no minding guarantee as for children of pre-school age.

2 If a child's parents work or study or if the child itself is in need of the scheme. If the parents are unemployed, the child is entitled to a place in a day care institution.

Table 3.15 Children enrolled in day care institutions and publicly financed day care by age in per cent of the respective age groups, 2000-2010

	Denmark ¹⁾	Faroe Islands	Finland ¹⁾	Iceland	Norway ²⁾	Sweden
<i>2000</i>						
< 1 year	15	..	2	7	2	.
1-2 years	77	..	35	59	37	60
3-5 years	92	..	66	92	78	86
0-5 years, total	75	..	46	68	52	66
6 years	90	..	67	.	.	77
0-6 years, total	77	..	49	.	.	68
7-10 years	63	..	3	.	.	51
<i>2005</i>						
< 1 year	15	21	1	6	3	.
1-2 years	85	79	37	76	54	67
3-5 years	95	88	69	94	91	95
0-5 years, total	79	74	47	73	64	71
6 years	88	83	67	.	.	84
0-6 years, total	80	75	50	.	.	73
7-10 years	63	28	1	.	.	61
<i>2009</i>						
< 1 year	15	17	1	5	4	.
1-2 years	90	85	40	80	77	70
3-5 years	97	93	73	95	96	97
0-5 years, total	81	78	49	75	74	74
6 years	91	89	69	.	.	85
0-6 years, total	83	80	52	.	.	75
7-10 years	75	39	1	.	.	67
<i>2010</i>						
< 1 year	17	15	1	7	4	.
1-2 years	90	83	41	80	79	70
3-5 years	98	92	73	95	96	97
0-5 years, total	82	76	50	75	75	74
6 years	92	98	71	.	.	86
0-6 years, total	84	79	53	.	.	75
7-10 years	76	32	3	.	.	69

1 Figures are including children in publicly subsidised private day care.

2 As from 2000, only children of the age group 0-5 years. The figures for children over 6 years from 2009 refer to the academic year 2009-2010. Of the age group 7-10 years, only children 7-9 years are shown.

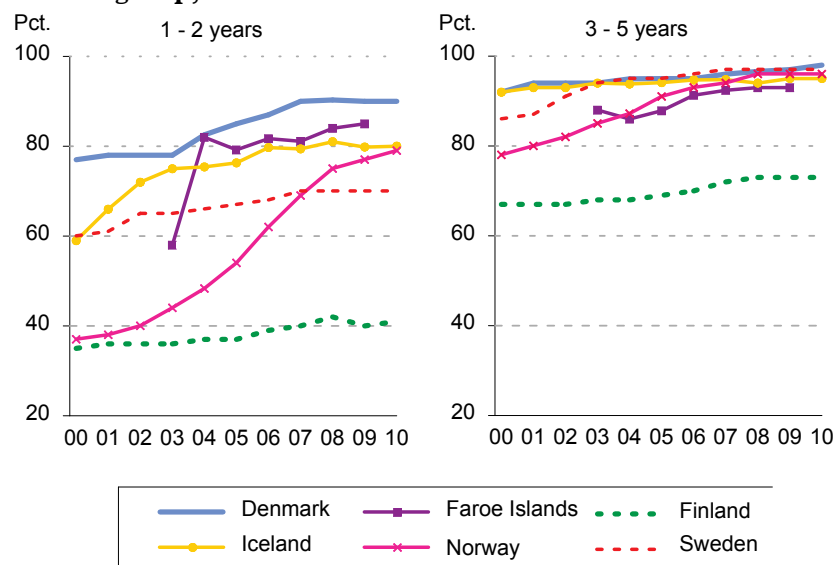
Table 3.16 Children enrolled in day care institutions and publicly financed family day care (1 000) by age, 2000-2010

	Denmark ¹⁾	Faroe Islands	Finland ¹⁾	Iceland	Norway ²⁾	Sweden
<i>2000</i>						
< 1 year	10	..	1	-	1	.
1-2 years	103	..	40	5	44	111
3-5 years	192	..	122	12	144	242
0-5 years, total	306	..	163	17	189	353
6 years	65	..	44	.	.	81
0-6 years, total	370	..	207	.	.	434
7-10 years	171	..	8	.	.	255
<i>2005</i>						
< 1 year	10	-	1	-	2	.
1-2 years	110	1	41	7	62	136
3-5 years	189	2	117	12	159	271
0-5 years, total	310	3	159	19	223	407
6 years	60	1	38	.	.	76
0-6 years, total	369	4	197	.	.	484
7-10 years	176	1	3	.	.	238
<i>2009</i>						
<1 year	10	-	1	0	3	.
1-2 years	118	1	47	8	94	155
3-5 years	191	2	128	13	173	310
0-5 years, total	318	3	176	20	270	465
6 years	59	1	40	.	.	88
0-6 years, total	378	4	216	.	.	553
7-10 years	201	1	2	.	.	259
<i>2010</i>						
<1 year	11	-	1	0	3	.
1-2 years	118	1	49	8	99	158
3-5 years	192	2	131	13	175	317
0-5 years, total	322	3	180	21	277	475
6 years	61	1	41	.	.	91
0-6 years, total	382	4	222	.	.	566
7-10 years	202	1	2	.	.	275

1 Cf. Table 3.15.

2 Cf. Table 3.15.

Figure 3.4 Children 1-5 years enrolled in day care institutions and publicly financed family day care as percentages of the age group, 2000-2010



Cf. notes to Table 3.15.

Child and Youth Welfare

In all the Nordic countries, various forms of preventive measures are taken to further the upbringing of children and adolescents in safe and comfortable environments. These may comprise both general measures and measures specifically aimed at individual children or adolescents.

Legislation in the various countries also allows the public authorities to step in lending support or to place a child in care if the circumstances so warrant.

Preventive measures

Preventive measures exist in all the Nordic countries either focusing on the family or the child. Preventive measures may be taken by way of advisory services, practical educational support in the homes, family treatment,

stays in residential institutions for both parents and children, contact or support persons for the entire family, or financial support with a view to avoiding placement of children away from their homes.

Table 3.17 Children, adolescents and families receiving support measures during the year

	Denmark	Faroe Islands	Finland	Iceland ¹⁾	Norway ²⁾	Sweden
	2009	2010	2009	2009	2009	2010
0-17 years	18 569	234	62 886	4 023	30 734	24 000
18-22 years	517	99	7 867	124	1 643	.
Families	32 424	5	-	3 160	.	.

1 Includes children and adolescents receiving some form of support measure.

2 Figures for Norway show support measures for children not placed in care. No age data have been provided for 24 people.

Placement away from home

In all the countries, it may become necessary to place a child away from its home. The reason may be that parents need help to bring up the child, or that the child's health or development is threatened due to neglect. Measures may also be taken if young people themselves expose their health or development to grave danger, e.g. through alcohol and/or drug abuse or crime.

Most placements of children away from their homes take place with the consent of the children's parents. Formally, most of the placements in Norway are involuntary as they are performed by the county authorities.

In all the countries, children may also be placed away from their homes without the consent of their parents. In Finland and Sweden, this is done following a court decision. In Denmark and Iceland, special municipal child and youth committees decide whether or not a child is to be placed away from its home. In Norway, government committees decide whether the Child Welfare Service must assume care of a child and place it away from its home, but the law also allows for a child to be placed away from its home without any decision being made by the welfare service as to assumption of care. In the Faroe Islands, the National Child Welfare Service makes the decision upon recommendation from the local child welfare service.

The number of children placed away from their homes varies from one country to another, and the ratio has gone up in recent years for Finland,

Norway and Sweden. In Finland, the placement frequency is somewhat higher than in the other Nordic countries.

Especially in the older age groups, more boys than girls are placed away from their homes, whereas the differences within the younger age groups are considerably smaller.

In Denmark, there is a variety of placement facilities, and a little over one fourth of the children and adolescents placed in care are placed at facilities other than foster care and residential institutions. Such other facilities mainly consist of socio-educational facilities but also boarding schools, lodgings, etc.

That also applies to some extent to Finland and Sweden. In the category *Other facility* is also included placement in one's own home and in one's own room with support in Finland and in one's own home, own room or child-psychiatric clinic in Sweden.

Table 3.18 Children and adolescents placed away from their homes, by age and per 1 000 inhabitants in the respective age groups, 2000-2009

	2000	2005	2008	2009		
				In total	Boys	Girls
<i>Denmark¹⁾</i>						
0-6 years	..	..	3.5	3.7	3.7	3.7
7-14 years	..	..	10.6	10.5	11.3	9.6
15-17 years	..	..	25.3	25.0	26.7	23.3
18-20 years	..	..	..	..	..	..
0-17 years	..	..	10.5	10.5	11.2	9.6
<i>Faroe Islands</i>						
0-6 years	..	..	2.1	5.1	6.0	4.1
7-14 years	..	..	5.5	9.9	9.8	10.1
15-17 years	..	..	11.0	5.4	2.7	8.2
18-20 years	..	..	2.6	2.1	1.6	2.6
0-20 years	..	..	4.8	6.5	6.2	6.7
<i>Finland</i>						
0-6 years	5.7	6.7	7.1	7.1	7.3	6.8
7-14 years	9.6	11.1	12.5	12.7	13.9	11.5
15-17 years	16.1	20.9	23.8	24.0	23.5	24.4
18-20 years	11.7	14.4	14.6	14.8	15.1	14.4
0-20 years	9.7	11.7	12.9	13.0	13.5	12.4
<i>Iceland²⁾</i>						
0-6 years	2.5	0.6	0.9	0.5	0.4	0.7
7-14 years	4.5	2.9	2.2	2.9	3.0	2.8
15-18 years	8.3	12.5	13.7	14.9	14.9	14.9
18-20 years	.	.	3.7	1.4	1.9	0.9
0-20 years	4.9	4.2	3.7	3.7	3.7	3.6
<i>Norway</i>						
0-6 years	3.6	4.1	4.3	4.5	4.8	4.1
7-14 years	7.9	8.8	9.7	10.0	10.5	9.5
15-17 years	17.4	18.0	19.9	21.2	21.5	20.9
18-19 years	11.0	16.6	17.2	17.8	18.7	16.8
0-19 years	7.9	9.3	10.2	10.7	11.1	10.2
<i>Sweden³⁾</i>						
0-6 years	3.6	3.9	3.8	4.0	4.2	3.8
7-14 years	7.1	7.7	7.9	8.3	8.7	7.9
15-17 years	16.8	17.1	19.4	21.9	23.7	20.1
18-20 years	11.8	13.5	12.7	14.4	15.7	13.0
0-20 years	8.0	8.9	9.3	10.1	10.8	9.4

1 Including children and adolescents with reduced physical and/or mental abilities. The figures have been calculated on the basis of the number of children and adolescents who have been placed away from their homes as per 31 December and the population figures as per 1 January the following year. Figures for 2007 and later are not comparable with figures from previous years due to use of a different calculation method.

2 The distribution of age and gender is based on estimates. As from 2008, the age groups are 0-6 years, 7-14 years, 15-17 years and 0-20 years.

3 The group 18-20-year-olds includes people receiving treatment according to the Social Service Act. This group of mainly 19-20-year-olds was previously included in the statistics as adult abusers. Measures concerning children and adolescents during 2009.

Figure 3.5 Children and adolescents aged 0-20 years placed away from their homes per thousand of total number, 2000-2009

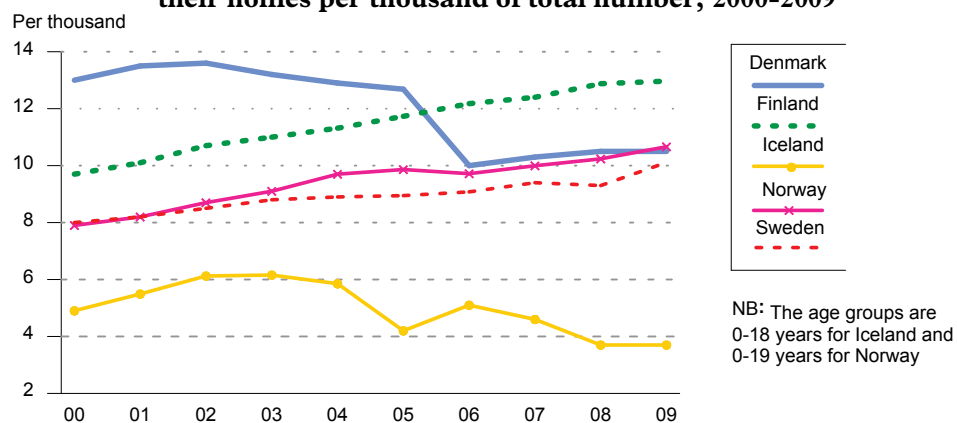


Table 3.19 Children and adolescents in placements per 31 December in the year, broken down by placement facility as percentages

	Denmark	Faroe Islands	Finland	Iceland ¹⁾	Norway ^{2,3)}	Sweden ⁴⁾
	2009	2010	2009	2009	2009	2010
Foster care	49	90	59	40	72	69
Residential institution	24	10	28	40	16	27
Other facility	27	-	12	20	12	4
Total	100	100	100	100	100	100

1 Iceland during the year.

2 As from 2007, own accommodation/room and accommodation with follow-up services are included in the category Other facility.

3 Norway 0-22 years.

4 November 1 2010.

Expenditure on and Financing of Cash Benefits and Services to Families and Children

Differences and similarities in the expenditure on families and children

The amounts spent by the Nordic countries on families and children in PPP per child 0-17 years vary highly. Denmark and Norway spend the most and Finland, the Faroe Islands and Iceland spend the least. It should be mentioned, however, that only Finland and the Faroe Islands have included salaries and wages in connection with childbirth and adoption in the social expenditure.

A more detailed picture appears from the distribution on the individual benefit areas.

Sweden and Norway, who have the largest expenditure on daily cash benefits in connection with childbirth and adoption, also have the longest leave schemes. In Denmark, cash benefits to parents minding children cover leave schemes for child-minding; in Finland, allowances for minding children in the home. In Norway, the amount covers expenditure on a child-minding scheme. This is a scheme aimed at granting single providers a subsidy towards child minding to enable them to be professionally active. Similar allowances do not exist in the other countries.

Expenditure on other cash benefits mainly consists of the public authorities' advance payment of maintenance allowances to children, where Iceland spends the most.

In Denmark, the expenditure on day care institutions and residential institutions, preventive measures, etc., is considerably higher than in the other countries. There are certain parallels in the expenditure on day care institutions and the degree of coverage in the various countries. As the expenditure on after-school-club schemes is not included in the social expenditure, there is no direct connection between expenditure and the degree of coverage.

That the expenditure on residential institutions, preventive measures, etc., in Denmark is considerably higher than in the other countries is a result of the number of children and adolescents placed away from their homes being relatively high.

Changes in the social expenditure on families and children from 2008 to 2009

In Denmark, the expenditure on both cash benefits and services increased from 2008 to 2009 by a total of DKK 2.5bn, corresponding to a growth rate of 3.8 per cent. The highest increase took place in the expenditure on services which increased by DKK 1.9bn corresponding to a growth rate of 4.7 per cent. This increase was almost evenly distributed between "day care institutions and family day care" and "residential institutions (child and youth welfare)". The expenditure on cash benefits increased by DKK 0.6bn corresponding to a growth rate of 2.4 per cent.

In the Faroe Islands, the expenditure on cash benefits increased from 2008 to 2009 by 5 per cent. The total expenditure increase was 2.9 per cent, corresponding to DKK 21mn. The largest expenditure increase concerns allowances connected with child maintenance where a special subsidy to single providers was introduced. Besides, an increased allowance to recipients was introduced in connection with adoption and daily cash benefits in connection with childbirth.

In Finland, the expenditure at constant prices increased by 5 per cent. At the beginning of 2009, the minimum rate of maternity, paternity and parental benefits was raised. Also the rate for child minding was raised. The expenditure on these benefits increased considerably in spite of the fact that the number of recipients remained at the same level in 2009 as in 2008. The expenditure on day care increased by 4.5 per cent while the expenditure on institutions for children and youth increased by 7.2 per cent.

In Iceland, the social expenditure on families and children decreased by 2.0 per cent from 2008 to 2009 at constant prices. The expenditure on cash benefits decreased by 1.2 per cent at constant prices, which was essentially a result of a decrease in the daily cash benefits payable in connection with childbirth and adoption of 3.8 per cent at constant prices. The expenditure on services decreased by 2.8 per cent at constant prices.

In Norway, the expenditure on families and children increased by 7.1 per cent at constant prices. Cash benefits increased by 3.1 per cent, while the expenditure on services increased by 10.6 per cent. Cash benefits amounted to 56 per cent of the total expenditure on families and children in 2009. The expenditure on daily cash benefits in connection with childbirth and adoption increased by 9.9 per cent. The increase in the expenditure on services was largely due to an increase in the expenditure on day care institutions and family day care of 11.1 per cent. In 2009, 270 174 children were enrolled in kindergartens which was a reduction of 8 288 children since 2008.

In Sweden, the expenditure on families and children increased by 3.2 per cent at constant prices. The expenditure on parental benefits in connection with childbirth and adoption increased by 4.8 per cent and thus contributed to the total expenditure increase. The increase in the expenditure on parental benefits was partly owing to the number of days on which parental benefits were payable having increased as a result of more children being born in 2009 than in 2008. Another explanation for the increasing expenditure is that the number of days for which parental benefits are payable to men has increased and that the compensation per day on average is higher for men than for women.

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Table 3.20 Expenditure on and financing of cash benefits and services to families and children, 2009

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
	DKK	DKK	EUR	ISK	NOK	SEK
<i>Cash benefits, million</i>						
A. Daily cash benefit in connection with childbirth and adoption	9 980	176	921	10 274	13 445	23 376
B. Birth allowances	-	1	11	-	418	29
C. Parental benefits when minding children (leave schemes, etc.)	159		371	-	1 514	135
D. Family or child allowances	16 485	149	1 437	10 418	14 782	23 364
E. Supplements	-		-	-		-
F. Other	505	21	94	2 951	3 387	2 046
a. of which advances on maintenance allowances to children	505	2	94	1 308	460	2 046
Cash benefits, total	27 130	346	2 812	23 644	33 547	48 950
<i>Services, million</i>						
A. Day care institutions and family day care	28 409	326	4 580	13 874	28 993	33 236
B. Residential institutions (child and youth welfare)	9 967	64	85	4 489	7 226	9 813
C. Home help to families	16		556	421	1 207	2 926
D. Other	4 054	8	20	5 100	4 751	4 661
Services, total	42 446	397	2 792	23 883	42 176	50 636
Total expenditure, million	69 576	744	5 687	47 527	75 723	99 586
Expenditure as percentage of GDP	4.2	6.1	3.3	3.2	3.2	3.2
<i>Financed by (per cent)</i>						
- Public authorities	84.9	88.7	85.0	79.0	82.9	76.5
- Employers	0.3	5.7	11.2	21.0	10.0	21.3
- The insured (contributions and special taxes)	14.8	5.6	3.8	0.0	7.1	2.3
<i>Changes 2008-2009 in terms of 2009 prices</i>						
- Million	2 544	21	273	-961	5 051	4 111
- Per cent	3.8	2.9	5.0	-2.0	7.1	4.3

Table 3.21 Expenditure on cash benefits and services to families and children, PPP 2009

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Cash benefits, total per capita	456	659	432	435	590	458
- Per child 0-17 years of age	2 074	2 483	2 092	1 722	2 546	2 229
Services, total per capita	714	756	417	440	742	474
- Per child 0-17 years of age	3 244	2 849	2 018	1 740	3 201	2 306
Families and children, total per capita	1 170	1 416	850	875	1 331	933
- Total per child 0-17 years of age	5 318	5 332	4 110	3 462	5 746	4 535

User charges payable for child-minding

In all the Nordic countries, parents pay part of the costs for having their children minded in day-care institutions. When charges are calculated, a family's income is normally taken into account, and there may be discounts for siblings. Children of parents who have a very low income may in all the countries be granted a place free of charge. In none of the countries may payment exceed the actual costs of a place in an institution.

In all the countries, with the exception of Iceland, centrally laid down rules govern user payment for child minding.

In Finland, the local authorities decide whether or not they will grant places free of charge.

In Iceland, user payment for places in the municipal day care institutions amounted to 13.3 per cent of the total running costs, and user payment for after-school clubs amounted to about 30 per cent of the total running costs.

Private and municipal kindergartens in Norway are financed in a slightly different way. Parental payments amount to 15 per cent of the expenditure in public kindergartens, while they amount to 19 per cent of the financing in the private ones.

In Sweden, parents pay a rate as a rule which takes into account both incomes and the time, which a child spends in the institution, but a fixed rate may also apply, irrespective of income and time spent. User payment for minding in one of the private minding schemes should in principle be the same as in the municipal ones. Local authorities are free to lay down their own rules within the framework laid down by Central Government.

Table 3.22 Rules and amounts applying to user payment, 2010

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Laid down centrally or locally?	Centrally	Centrally	Centrally	Local authorities	Centrally	Centrally
Amount of maximum user payment	Depending on type of minding between 20 and 30 per cent of the total gross running costs ¹⁾		EUR 254 for the family's first child and EUR 229 per child per month for sub-sequent children in municipal day care		NOK 2 330 per month	SEK 1 260 per month
Amount means-tested?	No. Yes for a partly or wholly free place		Yes		No ³⁾	Yes
Reduction for several children	Yes	Only in the largest municipality in the Faroe Islands	Yes		Yes	Yes
Free places available?	Yes	Yes	Yes		Yes	No
Ratio of user charges of the total operating	20 per cent ²⁾	25 per cent	14 per cent	13 per cent	15-19 per cent	10 per cent

1 No ceiling for after-school club schemes, however.

2 Includes day care; nursery; kindergarten; age-integrated institutions; after-school club schemes and youth centres.

3 But all municipalities must have schemes providing low-income families with children with a reduction or exemption from paying parent charges.

Chapter 4

Unemployment

Links to supplementary information:

[EUROSTAT - database](#)

[Typical cases](#)

[Social expenditure](#)

The rules applying to both income-substituting benefits to the unemployed and the extent of activating measures for the unemployed vary considerably from one country to another. Consequently, there is no direct correlation between the extent of unemployment and the expenditure on unemployment.

Table 4.1 Expenditure on unemployment as percentages of GDP in the EU, the Faroe Islands, Iceland and Norway, 2008

Denmark	1.4	Austria	1.4	Greece	1.3	The Netherlands	1.0 ^p
Faroe Islands	0.5	Belgium	3.3	Hungary	0.8	Poland	0.4
Finland	1.8	Bulgaria	0.3	Ireland	1.8	Portugal	1.0
		The Czech					
Iceland	0.4	Republic	0.7	Italy	0.5 ^p	Romania	0.2
Norway	0.4	Cyprus	0.8	Latvia	0.5 ^p	Slovakia	0.6 ^p
Sweden	0.9 ^p	Estonia	0.3	Lithuania	0.4 ^p	Slovenia	0.4 ^p
		France	1.7	^p Luxembourg	0.9	Spain	3.0 ^p
		Germany	1.4	^p Malta	0.5	United Kingdom	0.6 ^p

^p Preliminary data

Note: The source is EUROSTAT: Database for Social Protection Expenditure and Receipts. As to the Faroe Islands, the source is the Ministry of Social Affairs.

Generally, there are high participation rates in the Nordic countries, but there are significant dissimilarities among the countries, cf. Table 4.2.

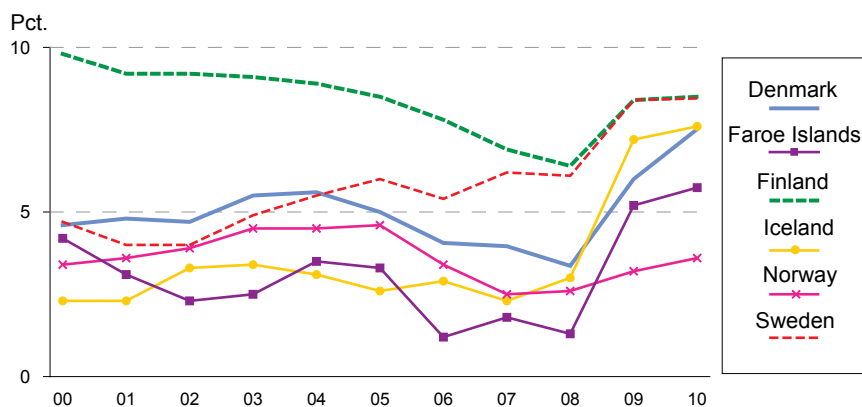
The unemployment rate was very high in some of the Nordic countries during the 1990s. There has been a marked decline in the unemployment

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rates in all the countries, but during 2008 the unemployment rate rapidly increased again. Finland still has the highest unemployment rate. In all the countries, the unemployment rates for the 16-24-year-olds are considerably higher, however than for the remaining part of the population, cf. Table 4.3.

In all the Nordic countries, labour markets are undergoing radical changes, for which reason enhanced demands are made on the qualifications, flexibility and mobility of the labour forces.

Figure 4.1 Development in the unemployment rate, 2000-2010



Note: In 2005, a new EU harmonized labour-force survey (AKU) was introduced in Sweden. Consequently, data from 2005 and earlier are not quite comparable. In 2007, the official unemployment definition was changed. As in the EU regulations, also full-time students are now included as job-seekers in the group of unemployed.

Table 4.2 Population aged 16-64 years broken down by gender and activity, 2010

	Denmark	Faroe Islands ¹⁾	Finland ¹⁾	Iceland	Norway	Sweden ²⁾
<i>Men</i>						
Men aged 16-64 years (1 000)	1 787	17	1 797	103	1 653	3 043
Of whom (per cent):						
Employed, total	77	83	69	77	77	76
- Full-time	67	70	63	48	67	67
- Part-time	10	13	6	29	10	9
Unemployed	7	6	7	7	3	7
Outside of the labour force	16	11	24	17	19	16
Total	100	100	100	100	100	100
<i>Women</i>						
Women aged 16-64 years (1 000)	1 755	14	1 758	100	1 583	2 947
Of whom (per cent):						
Employed, total	72	81	67	77	73	71
- Full-time	45	28	54	48	44	43
- Part-time	27	53	13	29	30	28
Unemployed	5	7	6	7	2	6
Outside of the labour force	23	13	28	17	24	22
Total	100	100	100	100	100	100
<i>Men and women</i>						
Men and women aged 16-64 years (1 000)	3 542	31	3 555	203	3 236	5 990
Of whom (per cent):						
Employed, total	74	82	68	78	75	74
- Full-time	56	50	58	59	56	55
- Part-time	18	32	9	19	20	19
Unemployed	6	6	6	8	3	7
Outside of the labour force	20	12	26	15	22	19
Total	100	100	100	100	100	100

1 Population aged 15-64 years.

2 In 2007, the official definition in the Swedish labour-force survey was changed. In accordance with EU regulations, also full-time students seeking work are now included in the group 'Unemployed' and consequently in the labour force. Previously, they were included in the group 'Outside of the labour force'.

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Table 4.3 Development in the unemployment rate by gender, 2000-2010

	Average number of unemployed	Unemployed as percentages of the labour force					
		Total	Men	Women	16-24-year-olds		
					Total	Men	Women
<i>Denmark¹⁾</i>							
2000	131 000	4.6	4.0	5.2	6.5	6.5	6.5
2005	143 000	5.0	4.6	5.5	8.6	8.5	8.8
2009	176 594	6.0	6.6	5.4	11.1	12.3	9.8
2010	218 347	7.5	8.3	6.6	13.7	15.7	11.6
<i>Faroe Islands²⁾</i>							
2000	1 000	4.2	2.5	6.6	..	..	..
2005	930	3.3	2.9	3.9	9.5	9.2	9.8
2009	1 450	5.2	6.0	4.3	6.3	7.7	4.8
2010	1 562	5.7	5.7	5.6	6.1	6.6	5.5
<i>Finland³⁾</i>							
2000	253 000	9.8	9.1	10.6	21.4	21.1	21.6
2005	220 000	8.5	8.3	8.7	20.1	20.6	19.5
2009	221 000	8.4	9.0	7.6	21.5	24.1	19.0
2010	224 000	8.5	9.3	7.7	21.4	23.8	19.0
<i>Iceland⁴⁾</i>							
2000	3 700	2.3	1.8	2.9	4.7	5.7	3.6
2005	4 300	2.6	2.6	2.6	7.2	8.5	6.0
2009	13 100	7.2	8.6	5.7	16.0	19.9	12.0
2010	13 700	7.6	8.3	6.7	16.2	18.4	14.1
<i>Norway</i>							
2000	81 000	3.4	3.6	3.2	10.2	9.9	10.6
2005	111 000	4.6	4.8	4.4	12.0	12.5	11.5
2009	82 000	3.2	3.6	2.6	9.1	10.3	8.0
2010	94 000	3.6	4.1	3.0	9.3	10.8	7.7
<i>Sweden⁵⁾</i>							
2000	203 100	4.7	5.0	4.2	8.1	8.6	7.4
2005	270 400	6.0	6.2	5.7	14.3	15.9	12.7
2009	401 300	8.4	8.8	8.0	24.8	26.2	23.5
2010	408 800	8.4	8.6	8.3	25.0	26.4	23.4

1 Data based on the labour force surveys covering the 15-66-year-olds.

2 Data from 2005 are based on the annual labour force survey in November. Cover 16-64-year-olds.

3 For Finland, the age group is the 15-24-year-olds instead of the 16-24-year olds.

4 Data based on the labour market surveys (AKU). As from 2006, the minimum age limit for participation in the AKU was lowered from 16 to 15 years.

5 In 2007, the official definition in the Swedish labour force survey was changed. In accordance with EU regulations, also full-time students seeking work are now included in the group 'Unemployed' and consequently in the labour force. Previously, they were included in the group 'Outside of the labour force'.

Cash Benefits in the Event of Unemployment

It is a common trait to all the Nordic countries that labour market policies have played important parts in the general economic policies in which a high employment rate and a low unemployment rate have been important goals as well as a prerequisite for the Nordic welfare states. When unemployment arises, it is either due to a generally low demand in the economy or the fact that the labour market does not function well enough, a phenomenon known as structural unemployment. The labour market policies in the Nordic countries must in particular contribute to the reduction of structural unemployment by way of active measures rather than passive provision for the unemployed.

However, the ways in which the individual countries have designed their labour market initiatives concerning active measures (employment measures, etc.) and passive measures (unemployment benefits and the like) vary considerably.

Unemployment benefits are in all the Nordic countries statutory benefits payable to people who become unemployed. The benefits are payable as compensation for lost income and to contribute to the maintenance of a reasonable standard of living for people, who have lost their jobs. The compensation level and the limited payment period must at the same time ensure that unemployed people are encouraged to seek and take up new employment. Consequently, the benefit schemes also have a labour market policy function. In all the countries, there are obligations connected with the award of benefits. Recipients must be available to take on work, must be active in their job search, and must accept offers of activation and work provided for them.

Unemployment Benefits

It is a characteristic of the Nordic countries that most unemployed people are entitled to cash benefits when they become unemployed. In the Faroe Islands and Norway, unemployment insurance is compulsory for wage earners. In Iceland, all wage earners and self-employed people are statutorily insured

against unemployment. Unemployment benefits are administered by the labour market administration and are fully financed by social insurance fees payable by the employers. In all three countries, there are, however, certain requirements that must be met in order for a person to be awarded benefits. Those not meeting the requirements may be awarded income-tested social assistance. In Denmark, Finland and Sweden, unemployment insurance is voluntary. In those countries, non-insured unemployed people are, however, entitled to cash benefits that are usually lower than unemployment benefits. In Denmark, non-insured individuals may be awarded cash assistance (social assistance) administered by the unemployment funds, while non-insured individuals in Finland and Sweden may be granted special cash benefits.

In the Faroe Islands, self-employed people and others may take out voluntary insurances. Unemployment benefits are administered by a fund into which 1 per cent of income from work and payroll costs, respectively, is payable.

In Finland, the unemployment benefits consist of a basic amount (basic daily cash benefits) and a benefit based on previous income (income-related daily cash benefits). The income-based benefit is payable by the unemployment insurance funds whereas the basic amount is payable by the Social Insurance Institution. Non-insured people in Finland and people, who have received income-related daily cash benefits or the basic amount for the maximum period, are entitled to a so-called labour market support based on income, but principally the amount is the same as the basic amount of the daily cash benefit scheme. The basic amount is financed via the national budget. Daily cash benefits are financed via insurance scheme contributions based on previous income and are voluntary.

In Norway, the unemployment-insurance scheme is financed by the national budget and administered by the Ministry of Labour and Social Inclusion.

In Sweden, unemployment insurance consists of basic insurance and voluntary unemployment insurance. Non-insured people who otherwise meet the requirements (and who are 20+ years old) are entitled to a basic amount. Both the basic amount (basic insurance) and the income-dependent amount (unemployment insurance) are administered by the unemployment insurance funds. The paid unemployment insurance amounts are financed by way of the membership contributions of the unemployment insurance funds, through financing and unemployment scheme contributions to the State and by the labour market contribution

payable by employers and self-employed people by way of the employer contributions payable to the State.

Qualifying for Daily Cash Benefits

The conditions of being granted daily cash benefits from an unemployment insurance fund vary from one country to another:

In Denmark, one must have been a member of an unemployment insurance fund for one year, and full-time insured members must have worked for a minimum of 52 weeks as employees or in self-employment within the past three years. The maximum period during which one is entitled to unemployment benefits is four years within a period of six years. A member, who has previously qualified for daily cash benefits, shall qualify for a new period of daily cash benefits when he/she has been in work for 52 weeks within a 3-year period. Requalification of entitlement to daily cash benefits after expiry of a daily cash benefit period is subject to at least 26 weeks of work as an employee or in self-employment within the past three years.

In the Faroe Islands, unemployment benefits are based on an average of a person's earnings from the preceding 12 months, and thus no membership or period of employment is required. The total benefit period is 648 days within the past three years, after which one is not entitled to unemployment benefits for the subsequent 24 months. Employees in the fishing industry working on land are subject to special conditions to the effect that they shall be paid unemployment benefits in special cases in case of temporary unemployment. A scheme has been introduced entitling fishermen to unemployment benefits in the event that fishing boats with fishing licences have been laid up due to repairs.

In Finland, it is required that one must have worked for at least 43 weeks during the preceding 2 years and 4 months and at the same time have been a member of an unemployment-insurance fund prior to becoming unemployed in order to qualify for unemployment benefits. As a rule, the total benefit period is 500 days. Individuals, who reach the age of 57 before having been paid unemployment benefits for 500 days, are entitled to unemployment benefits until they reach the age of 60, after which they shall qualify for unemployment pension. Individuals born in 1950 or later no longer qualify for unemployment pension. Instead they may qualify for unemployment benefits until they reach the age of 65, provided they had

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turned 59 years prior to having received unemployment benefits for the maximum period of 500 days.

In Iceland, one must have been employed full-time for at least three months during the past 12 months to be entitled to unemployment benefits. After 12 months of full-time employment, one is entitled to the full daily cash benefit amount. The benefit is payable for working days. Unemployment benefits are payable for a maximum period of three years. The first period in which unemployment benefits are payable is based on previous regular work. A person may qualify for a new unemployment-benefit period by means of activities that may be equalled to work. This may be labour-market training, a period of voluntary work, employment with a temp subsidy, or a period in which a person has received a subsidy in order to set up a business of his/her own.

In Norway, a prerequisite for qualifying for unemployment benefits is an earned income of NOK 113 462 in the past calendar year, or at least NOK 226 923 in the past three years. The maximum benefit period varies according to the amount of any previous income. A previous income of at least NOK 151 282 results in a benefit period of 104 weeks, whereas an earned income of less than NOK 151 282 results in a benefit period of 52 weeks. Individuals over 64 years are ensured unemployment benefits until they reach the pensionable age of the national social security scheme, which is 67 years. To be entitled to unemployment benefits, one must have worked hours that were reduced by at least 50 per cent of the normal working hours prior to becoming unemployed.

In Sweden, as from 1 January 2007 one must have been employed for at least six months and been working for at least 80 hours per calendar month, or have been employed for at least 480 hours in a consecutive period of six calendar months and been working for at least 50 hours per month during all six months within a 12 months' period in order to become entitled to unemployment benefits (the so-called employment requirement). Since July 2007, the benefit period has been 300 days for childless people and 450 days for parents, who at the end of the unemployment benefit period have children under the age of 18 years.

As from April 2008, a new rule limits the award of unemployment benefits in connection with part-time work. Benefits may be payable for a maximum of 75 days per period in connection with part-time work (part-time unemployment). Remaining days may only be used for weeks in which no work is carried out.

Apart from the rules mentioned above, entitlement to unemployment benefits is in all countries subject to a person being registered with the employment service as seeking employment and being able to take on work. In addition, some of the countries have a waiting period during which unemployment benefits shall not be payable.

In Denmark and Iceland, there is no waiting period; in the Faroe Islands, there is a waiting period of 1-10 days depending on previous income; in Norway, the waiting period is three days, while it in Finland and Sweden is seven days.

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Table 4.4 Rules applying to payment of cash benefits in the event of unemployment as per December 2010

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Insured individuals</i>						
Necessary conditions of award of unemployment benefits	52 weeks of work within 3 years. 1 year's membership of an unemployment insurance fund.	Average of salary/wages from the previous 12 months. No membership or employment period required.	At least 34 weeks of work (at least 18 hours per week) in the preceding 28 months.	Employment for at least 25 per cent for at least 3 months in the past 12 months to be entitled to daily cash benefits. 12 months of full-time employment gives the right to maximum daily cash benefits.	A decrease in working hours of at least 50 per cent and an annual income of at least NOK 113 462 for the past calendar years or at least NOK 226 923 for the past 3 calendar years. Besides, the unemployed person must be actively looking for work.	At least 6 months of work at a minimum of 80 hours per month, or at least 480 consecutive hours of work in that period as well as work for at least 50 hours a month. This requirement applies to the 12 months prior to becoming unemployed. As from 1 January 2010, there are special rules applying to job-seekers suffering from long-term illness.
<i>Age limit for entitlement to unemployment benefit</i>	19-64 years ¹⁾	16-66 years	17-67 years ²⁾	16-69 years	16-66 years	16-64 years ³⁾
<i>Waiting period - (days)</i>		1-10	7	-	3	7 days
<i>Maximum number of unemployment benefit days</i>	1 040 within 6 years (5 benefit days per week for 4 years)	648 within the past 3 years (5 benefit days per week)	500 (5 benefit days per week)	260 days per year for 3 years	52/104 weeks of 5 days	300/450 ⁴⁾
<i>Benefit reobtainable?</i>	Yes	Yes	Yes	Yes	Yes	Yes

To be continued.....

Table 4.4 continued

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>On which conditions?</i>	By complying with the requirement of 26 weeks' work within the past 3 years	Will only be awarded benefits after two years and after having worked for the last one of those two years.	By complying with the requirement of 34 weeks' work within 28 months	By complying with the requirement of 6 months full-time work within the past 24 months	By complying again with the requirement of a minimum income	By complying with the new rules (cf. above) during the present benefit period
Benefits taxable?	Yes	Yes	Yes	Yes	Yes	Yes
Supplement for children?	No	No	Yes	Yes	Yes	No
<i>Non-insured individuals</i>						
Age limit for entitlement to unemployment benefit	18-64 years	.	17-67 years ²⁾	18 years or more	67 years	20-64 years ³⁾
Maximum benefit period	.	.	.	.	.	300/450 ⁴⁾

1 Individuals between the ages of 18 and 63 years are entitled to join an unemployment insurance fund - 65 years, however, for people born on 1 July, 1939, but entitlement to unemployment benefits applies to people between 19 and 64 years.

2 65-67-year-olds who have resigned or whose work has been interrupted by weather conditions or employee conditions other than working conditions.

3 Entitlement to unemployment benefits ceases at the end of the month before the unemployed turns 65 years.

4 For individuals with children under the age of 18 years.

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Table 4.5 Amount of cash benefits in connection with unemployment as per December 2010

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Insured individuals</i>						
Unemployment benefit amount (per week)	90 per cent of the income from work for 5 days a week	80 per cent of the income from work for the first 253 days, then 75 per cent	Income-related benefit: on average 70 per cent of previous income from work. Basic amount: EUR 128.15 + child supplement: EUR 24.30 – 45.95 per week.	Fixed amount for the first 10 days, then income-related benefits (70 per cent of average previous income from work for the past 6 months), then a fixed amount again + child supplement ¹⁾	62.4 per cent of the income from work	80 per cent of the income from work ²⁾ for the first 200 days, then 70 per cent/day 5 days per week
Maximum income per week for full compensation ¹⁾	DKK 4 541	DKK 6 250	No maximum	ISK 56 691	NOK 8 727	SEK 4 250 per week for the first 200 days, then SEK 4 857/ week
Maximum income per week for full compensation in PPP-Euro ¹⁾	428	589		315	740	EUR 372/ week for the first 200 days then EUR 425/week
Min. amount per week	..	.	.	ISK 8 625	NOK 907	SEK 1 600 ⁴⁾
Min. amount per week in PPP-Euro	..	.	.	48	77	140 ⁵⁾
Max. amount per week	DKK 3 760	DKK 4 743	.	ISK 34 500 fixed amount	NOK 5 446	SEK 3 400
Max. amount per week in PPP-Euro	354	447	.	192	462	298
<i>Non-insured individuals</i>						
Amount of benefit per week	Youth under 25 years: DKK 1 466 Others: DKK 2 275/3 022 (providers)	Needs-tested social assistance	EUR 128.15 + child supplement EUR 24.30-45.95 per week	Income-tested social assistance	.	SEK 1 600 ^{4,5,6)}

1 The income ceiling is the income limit (previous income) in relation to which the unemployment benefits are calculated. Calculation of the income ceiling is made according to various principles in the various countries.

2 Cash assistance increases by 4 per cent for each subsequent child under the age of 18 years.

3 As from July 2009, only certain social-Protection expenses can be included.

4 Provided the applicant has worked full-time.

5 Provided the applicant has previously worked full time without absence during the framework period (12 months).

6 Minimum age 20 years. 6 months' work prior to becoming unemployed is required. In case of part-time work, a reduced amount shall be payable.

Equivalent Disposable Incomes and Compensation Grades in Case of Unemployment

Figure 4.2 shows the equivalent disposable incomes at two different income levels for a childless couple where the one earning the most starts drawing unemployment benefits. Figure 4.3 shows the equivalent disposable incomes in the event of unemployment for single people with one child and single childless people, calculated at three different income levels. In Figure 4.4, the disposable incomes for non-insured individuals are shown. In Figure 4.3, the calculation was made for insured individuals at three different income levels. Table 4.6 and 4.7 show the compensation levels as percentages of previous earnings from work. As can be seen from the figures and tables, the compensation for insured unemployed individuals is considerably larger than it is for non-insured unemployed individuals. For single parents with one child in the lowest income group, the compensation is, however, slightly lower for insured unemployed individuals than for non-insured unemployed individuals in Denmark and considerably lower in Iceland. In the lowest income bracket for insured unemployed individuals than for non-insured individuals, and considerably lower in Iceland. In Iceland, this is due to the calculations concerning insured people taking into account the extent of employment, whereas previous income is not taken into account in respect of non-insured people, as social assistance is a fixed amount. The marginally lower compensation for insured unemployed people in Denmark is due to the daily cash benefits amounting to 90 per cent of relatively low wages/salaries and the fact that an insured unemployed person, unlike a non-insured individual, pays contributions to an unemployment fund.

The lower compensation to non-insured unemployed people in relation to insured unemployed people applies especially to single people who have previously had high incomes, and in general to single childless people.

The compensation level for insured people depends first and foremost on the daily cash benefit amount in relation to previous income. It is highest in Denmark and lowest in Norway. In Iceland, a fixed daily cash benefit amount, irrespective of previous income, is payable for the first 10 days and after that an amount calculated on the basis of previous income up to a certain level for a maximum of three months, followed by another fixed daily cash benefit amount. Besides, compensation levels depend on the maximum amounts, which are highest in Norway. In Finland, there is no

upper limit to the amount of daily cash benefits, but where an income exceeds a certain level, compensation shall, however, only amount to 20 per cent.

As to families with children, it makes a difference whether a supplement is payable for children, which is the case in Finland, Iceland and Norway. In addition, the amount of both housing benefits and charges payable for day care institutions are adjusted in relation to income. This is important in relation to the compensation levels for both insured and non-insured people and contributes in particular to providing single parents with a high level of compensation.

Table 4.6 Equivalent compensation levels (December) for an insured couple of whom the lowest AW draws unemployment benefits, as percentages of disposable income from work, 2010

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Childless couple</i>						
67/100 per cent AW	94	93	85	66	86	86
100/100 per cent AW	80	92	82	79	83	73
<i>Couple with two children</i>						
67/100 AW	94	91	76	70	87	87
100/100 AW	79	91	72	84	83	74

Table 4.7 Equivalent compensation levels for a single person drawing unemployment benefits (December), as percentages of disposable income from work, 2010

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Single person with no children</i>						
67 per cent AW	84	83	65	72	67	67
100 per cent AW	60	85	55	75	65	46
150 per cent AW	43	62	47	53	47	35
<i>Single parent with one child</i>						
67 per cent AW	91	86	86	79	75	78
100 per cent AW	73	93	72	80	70	58
150 per cent AW	56	70	55	62	51	45

Figure 4.2 Equivalent disposable incomes per month for an insured couple when the partner earning the least draws unemployment benefits in 2010

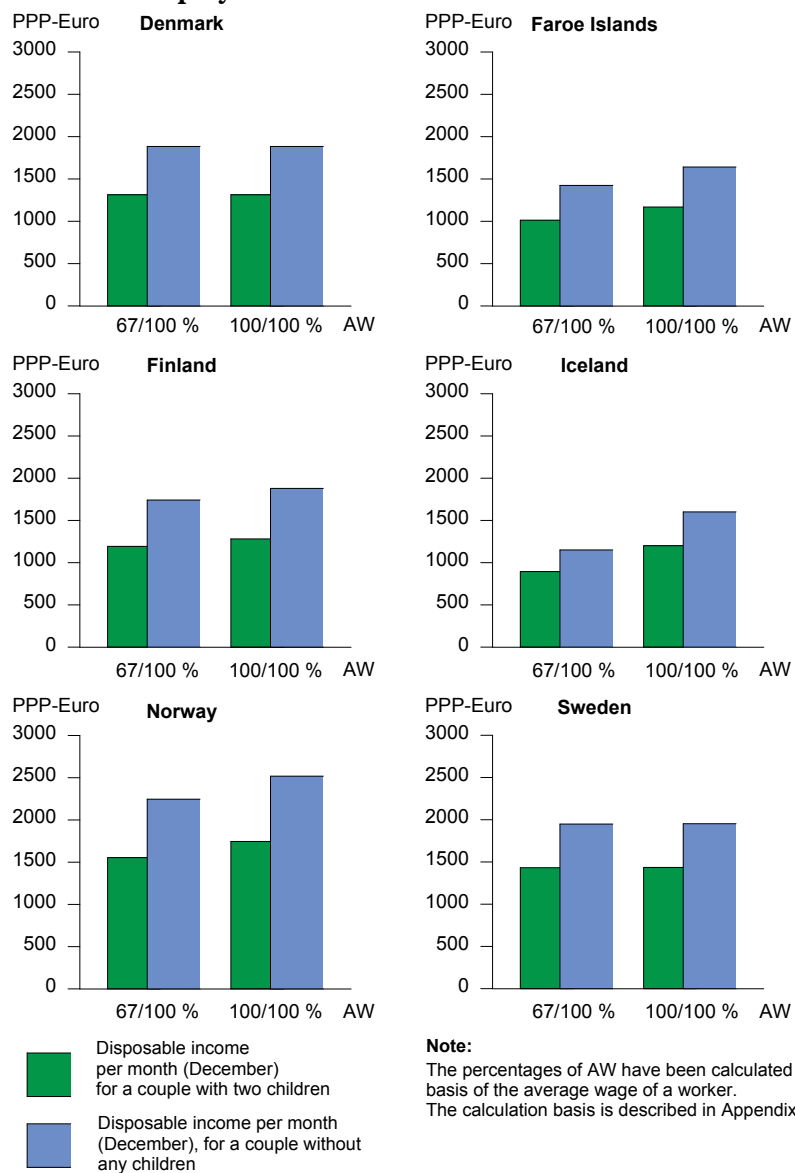


Figure 4.3 Equivalent disposable income for a single person when drawing unemployment benefits, per month (December), 2010, in PPP-Euro

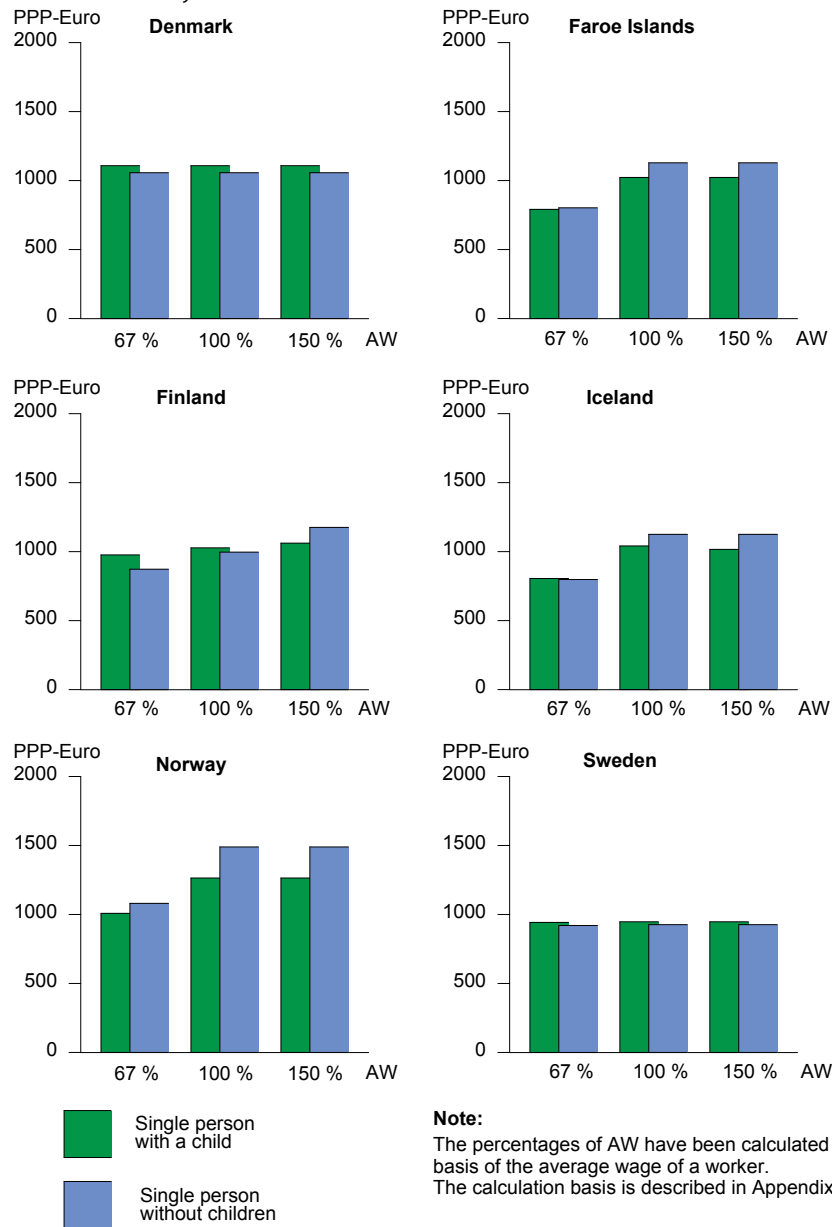


Table 4.8 Disposable income for a non-insured single childless person when unemployed, per month (December) 2010 in PPP-Euro

	Denmark	Faroe Islands	Finland	Iceland	Sweden
67 per cent AW	744	919	681	725	713
100 per cent AW	744	919	681	725	713
150 per cent AW	744	919	681	725	713

Table 4.9 shows the number of people affected by unemployment for at least one day of the respective years. A comparison of the data in the two tables consequently indicates that a relatively large number of unemployed individuals find work again in less than a year, but there are also differences among the countries in respect of the length of the periods of unemployment.

Table 4.9 Number of people (1 000) drawing daily cash benefits for at least one day in connection with unemployment, 2000-2010

	Denmark	Faroe Islands	Finland ¹⁾	Iceland ²⁾	Norway ²⁾	Sweden ³⁾
<i>2000</i>						
Insured individuals	490	2	340	7	165	629
Non-insured individuals	70	1	287	..	-	65
Total	560	3	603	7	165	681
Total as percentage of the labour-force	20	12	23	4	7	16
<i>2005</i>						
Insured individuals	470	3	329	10	172	523
Non-insured individuals	73	-	241	..	..	92
Total	543	3	549	10	172	601
Total as percentage of the labour-force	20	10	21	6	7	13
<i>2009</i>						
Insured individuals	302	1	431	32	159	347
Non-insured individuals	88	-	184	..	..	47
Total	387	2	603	32	159	385
Total as percentage of the labour-force	14	7	23	18	6	8
<i>2010</i>						
Insured individuals	330	1	408	27	170	327
Non-insured individuals	95	-	199	..	..	38
Total	421	2	580	27	170	259
Total as percentage of the labour-force	15	7	22	15	7	7

1 As a result of amendments to the law regarding compensation to unemployed individuals, people partaking in employment-enhancing measures not drawing unemployment benefits are also included in the data from 2010. Previously, only people drawing unemployment benefits (some of whom partook in employment-enhancing measures) were included.

2 Calculated on the basis of the number of approved unemployment benefit applications.

3 Double registration may occur, as a person may have been registered as being both insured and non-insured during one and the same year. In 2009, 9 000 individuals were counted as being both insured and non-insured. In 2010, about 5 000 individuals were counted as being both insured and non-insured.

Job Training and Activation

In all the Nordic countries, activation is in focus. The lower age limit for use of labour market measures is 18 years in Denmark and Finland and 16 years

in Iceland. In Norway, the age limit is 16 years, with the exception of the use of ordinary education and training where the age limit is 26 years. In Sweden, the age limit varies depending of type of measure. The purpose of activation is primarily to qualify unemployed people for ordinary employment, but also to motivate them to apply for employment or education and training.

In Denmark, the activation aspects in the labour-market and social policies have played an increasingly important part since the labour market reform in 1994.

Unemployed recipients of daily cash benefits under the age of 25, who have not completed any vocational training qualifying them for the labour market, are, after no later than six months of unemployment, entitled to receive and obliged to accept an offer of education or training for a minimum of 18 months. The offer may be combined with other types of guidance and qualifying activities or with a traineeship. The benefit payable during the activity corresponds to half the amount of the daily cash benefits. Other unemployed recipients of daily cash benefits under the age of 25 and daily cash benefit recipients between 25 and 30 years have a right to and an obligation to accept activation after no later than six months of unemployment by way of education, guidance or qualifying activities, traineeship or job training.

Unemployed recipients of daily cash benefits between 30 and 60 years are entitled to and obliged to accept activation after no later than nine months of unemployment by way of education, job training, etc. Unemployed recipients of daily cash benefits over 60 years are entitled to and obliged to accept activation after six months of unemployment. All recipients of unemployment benefits are furthermore entitled to and obliged to accept a new offer of activation when they have received public benefits for a total of six months after termination of the first activation offer. Moreover, unemployment benefit recipients are entitled to and obliged to accept intensive activation for the rest of the unemployment period after having been unemployed for 30 months.

Activation early in the benefit period is based on need and is flexible, partly aimed at groups at risk of becoming unemployed on a long-term basis and partly to prevent lack of qualified manpower ("bottle necks").

After a maximum of 13 weeks, unemployed recipients of cash assistance under the age of 30 are entitled to and obliged to accept an offer of activation or training for at least 30 hours per week for 18 months; but only

for six months for people with education/training qualifying them for work. Unemployed recipients of cash assistance between 25 and 30 years with no education must be presented with an offer after five weeks, unless they choose to enrol in a general line of education. Recipients of cash assistance of 30 years or more must be offered activation no later than 12 months after having been granted cash assistance. All recipients of cash assistance, apart from those over 30 years, who draw benefits, not only due to unemployment, are furthermore entitled to and obliged to accept a new offer of activation when they have drawn cash assistance for six months after termination of the first activation offer.

Unemployed people are entitled to wages during job training, while the benefits payable in connection with other activation and training measures largely correspond to the amount of daily cash benefits or cash assistance.

In the Faroe Islands, activation has not been available since the mid-1990s, where the unemployment rate exceeded 12 per cent.

In Finland, the active measures aimed at improving the employment situation are an important part of the Finnish labour market policy. By way of such measures, jobs are created, options for the long-term unemployed are enhanced and the possibilities of getting young people into the labour market are improved. Besides, these measures are aimed at preventing long-term unemployment and to reduce the regional differences in the unemployment rates. Unemployed people who want to start their own businesses are also entitled to assistance.

The most important part of the active labour market policy is the services aimed at those available for work. The services provided by the agencies are job provision, information on training and careers, vocational training for adults, information on education, training and various professions as well as occupational rehabilitation.

In Iceland, the Unemployment Insurance Fund has, apart from performing its main task of paying out unemployment benefits, undertaken to grant unemployed people subsidies towards payment for various courses and special municipal employment measures.

In Norway, the main aim of the labour market policy is to make way for a high participation rate and good use of the labour force by way of a well-functioning labour market and inclusive work. The Ministry of Labour and Social Inclusion is responsible for the implementation of the labour-market measures. The main aim is to provide a uniform follow-up in order to assist people in finding jobs. As to the unemployed, active job seeking during the

entire unemployment period is emphasized, and there are a number of service measures for both job-seekers and employers, such as a database of vacant positions, to which job seekers can also upload their CV.

The Ministry of Labour and Social Inclusion assists in the propagation of available jobs as well as information and guidance and follow-up to the individual at the transition to work. The work-directed measures are to ensure that people either find or maintain a job. The measures will usually be implemented if it has not been possible for an individual to obtain an ordinary job and must be adapted to the individual's abilities and needs as well as to the situation in the labour market. Young people must have first priority when it comes to measures in the ordinary labour market. The Ministry of Labour and Social Inclusion has three different guarantee schemes to ensure good measures for young people in respect of follow-up and support.

In Sweden, job and qualifying activities are the most important aspects of the active labour market policy. This implies that an unemployed person, who cannot find work easily, must be offered training or some other relevant measure aimed at enabling that person to take on an ordinary job.

There is a job development guarantee for those who are, or who are at risk of becoming, long-term unemployed. The aim of the job and development guarantee is to considerably improve unemployed people's possibilities of finding proper work in the labour market. Within the guarantee, individual action plans are drawn up specifying which measures the employment service can offer as well as what is expected of the participants.

People in need of occupationally adapted rehabilitation or special guidance can get help from the employment service and a labour market institute. These institutes have special resources and qualifications in labour assessment, practical work orientation, adaptation of work places, etc.

The cyclically dependent programmes and measures that are offered include vocational training, aimed at increasing an unemployed person's possibilities of finding work and at making it easier for the employers to employ people with the relevant skills. There are also work experience schemes that are to provide job-seekers with vocational guidance, in-service training and vocational experience via the employment service. There is a job guarantee for young people between the ages of 16 and 24 years. The purpose of the job guarantee is to provide special measures at an early stage in order for young people to find a job or receive education or training.

Moreover, support is given to employers, aimed at motivating them to hire an unemployed person by partly covering their expenses in connection with the employment of a person who needs extra introduction or training. In addition, people who are unemployed or at risk of becoming so may in some cases be granted subsidies to start their own businesses. For people with reduced working capacities, there are measures enabling them to work in subsidized jobs either with a public or a private employer.

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Table 4.10 Number of people in activation, 2000-2010

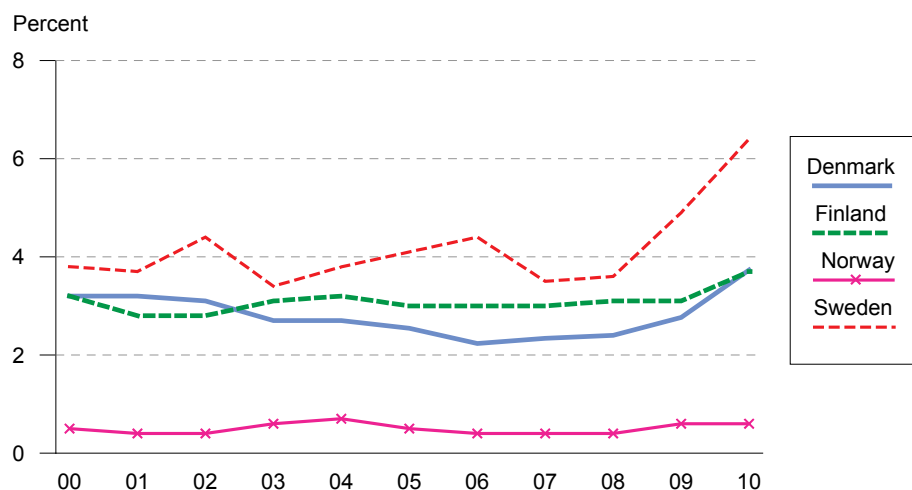
	Number of activated people during the year		Number of activated people at the time of calculation/average number of activated people		Activated people as percentages of the labour force at the time of calculation	
	Total	16-24-year-olds	Total	16-24-year-olds	Total	16-24-year-olds
<i>Denmark</i>						
Total 2000	221 534	34 828	87 239	10 507	3.2	2,6
Total 2005	244 818	32 041	70 159	7 580	2.5	2,1
Total 2009	285 798	52 398	77 412	11 526	2.8	2,9
Total 2010	392 036	67 607	101 999	16 192	3.7	4,1
Of whom:						
- Subsidized employment	151 703	40 671	18 662	4 064	0.7	1,0
- Education/training	327 866	62 322	61 328	12 128	2.2	3,0
- Other ¹⁾	.	.	.	.	.	.
<i>Finland²⁾</i>						
Total 2000	226 077	62 748	83 660	18 873	3.2	5,6
Total 2005	213 683	58 404	79 531	16 152	3.0	5,0
Total 2009	226 909	51 137	83 807	14 473	3.1	4,5
Total 2010	263 249	63 534	100 146	18 118	3.7	5,7
Of whom:						
- Subsidized employment	82 686	14 327	34 096	5 549	1.3	1,8
- Education/training	64 535	10 172	32 823	5 213	1.2	1,6
- Other	116 028	39 035	33 227	7 356	1.2	2,3
<i>Iceland</i>						
Total 2000	3 811	764	..	..	2.4	2,6
Total 2005	6 325	1 271	..	..	3.8	4,5
Total 2009	9 006	1 886	..	..	5.0	6,4
Total 2010	15 208	4 095	..	..	8.4	13,6
Of whom:						
- Subsidized employment	638	110	..	..	0.4	0,4
- Education/training	12 133	3 570	..	..	6.7	11,9
- Other	2 437	415	..	..	1.3	1,4
<i>Norway³⁾</i>						
Total 2000	..	..	11 439	3 520	0.5	1,1
Total 2005	59 622	..	13 150	4 087	0.5	1,3
Total 2009	61 884	..	15 901	5 032	0.6	1,4
Total 2010	63 555	..	16 119	5 162	0.6	1,4
Of whom:						
- Subsidized employment	..	..	1 847	..	0.1	..
- Education/training	..	..	5 897	..	0.2	..
- Other	..	..	8 375	..	0.3	..
<i>Sweden</i>						
Total 2000	470 970	..	166 159	..	3.8	..
Total 2005	595 138	..	185 986	..	4.1	..
Total 2009	.	..	234 740	..	4.9	..
Total 2010	.	..	309 679	..	6.4	..
Of whom:						
- Subsidized employment	.	..	75 321	..	1.6	..
- Education/training	.	..	24 984	..	0.5	..
- A Other	.	..	209 374	..	4.3	..

1 The groups included under *Other* have been moved to *Education and training*, as it is no longer possible to break down several of the benefits.

2 Due to changes in the statistics system, data describing activation measures have changed since 2008. The data from the most recent years provide a better picture as they include activation measures.

3 As from 2006, the labour force is the 15-24-year-olds.

Figure 4.4 Development in the activation as percentages of the labour force at the time of calculation, 2000-2010



Services in Connection with Unemployment

The services provided in connection with unemployment are first and foremost job provision, but in all the countries, also mobility-promoting benefits are available by way of e.g. relocation assistance and assistance in connection with dual housekeeping.

Employment Services

In all the Nordic countries, there are employment service centres. They provide services to both job-seekers and employers.

In Denmark, the local authorities are responsible for the running of the job centres that administer employment activities to citizens and businesses. The job centres are a separate part of the local authorities' administration that solely administers the employment activities. At the regional level, it is the task of the employment regions to follow up on the results of the

employment activities in the 91 job centres. This is done, among other things, by way of a systematic dialogue with the job centres as well as of cooperation about method development. The overall responsibility for the employment activities rests with the Minister for Employment who draws up the activity framework by means of rules and regulations.

In Norway, the labour-market, social protection and pension policies all fall under the Ministry of Labour and Social Inclusion as from 2006 together with parts of the municipal services and have been organized into joint NAV centres.

The main tasks of the employment services and the job centres (in Denmark) are guidance concerning employment and training/education, provision of work to the unemployed and other job seekers as well as provision of services to enterprises in connection with recruitment of labour. In the Faroe Islands, it is the responsibility of the job centres to set up the contact between employer and job-seeker. In Norway, such tasks fall under the NAV centres.

As a rule, the unemployed must register with an employment service or a job centre, be actively seeking employment and in general be available to the labour market. The unemployed must thus participate in activating measures and accept jobs provided by the employment service or job centre in order to maintain entitlement to unemployment benefits or other similar benefits. To the extent that the unemployed are unable to find work, the employment service or job centre will assist them in their job-seeking by for example providing job-seeking courses. The employment service or the job centre also provides jobs for the unemployed and manages the activation of the unemployed according to the rules applying in the various countries.

As mentioned, it is also an important task of the employment service, the NAV centres or the job centres to help enterprises find individuals with the proper qualifications for vacant positions.

Today, most of the job provision between employer and employee takes place partly by means of the employment service's or Central Government's IT-based job databases, where job seekers may enter their job profiles, partly by means of private job databases with similar job-seeking options.

The vast majority of the job provision takes place, however, directly between enterprises and employees without any involvement of the employment service, the NAV centres or the job centres.

Expenditure on and Financing of Benefits in Connection with Unemployment

Differences and similarities in the expenditure on unemployment

The expenditure on unemployment reflects partly the extent of the unemployment, partly the amount of the daily cash benefits, and partly the extent of the activating measures provided for the unemployed.

It should be noted, however, that a number of subsidies are given to employers in Finland in connection with activation. Such expenditure is not included as social expenditure in this report. The high expenditure in Denmark is due to the amount of the daily cash benefits and the scope of the activation/job training. Norway has the lowest unemployment rate followed by the Faroe Islands, which also appears from the low level of expenditure, cf. Table 4.11.

Changes in the Expenditure on Unemployment from 2008 to 2009

In Denmark, the expenditure increased from 2008 to 2009 by DKK 10.9bn, corresponding to a growth rate of 44.1 per cent. The increase was due to increased expenditure on the 'daily cash benefit scheme' of DKK 7.2bn and the 'cash benefits in connection with job training' of DKK 3.5bn as a result of the increasing unemployment rate.

In the Faroe Islands, the expenditure increased from 2008 to 2009 by 64 per cent, corresponding to an increase of DKK 113m. The expenditure increase was mainly a result of an increase in the cash expenditure, particularly in respect of daily cash benefits where the effect of an increased unemployment rate was the main reason.

In Finland, the expenditure on unemployment increased by 23.9 per cent at constant prices, and the expenditure on cash benefits increased by 26.8 per cent as a result of an increase in the unemployment rate from 6.4 per cent to 8.2 per cent, corresponding to a rise in the number of unemployed people of 49 000.

In Iceland, the expenditure on unemployment increased in total by 322.0 per cent from 2008 to 2009 at constant prices as a result of an immense

increase in the unemployment rate in the autumn of 2008. The number of days for which unemployment benefits were payable increased by 418 per cent from 2008 to 2009, and labour market surveys show an increase from 3.0 per cent in 2008 to 7.2 per cent in 2009.

In Norway, the expenditure on unemployment benefits increased by 61 per cent at constant prices. The expenditure on cash benefits increased by 93.5 per cent, while the expenditure on services increased by 22.4 per cent. Cash benefits amounted to 65.3 per cent of the total expenditure on unemployment in 2009 as against 54 per cent in 2008. The expenditure on daily cash benefits increased by 113.2 per cent from 2008 to 2009, and in that period the unemployment rate increased from 2.5 per cent of the labour force to 3.2 per cent (the labour market survey AKU).

In Sweden, the expenditure in connection with unemployment increased markedly in 2009. At constant prices, the expenditure increased by 44.8 per cent. Both the expenditure on the unemployment funds and the expenditure on unemployment measures increased steeply by 43.2 per cent and 57.3 per cent, respectively. This distinct increase can be explained by both the number of unemployed and the number of measures increasing markedly in Sweden in 2009.

Table 4.11 Expenditure on and financing of cash benefits in connection with unemployment, 2009

	Denmark	Faroe Islands	Finland	Iceland	Norway ¹⁾	Sweden
	DKK	DKK	EUR	ISK	NOK	SEK
<i>Cash benefits, millions</i>						
A. Unemployment benefits	15 287	157	5 643	24 855	9 875	20 768
B. D Partial unemployment benefits	-		694	-		-
C. Pension for labour market reasons	-		83	-	270	-
D. Cash benefits payable during vocational training	18 764	16	972	-	1 003	10 016
E. Compensating benefits	-		3	-		2 964
F. Other	-		-	269		-
Cash benefits, total	34 051	174	3 698	25 124	11 148	33 748
<i>Services, millions</i>						
A. Mobility and resettlement	-		3	-	-	67
B. Services in connection with vocational training	-	2	290	-	817	3 647
C. Other	1 482		156	569	5 113	2 860
a. Of which employment services	982		156	569	5 113	-
Services, total	1 482	2	450	569	5 930	6 574
Total expenditure, millions	35 533	176	4 147	25 693	17 078	40 322
Expenditure as percentage of GDP	2.1	1.5	2.4	1.7	0.7	1.3
<i>Financed by (per cent)</i>						
- Public authorities	20.8	10.5	50.5	0.3	55.9	18.5
- Employers	-	44.7	40.1	99.7	26.2	61.8
- The insured (contributions and special taxes)	79.2	44.7	9.4	0.0	17.9	19.7
<i>Changes 2008-2009 in terms of 2009 prices</i>						
- Million	10 880	113	801	19 606	6 472	12 947
- Per cent	44.1	179.4	23.9	322.1	61.0	47.3

1 As from 2008, special labour market measures concerning the disabled have been combined with the ordinary labour market measures. Furthermore, cash benefits in connection with job training are reported under *Cash benefits*.

UNEMPLOYMENT

Table 4.12 Expenditure on cash benefits in connection with unemployment in PPP, 2009

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Cash benefits, total per capita	573	331	552	463	196	316
- Per person aged 16-64 years	888	532	847	702	300	495
Services, total per capita	25	3	67	10	104	62
- Per person aged 16-64 years	39	6	103	16	160	96
Unemployment, total per capita	598	334	620	473	300	378
- Per person aged 16-64 years	927	538	950	718	459	591

Chapter 5

Illness

Links to supplementary information:

[EUROSTAT - database](#)

[Typical cases](#)

[Social expenditure](#)

The ratio of the expenditure on illness measured as percentages of the GDP varies considerably.

Table 5.1 Expenditure on illness as percentages of GDP in the EU, the Faroe Islands, Iceland and Norway 2008

Denmark	6.7	Austria	7.1	Greece	7.3	The Netherlands	8.8 ^p
Faroe Islands	7.2	Belgium	7.6	Hungary	5.6	Poland	4.4
Finland	6.8	Bulgaria	4.4	Ireland	8.5	Portugal	6.5
Iceland	8.8	The Czech Republic	4.4	Italy	7.0 ^p	Romania	3.5
Norway	7.2	Cyprus	6.0	Latvia	3.7 ^p	Slovakia	5.0 ^p
Sweden	7.5 ^p	Estonia	4.8	Lithuania	4.6 ^p	Slovenia	7.1 ^p
		France	8.7 ^p	Luxembourg	5.0	Spain	6.8 ^p
		Germany	8.1 ^p	Malta	5.5	United Kingdom	7.6 ^p

^p Preliminary data

Note: The source is EUROSTAT: Database for Social Protection Expenditure and Receipts. As to the Faroe Islands, the source is the Ministry of Social Affairs.

Paid Absence Due to Illness

The structures of the wage and daily cash benefit schemes concerning illness vary considerably from one country to the next. In principle, everyone in employment is entitled to compensation in case of loss of income. The rules applying to such compensation depend on one's position in the labour market. Employees are usually better covered than are self-employed people, and special rules apply to the unemployed.

Table 5.2 Rules governing payment of cash assistance* to employees and self-employed people in case of illness as per December 2010

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Employees qualify for sickness benefits on the following conditions:	Daily cash benefits from employer: 8 weeks of employment with a minimum of 74 hours of work. Daily cash benefits from local authorities: Employment for 13 weeks with a minimum of 120 hours of work ¹⁾ .	Paid work for a total of at least 20 hours in a period of 5 weeks.	Work for 3 months or 55 days consecutively.	Pay during illness depending on period of employment. After 1 year of employment, salary/wage will be paid for 1 month, increasing to 3 months after 5 years of employment.	Qualifying time is 4 weeks. The income basis must amount to a minimum of 50 per cent of the basic amount in converted annual income.	Insured from the first day of employment and an annual income of at least SEK 10 176.
Self-employed people qualify for sickness benefits on the following conditions:	A considerable amount of work in self-employment for 6 months within the past 12 months.	Eligibility period is 4 weeks provided annual insurance has been taken out.	Same rules as apply to employees.	Same rules as apply to employees.	Same rules as apply to employees ⁸⁾ .	Self-employed people choose the number of waiting days and are therefore able to influence their own contributions. The more waiting days, the lower their own contributions.
Maximum period of sickness benefit/sick pay:	52 weeks within 18 months ²⁾	40 weeks within one year	52 weeks within two years ³⁾	52 weeks within two years	52 weeks within three years	Usually 364 days in a period of 15 months ⁹⁾
Waiting period?	No	No	No ⁴⁾	Yes ⁶⁾	No	Yes

The table continues...

Table 5.2 ... continued

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Length of waiting period:	-	-	-	..	-	1 day (7, 14, 30, 60 or 90 days for self-employed people)
Employer period?	Yes	Yes	Yes ⁴⁾	Yes	Yes	Yes
Length of employer period:	21 days	2 days	10 working days	1 month ⁷⁾	16 days	2 weeks ¹⁰⁾
Wage/salary payable during illness?	Yes	Yes	Yes	Yes	Yes	Yes
Statutory payment of wage/salary during illness?	Yes	No	Yes ⁴⁾	Yes	Yes	Yes
Rules applying to part-time absence due to illness?	Yes	No	Yes ⁵⁾	Yes	Yes	Yes
Payment of wage/salary during illness according to agreement?	Yes	Yes	Yes	Yes	Yes	Yes

* Cash assistance means sickness benefits or wage/salary.

1 Individuals who qualify for unemployment benefits, have completed vocational training for a duration of at least 18 months or are in paid work-training schemes, are also entitled to sickness benefits.

2 The benefit period may be prolonged under special circumstances. This applies, for instance, where it is deemed likely that rehabilitation can be implemented, or where an application for disability pension has been submitted for consideration. In addition, a benefit period may be prolonged in case of serious illness or industrial injuries.

3 Employees and tradesmen who work full time, and who have been paid sickness benefits without interruption for at least 60 days, may be awarded partial sickness benefits for a maximum of 72 working days if they return to work and work part time.

4 Sickness benefits shall neither be paid for the day on which an employee falls ill nor for the following 9 working days. During that period, employers pay full wages/salaries according to law.

5 After payment of sickness benefits for 55 days. From the beginning of 2010, sickness benefits are no longer a precondition for partial sickness benefits.

6 In the public sickness insurance scheme.

7 According to law, wages/salaries shall be payable during illness depending on the length of the employment period. After 1 year of employment, wages/salaries shall be payable for one month, increasing to three months after five years of employment. Most collective agreements contain agreements on pay during illness exceeding those three months.

8 Besides, there are a number of special provisions for self-employed people.

9 People suffering from serious illness are exempt from any limitation of time.

10 In the employer period, there is a waiting period of one day. This also applies to people who are not employed. The employer period is two weeks as from 1 January 2005.

Table 5.3 Amount of sickness benefits payable to employees in case of illness as per December 2010

	Denmark	Faroe Islands	Finland	Norway	Sweden
Amount of sickness benefits as percentages of income from work	100	100	70 normally ²⁾	100	80/77.6 ⁴⁾
Income ceiling per week for full compensation ¹⁾	DKK 3 087	DKK 4 783	No ceiling	NOK 8 727	SEK 6 099
Income ceiling per week for full compensation in PPP-Euro ¹⁾	385	451	.	740	534
Minimum amount per week	.	.	EUR 132.24 ³⁾	NOK 727	SEK 151
Minimum amount per week in PPP-Euro	.	.	108	62	13
Maximum amount per week	DKK 3 760	DKK 3 956	.	NOK 8 727	SEK 4 733
Maximum amount per week in PPP-Euro	354	373	.	740	414
Sickness benefit taxable?	Yes	Yes	Yes	Yes	Yes
Supplement for children?	No	No	No	No	No

1 The income ceiling is the maximum income (previous income) on which the calculation of sickness benefits is based. The calculation of the maximum income is made according to varying principles in the various countries.

2 70 per cent of the income from work up to EUR 32 892 per year, then 40 per cent of the income between EUR 32 893 and EUR 50 606 per year and after that 25 per cent. Partial sickness benefits amount to 50 per cent of the general sickness benefits.

3 People, who have a small income or none at all, may be awarded minimum daily cash benefits for periods of incapacity for work exceeding 55 days.

4 People who are off sick get 77.6 per cent for the first 364 days, then 72.5 per cent for a maximum of 550 days. People suffering from long-term illness may be awarded 77.6 per cent without any limitation of time.

Statutory Wages/Salaries or Employer Period at the Beginning of a Period of Absence

At the beginning of a period of illness, employers in all the Nordic countries have a statutory obligation to pay compensation during the employer period, either by way of statutory sick pay or sickness benefits.

In Denmark, sickness benefits are payable by the employer for the first 21 days if an employee has been working for the employer for the past eight weeks prior to the absence due to illness and during that period has been working for at least 74 hours.

In the Faroe Islands, the public authorities pay sickness benefits from the first day of illness, after which employers reimburse Central Government the two first days of illness.

In accordance with the Act on Employment Contracts, employers in Finland pay wages/salaries in full for the first day of illness and for the subsequent nine working days.

In Iceland, all employees have a statutory right to sick pay for a period depending on their seniority. After one year of employment, an employee is entitled to one month's sick pay in case of illness.

In Norway, an employee is entitled to sickness benefits from his employer if he has been employed by him for at least four weeks. The employer period is 16 days.

In Sweden, statutory sick pay is payable for 14 days. However, sick pay will not be payable for the first day of illness. Sick pay corresponds to 80 per cent of the wage/salary.

Sick Pay According to Collective Agreements and the Like

As a supplement to the statutory employer or sick-pay period, wages/salaries are payable during illness according to collective agreements or to special rules governing the public sector. During that period, daily cash benefits shall normally be payable to the employer.

In Denmark, public sector employees will be paid in full during the entire period of illness. Salaried employees in the private sector will typically be paid in full during illness, whereas other private sector employees will be paid during for instance the first nine weeks of their absence due to illness. In some cases, they shall not be paid in full but only up to a maximum amount fixed by the collective agreements.

In the Faroe Islands, public employees and the majority of salaried employees in the private sector shall be paid in full during their absence due to illness.

In Finland, employees in the public sector will be paid in full during the first two months of illness. In the private sector, full pay is payable according to collective agreements for a period of one to three months varying from one industry to another.

In Iceland, employees are ensured pay during illness through collective agreements for a period exceeding the statutory minimum depending on their seniority. Employees working for Central and Local Government are covered by the most favourable rules in that they may be paid in full for an entire year if they have been employed for more than 15 years. Employers in the private labour market are obliged to pay 1 per cent of the wage sum to a supplementary daily cash benefit scheme that is administered by the various unions. From those schemes, daily cash benefits are payable after the employer period, usually for 120-150 days. Due to these schemes, daily cash benefits from the public sickness insurance scheme are of little importance.

According to agreement, all public employees in Norway are paid in full during illness by way of a supplement to the sickness benefits to compensate for the difference between the maximum amount of sickness benefits and their normal wages/salaries. Similar rules apply in the private labour market in a number of cases.

In Sweden, all employees in the public sector shall be paid wages/salaries according to collective agreements as a supplement to sickness benefits. Sickness benefits correspond to just under 80 per cent of the income from work up to the income ceiling, and employers pay an additional 10 per cent, so that all employees in that category will receive 90 per cent of their wages/salaries during the first 15-90 days. Those earning more than the income ceiling shall be compensated at an amount corresponding to about 90 per cent of their earnings. In cases, where the period of illness exceeds 90 days, public employees shall be compensated by their employers at about 80 per cent of their wages/salaries, although the employee in question may earn more than the ceiling amount. Also salaried employees in the private sector are ensured compensation from their employers through collective agreements. It applies to this category that employers pay compensation after 90 days, equalling 65 per cent of the earnings exceeding the income ceiling amount of the sickness insurance scheme.

Sickness Benefits

After the statutory employer period, sickness benefits shall be payable by either the public authorities or the social insurance scheme. Those not entitled to wages/salaries or sickness benefits in the employer period shall be compensated according to the general rules applying to sickness benefits as from the beginning of the period of illness.

In Denmark, employees are entitled to sickness benefits from the local authorities, provided they have been active in the labour market for the past 13 weeks prior to their absence and during that period have been employed for at least 120 hours. People who are entitled to unemployment benefits, or have concluded vocational training of a duration of at least 18 months, or have been in work-training schemes with pay, are also entitled to sickness benefits from the local authorities. As to self-employed people, they must have been working for at least six months during the past 12 months, of which at least one month's work must have been carried out immediately prior to their illness.

In the Faroe Islands, sickness benefits are payable to employees and voluntarily insured people (self-employed people or people working from home). The income basis for employees is usually the average income from the past five weeks prior to their absence. For the self-employed, the income basis is the income from work in their businesses from the past year. In both cases, sickness benefits must not exceed 80 per cent of the current agreement on wages to unskilled labour.

In Finland, sickness benefits are payable both to those in work and to the self-employed, including those who work for themselves (e.g. work from home or study). No income-related sickness benefits shall be payable if the annual income from work amounts to less than EUR 1 264. Up to an annual income of EUR 32 892, the compensation level is 70 per cent, after which the compensation will be gradually reduced. People with low incomes or none at all will be granted minimum sickness benefits after a waiting period of 55 days.

As mentioned above, the public sickness benefit schemes are of little significance in Iceland. Employees working from home and students have a special right to public sickness benefits. Self-employed people have the same right as have employees to sickness benefits payable by the public authorities but may also take out insurance in case of illness, normally for a period of six months. After that period, payments may be made by the pension schemes.

In Norway, a condition for being awarded sickness benefits from the National Social Security Fund is that the person concerned has been in work for at least four weeks immediately prior to falling ill. The income basis for sickness benefits must amount to an annual income of at least NOK 37 820. This income limit does not apply to sickness benefits payable in the employer period. The maximum amount of sickness benefits payable is NOK 453 846 per year.

Self-employed people have the same right as have employees to sickness benefits if they lose any pensionable income due to lack of working capacity, illness or injuries. A compensation shall be payable from the 17th day of sickness at 65 per cent of the sickness benefit basis, but self-employed people can take out sickness-benefit insurance with coverage of either 65 or 100 per cent as from the first day of illness or 100 per cent from the 17th day of illness. When sickness benefits have been paid for 250 days within the past three years, entitlement shall cease.

In Sweden, one condition for being awarded sickness benefits is that the recipient earns an income of at least 24 per cent of the basic amount, which in 2010 was SEK 42 400. Compensation is just under 80 per cent, but only for an earned income of a maximum of SEK 318 000. If the ill person is unemployed and thus not entitled to sick pay, there is a maximum limit of SEK 486 per day as against SEK 676 payable to the other groups.

Waiting Periods

The rules applying to waiting periods also vary from one country to another. In Denmark, there are no waiting periods for employees if a paid employer period exists. As to self-employed people, and people who work freelance, there is a waiting period of 14 days in Denmark, which may, however, be reduced by a voluntary insurance. In Denmark, voluntary insurance may be taken out in order for a self-employed person to be entitled to sickness benefits from the first or the third day of absence. The insurance premium is higher for self-employed people who wish to receive daily cash benefits from the first day of absence, than it is for self-employed people who wish to receive daily cash benefits from the third day of absence. For self-employed people, who have taken out insurance, daily cash benefits shall amount to at least two-thirds of the maximum amount of daily cash benefits. Self-employed people may take out insurance (at a higher premium) entitling them to the full maximum daily cash benefit amount.

In the Faroe Islands, there is no waiting period.

In the Finnish sickness insurance scheme, there is a waiting period of the day on which a person falls ill and the following nine working days, which period equals the statutory period with sick pay for employees. In Finland, self-employed people are entitled to sickness benefits according to the same principles as apply to wage earners. Self-employed people, who have pension insurance, are, however, entitled to sickness benefits from the third day of illness.

The difference is, however, that where wage earners are entitled to statutory pay during the waiting period of the sickness insurance scheme, self-employed people do not receive any benefits for the day on which they fall ill and the following nine working days.

Farmers, who are insured in accordance with the Act on Pension to Farmers, are entitled to sickness benefits from and including the fifth working day following the day on which they fall ill.

In Iceland, the public insurance scheme contains a waiting period of two weeks.

In Norway, there is no waiting period, and employees are paid sickness benefits from the first day of illness. Self-employed people can take out sickness-benefit insurance with coverage of either 65 or 100 per cent from the first day of illness or coverage of 100 per cent from the 17th day of illness.

In Sweden, there is a minimum of one waiting day, both in connection with sick pay and sickness benefits. There may, however, be no more than 10 waiting days in a period of 12 months for employees. Self-employed people may choose a waiting period of 7, 14, 30, 60 or 90 days, depending on the nature of the insurance they have taken out.

Other Conditions

In Denmark, Finland, Iceland and Norway, sickness benefits shall normally be payable for a maximum of one year (52 weeks), and a period may consist of several separate sickness benefit periods. In Finland, it is also possible to be awarded partial sickness benefits for 12-72 working days, if the person concerned works part-time and is on sick leave from a full-time job. Sickness benefits are taxable in all the countries.

In the Faroe Islands, sickness benefits shall be payable for a maximum of 40 weeks within a 12 months period, after which social assistance may be payable according to need. In the Faroe Islands, sickness benefits are payable by the Faroese social administration.

In Denmark, the period may, in some cases, be prolonged beyond the 52 weeks.

In Sweden, sickness benefits are usually payable for a maximum of 364 days in a 15 months period. In some cases, the period may be prolonged. The evaluation of reduced working capacity and entitlement to sickness benefits is made according to a so-called rehabilitation chain. In the first 90 days, it is made in relation to normal work. After 90 days, entitlement to sickness benefits is evaluated on the basis of the insured's ability to carry out some kind of work for the present employer. After 180 days, the insured shall only be entitled to sickness benefits if s/he is not able to carry out some kind of work in the labour market. It is possible to have the evaluation of the capacity for work deferred if special reasons so warrant, or if it in some other way is unreasonable. Changed in January 2010. As to the self-employed, evaluation is made of the first 180 days. After that, the individual is evaluated in respect of the ordinary labour market. As to unemployed individuals, the capacity for work is evaluated in relation to the entire labour market from the first day.

In Denmark, sickness benefits are paid and managed by the local authorities. Central Government reimburses local authorities their expenditure on sickness benefits for the first four weeks at 100 per cent, while the expenditure after the four weeks and up to and including 52 weeks shall be reimbursed at 50 per cent. After 52 weeks, local authorities themselves defray the expenditure on sickness benefits in full.

In Finland, sickness benefits are payable by the Social Insurance Institution; in Iceland, sickness benefits are payable by the National Social Insurance Scheme; in Norway, by the Ministry of Labour and Social Inclusion and in Sweden, by the insurance funds.

Disposable Income and Compensation Levels in Case of Illness

Figure 5.1 shows the disposable income at three different income levels for single childless people drawing sickness benefits. Table 5.4 shows the compensation degree, i.e. the disposable income when drawing sickness benefits as percentages of the disposable income at three different income levels for a single childless person drawing sickness benefits as percentages of the disposable income from work.

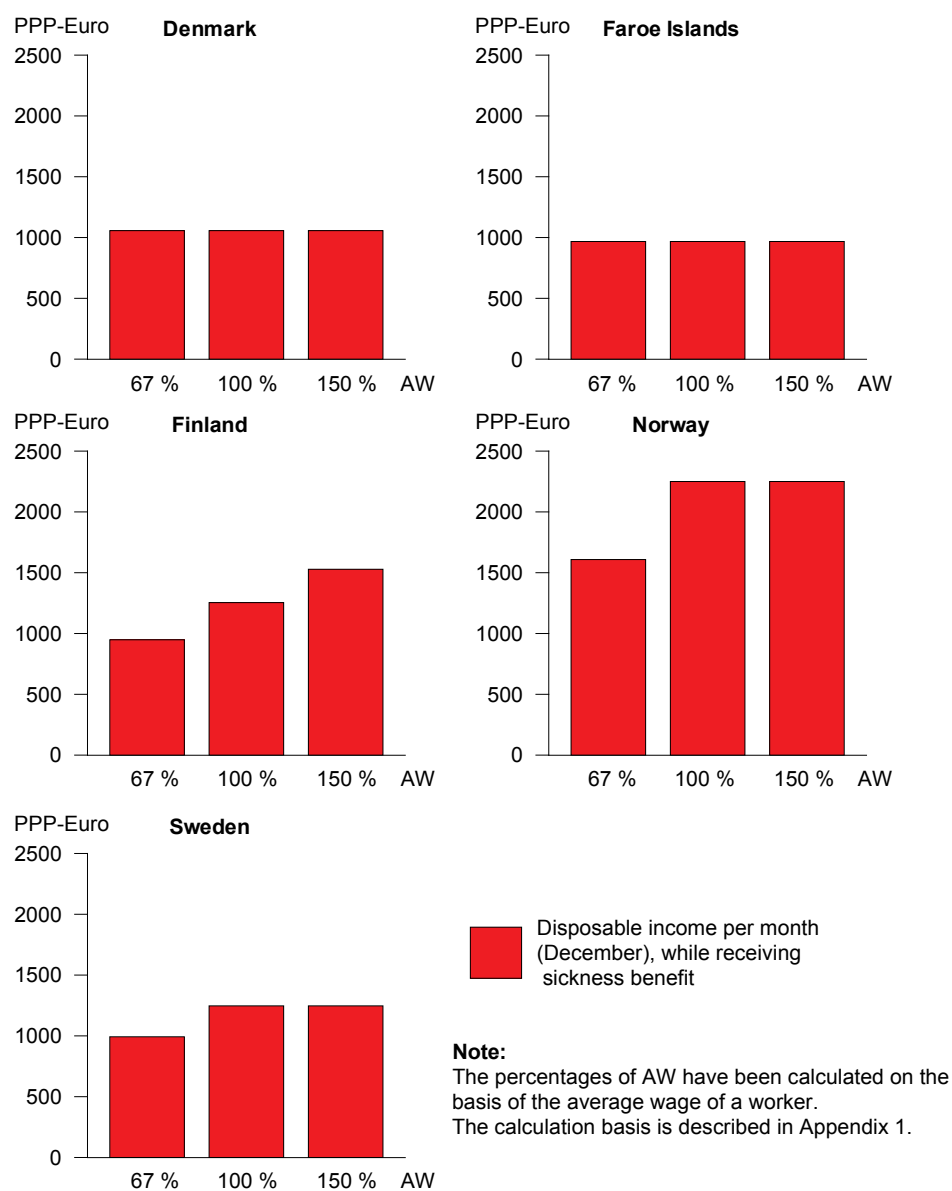
Figure 5.1 Disposable incomes for single childless people, 2010

Table 5.4 Compensation degree for single childless people (December) when drawing sickness benefits as percentages of disposable income when in work, 2010

	Denmark	Faroe Islands	Finland	Norway	Sweden
<i>67 per cent AW</i>	84	100	71	100	72
<i>100 per cent AW</i>	60	73	69	98	62
<i>150 per cent AW</i>	43	53	61	71	47

Length of Absence Periods

Table 5.5 Employees' calculated absence due to illness for at least one week as percentages of all employees, 2000-2010¹⁾

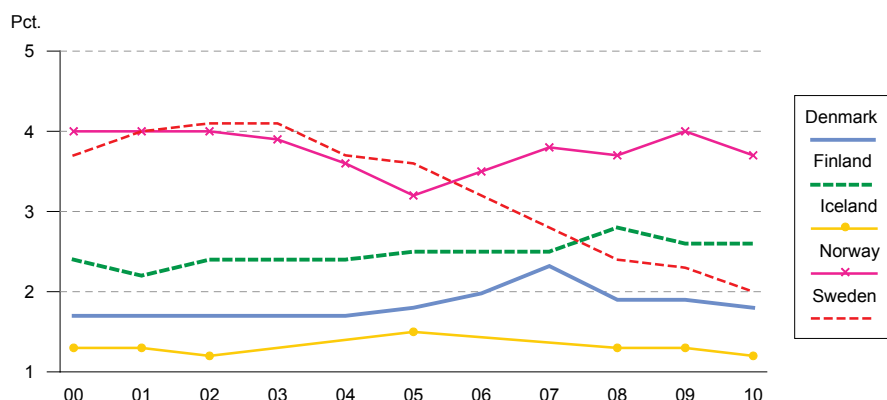
	Denmark ²⁾	Faroe Islands	Finland ³⁾	Iceland	Norway	Sweden
2000						
Women	2.0	..	2.5	1.5	4.7	4.9
Men	1.4	..	2.2	1.1	3.4	2.6
Total	1.7	..	2.4	1.3	4.0	3.7
2005						
Women	2.2	..	2.8	1.9	3.9	4.4
Men	1.5	..	2.1	1.2	2.6	2.8
Total	1.8	..	2.5	1.5	3.2	3.6
2009						
Women	2.4	1.7	2.8	1.4	4.0	2.8
Men	1.4	1.6	2.5	1.2	3.2	1.8
Total	1.9	1.6	2.6	1.3	4.0	2.3
2010						
Women	2.3	..	2.8	1.5	4.4	2.5
Men	1.4	..	2.4	1.0	3.0	1.5
Total	1.8	..	2.6	1.2	3.7	2.0

1 Data calculated on the basis of labour force surveys as an average of the censuses.

2 15-66-year-olds.

3 15-64-year-olds.

Figure 5.2 Development in employees' calculated absence due to illness for at least one week as percentages of all employed, 2000-2010



As it appears from Table 5.4, there are considerable differences in the compensation levels in case of illness. The lowest income groups will be fully compensated in case of illness both in the Faroe Islands and in Norway. The differences depend partly on the amount of the daily cash benefits in relation to the income from work (they are highest in Denmark, the Faroe Islands and Norway and lowest in Finland), partly by the maximum amount, which is relatively low in Denmark in relation to Sweden and – especially – Norway. Besides, it is significant that there is no upper limit to the amount of daily cash benefits in Finland. The compensation level is, however, only 25 per cent at annual earnings of more than EUR 49 003.

The extent of the absence due to illness varies considerably from one country to another; it is least pronounced in Denmark, and most so in Norway. In Denmark and Finland, the absence patterns were practically unaltered. Since 2003, there has been a considerable decrease in the absence due to illness in Sweden. The decrease is related to the amendment of the rules and the introduction of a requirement in the sickness benefit scheme for activity. The amendment has resulted in an increase in part-time absence due to illness.

In Table 5.6, the number of days for which sickness benefits have been paid, converted into full-time equivalents and in per cent of the labour force, has been included. The differences among the countries are substantial, with the fewest full-time equivalents of absence in relation to the workforce in the Faroe Islands, Finland and Sweden and with comparatively most in Norway. Relatively speaking, there are now fewer men in Sweden

than in Denmark who draw sickness benefits. Converted into full-time equivalents, women draw sickness benefits to the largest extent. There are differences among the countries in how sickness-benefit payments are calculated. In some countries, sickness benefits are payable for 5 days per week, in others for 6 or 7 days per week. This has been taken into consideration in the calculations of full-time equivalents. In some countries, 'part-time illness' also exists, but as this is not registered in the statistics of all the countries, the calculation of full-time equivalents was made from the number of days when sickness benefits were drawn, regardless of whether the individual was considered 'full-time' or 'part-time' ill.

As only days on which sickness benefits have been paid are included, the number of days that can be included varies, as the length of the employer period (in which no sickness benefits shall be payable) varies from one country to another. Besides, the Danish, Norwegian and Swedish data also contain sick-days in connection with industrial injuries, while industrial injuries and accidents are registered in a separate system in the Faroe Islands and Finland.

In Denmark, part-time illness amounted in 2008 to 7.4 per cent of all concluded sickness benefit cases in 2008, or ongoing cases at year end, of which 8.4 per cent concerned women and 6.1 per cent concerned men. In Norway, 29.8 per cent of all concluded sickness benefit payments from the National Insurance Scheme in 2005 related to part-time absence. In Sweden, absence is about 19 per cent less, calculated as net days. In the other countries, it is not possible to be absent due to illness on a part-time basis.

Figure 5.3 Number of recipients of sickness benefits converted into full-time equivalents as percentages of the labour force, 2002-2010

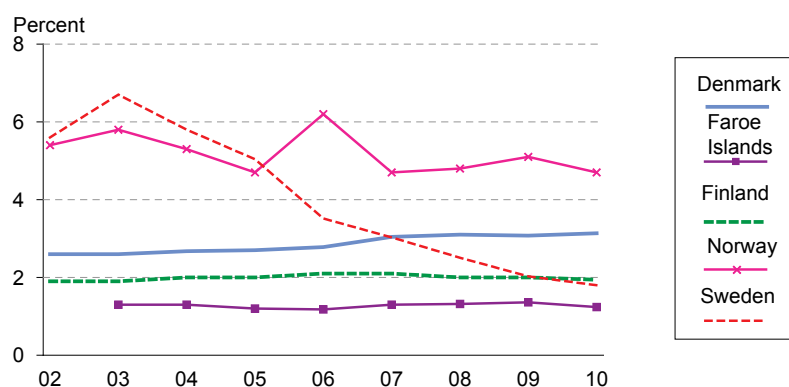


Table 5.6 Number of recipients of sickness benefits calculated as full-time equivalents, total and as percentages of the labour force broken down by gender, 2010

	Denmark	Faroe Islands	Finland	Norway	Sweden
Men	37 201	217	23 775	50 112	35 126
Women	48 534	142	27 391	72 085	51 966
Women and men	85 734	359	51 166	122 196	87 092
<i>Per cent of labour force</i>					
Men	2.6	1.4	1.7	3.6	1.3
Women	3.7	1.1	2.2	3.6	2.2
Women and men	3.1	1.2	1.9	5.9	1.8

Table 5.7 Number of concluded sickness benefit periods of at least 15 days (per cent), 2010

	Denmark	Faroe Islands	Finland	Norway ¹⁾	Sweden
<i>Men</i>					
<i>Duration (days)</i>					
15-29	15.4	33.9	37.0	33.8	29.6
30-89	40.3	42.2	38.4	32.9	37.4
90-179	19.5	13.3	11.2	13.3	14.0
180-359	12.9	10.3	10.4	12.0	8.6
360+	11.9	0.3	2.9	7.8	10.5
Total	100.0	100.0	100.0	100.0	100.0
<i>Women</i>					
<i>Duration (days)</i>					
15-29	12.6	39.4	41.9	36.3	31.2
30-89	40.4	42.0	39.5	32.4	37.8
90-179	21.0	11.0	9.2	13.7	12.9
180-359	13.8	7.4	7.7	11.2	7.6
360+	12.2	0.1	1.8	6.3	10.5
Total	100.0	100.0	100.0	100.0	100.0
<i>Women and men</i>					
<i>Duration (days)</i>					
15-29	13.8	36.4	39.8	35.4	30.6
30-89	40.3	42.1	39.0	32.6	37.6
90-179	20.3	12.3	10.1	13.6	13.3
180-359	13.4	9.0	8.8	11.5	8.0
360+	12.1	0.2	2.3	6.9	10.5
Total	100.0	100.0	100.0	100.0	100.0

1 Data from Norway include sickness benefit periods for all groups of sickness benefit recipients. For employees, only periods of at least 17 days have been registered. For other groups, all sickness benefit periods have been included. These were mainly payable from and including the 15th day of illness.

There are some differences as regards the patterns of long-term absence due to illness (for more than two weeks) in the various countries. This reflects inter alia different practices as to when long-term ill people start receiving benefits from other sections of the social system. This applies for instance to the transition to rehabilitation benefits or disability pension.

In Sweden, sickness benefits can as from 1 July 2008 be drawn for 364 days within a period of 450 days (framework period). After that the period may be prolonged to a maximum of 550 days, but at a somewhat lower amount. People suffering from very serious illness are not subject to any limitation of time.

In some cases, sick pay may also be payable in Denmark after more than one year of absence due to illness.

The approximately 6.4 per cent in Norway of over 360 days also cover people who are ill for more than one year (365 days). They are not entitled to sickness benefits for more than one year, but will qualify for rehabilitation benefits.

Men and women's absence due to illness shows a rather unequal pattern in the various countries. In general, men have the highest absence rate as to the long periods of absence, with the exception of Denmark, where women range somewhat higher than do men as to periods of absence of more than 180 days. The large number of people with an absence period exceeding one year in Sweden is due to the reform of the disability pension scheme, where many cases were concluded, and many of the people concerned thus transferred to other benefits than sickness benefits or got well again.

Daily Cash Benefits in the Event of Industrial Injury or Work-Related Illness

In all countries, benefits are payable in the event of industrial injuries or occupational diseases. Short-term benefits may be sickness or equivalent benefits.

In Finland, industrial injury benefits are payable, usually equivalent to the affected person's normal wages.

Services

Common to the Nordic countries is that they have a well-established service network for both prevention and treatment of diseases. It is, however, an area that varies somewhat from one country to another.

In Denmark, Finland and Sweden, local and/or county/regional authorities are responsible for the organization of the health sectors, while it in Iceland is Central Government and in the Faroe Islands the Government. In Norway, Central Government is responsible for the specialized health sector (first and foremost the hospitals), whereas local authorities are responsible for the primary health sector. In the present system within the primary health sector, practically everyone is attached to a specific general practitioner, as is the case in Denmark and the Faroe Islands.

Occupational health services have been established in Denmark, Norway and Sweden. The purpose of these services is to initiate preventive measures and exercise health control within the framework of the individual work places. In Finland, there is also a statutory occupational health service, which is responsible for preventive measures. Statistical data on this area can be seen in the NOMESCO publication *Health Statistics in the Nordic Countries*, which can be downloaded from this home page.

Hospitals

In all the Nordic countries, there are general hospitals with outpatient clinics/policlinics and emergency wards. There are also highly specialized hospitals, psychiatric hospitals and, in some of the countries, hospitals providing long-term care. The hospitals are mainly run by Central Government, the regions/counties or the municipalities, but there are also a few private hospitals.

It is very difficult to obtain comparable data in respect of the capacity of the health services in the Nordic countries, as the organization of this area varies considerably from one country to another. There is, however, a general tendency towards the periods of hospitalization becoming still shorter, and towards more and more patients being treated at outpatient clinics.

In all the countries, there has been a tendency towards shutting down psychiatric hospitals and improving treatment of psychiatric patients in their own environments instead.

Medical Treatment, Etc.

In the Nordic countries, general (primary) medical treatment takes place outside of hospitals. Various forms of preventive health care measures are furthermore linked to the primary health services.

In Denmark, general medical treatment is provided solely by self-employed general practitioners, fully financed by and according to agreements with the public authorities.

In the Faroe Islands, all practitioners are public employees, but are paid a basic amount as well as according to services provided.

In Norway, about 94 per cent of the general medical treatment is provided by self-employed general practitioners. This only applies to a slight degree in the other Nordic countries. It is thus estimated that self-employed general practitioners perform about 20 per cent of the general medical treatment in Sweden. About 20 per cent of the general medical treatment as well as treatment by specialists are in Finland performed by self-employed doctors. Doctors employed by the public authorities perform the remaining part at public health centres.

In Finland, health centres in sparsely populated areas may be equipped with wards.

Specialist treatment is available in all the countries. It is performed by specialists according to agreements with the public authorities. These services are provided according to either general or specific rules.

Due to the large differences from one country to another in the organization of the primary health sector, it is very difficult to obtain comparable data concerning the number of medical visits per capita.

Home nursing is available in all the countries, both to families and children and to the elderly and the disabled.

In all the countries, pregnant women and infants are offered public health care. In addition, all the countries provide school health care services. Most children are being immunized according to the recommended immunization programme. Screening programmes to detect e.g. breast cancer, etc., exist to a certain degree in all the countries. In Finland and Iceland, such tasks are performed by the health centres.

In all the countries, transport expenses in connection with illness are subsidized.

Dental Treatment

Dental treatment is a well-developed service in all the Nordic countries. With the exception of Iceland, treatment of children and adolescents is performed at public clinics, where treatment is completely or partly free of charge. In most of the countries, there are also special discount schemes for the older part of the population. As to the remaining part of the population, citizens pay for the majority of the treatment themselves. Dental treatment of adults is mainly handled by private dentists. In Finland, the population is entitled to dental treatment, and people may choose between municipal and private dental treatment. The sickness insurance fund reimburses the expenditure on private treatment. The amount that the patients have to pay themselves for municipal dental treatment is smaller than that payable for private treatment.

In Sweden and Norway, public dental care services are organized by the counties.

Expenditure on and Financing of Cash Benefits and Services in Connection with Illness

Differences and Similarities in the Expenditure on Illness

There are some differences in the expenditure on illness in the Nordic countries measured in PPP per capita, where the Faroe Islands and Finland spend the least and Iceland the most.

In respect of expenditure on paid absence due to illness, Norway spends considerably more than the other Nordic countries, measured in PPP per capita. That is largely due to the amount of the sickness benefits (cf. Table 5.3), but the low unemployment rate in Norway also affects the absence due to illness. It should be noted, however, that only Finland and Iceland include wages and salaries payable during illness in social expenditure.

The expenditure on services (medical treatment), measured in PPP per capita, is lowest in the Faroe Islands and highest in Norway.

What influences the expenditure on medical treatment is patients' payment of user charges for medical treatment and medicine, which is highest in Finland.

Another influential factor is the grey zone between the health sector and treatment of the elderly and the disabled, which is organized in somewhat dissimilar ways in the various countries.

Changes in the Social Expenditure on Illness from 2008 to 2009

In Denmark, the expenditure increased from 2008 to 2009 by DKK 6.9bn, corresponding to a growth rate of 5.8 per cent. The largest increase concerned services that increased by DKK 6.4bn, corresponding to a growth rate of 6.4 per cent. Also the expenditure on cash benefits increased, but only by DKK 0.5bn, corresponding to a growth rate of 2.6 per cent.

In the Faroe Islands, there was a minor increase of 1.9 per cent of the total expenditure on illness from 2008 to 2009. This was due to a reduction in the expenditure on daily cash benefits in connection with illness of 5 per cent, corresponding to DKK 3m. In addition, there was a slight increase in the expenditure on services of 2 per cent, corresponding to DKK 20m.

In Finland, the expenditure on cash assistance decreased by 5.9 per cent at constant prices. The expenditure on benefits in connection with illness increased by 3.5 per cent at constant prices despite the fact that the number of recipients dropped by almost 5 per cent. At the beginning of 2009, the minimum rate of benefits payable in connection with illness was raised. The expenditure on primary health care increased by 1.6 per cent and on specialized health care by 3.9 per cent at constant prices. The expenditure on subsidies for medication increased by 2.7 per cent at constant prices.

In Iceland, social expenditure on illness increased by 7.4 per cent at 2009 prices. The expenditure on services declined by 5.4 per cent, while the expenditure on cash benefits declined by 16.5 per cent at constant prices. The main reason for the decrease in cash benefits is both a decline in real earnings and an increased unemployment rate from 2008 to 2009 resulting in lower costs for daily cash benefits in the employer period. The reason for the decrease in the expenditure on services is a budget cut between 2008 and 2009 due to the financial crisis.

In Norway, the expenditure on illness increased by 7 per cent at constant prices. Cash benefits increased by 13.3 per cent, while the expenditure on services increased by 3.9 per cent. Cash benefits amounted to about 35 per cent of the total expenditure on health care and illness in 2009. Expenditure on general daily cash benefits and daily cash benefits in the employer period increased by 14 and 13 per cent, respectively.

In Sweden, the expenditure on illness increased from 2008 to 2009 by 2.8 per cent. The absence due to illness decreased in 2009 which resulted in a decrease in the expenditure on cash benefits by 9.1 per cent. The expenditure on services increased by 5.2 per cent in 2009. Apart from treatment of illness, also the expenditure on medication is included.

ILLNESS

Table 5.8 Expenditure on and financing of cash benefits and services in connection with illness, 2009

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
	DKK	DKK	EUR	ISK	NOK	SEK
<i>Cash benefits, millions</i>						
A. Paid absence due to illness	18 526	66	2 243	21 488	68 455	36 776
Of which:						-
a. Ordinary sickness benefits	14 569	58	773	1 486	36 062	23 206
b. Daily cash benefits in employer period	3 957	3	962		32 393	12 900
c. Sick pay	-		188	19 583		-
d. Special insurance against industrial injury or occupational disease	-	5	149	419		670
B. Other	629		-	85	734	89
Cash benefits, total	19 155	66	2 243	21 573	69 190	36 865
<i>Services, millions</i>						
Services, total	106 222	821	10 836	113 873	128 156	210 978
Total expenditure, millions	125 376	887	13 078	135 447	197 346	247 843
Expenditure as percentage of the GDP	7.6	7.3	7.6	9.0	8.3	8.0
<i>Financed by (per cent)</i>						
- Public authorities	91.0	99.4	69.6	84.5	61.7	83.7
- Employers	3.3	0.4	19.9	15.5	29.2	15.8
- The insured (contributions and special taxes)	5.8	0.2	10.4	0.0	9.0	0.5
<i>Changes 2008-2009 at 2009 prices</i>						
- Millions	6 916	17	424	-10 780	12 983	7 748
- Per cent	5.8	1.9	3.4	-7.4	7.0	3.2

Table 5.9 Expenditure on cash benefits and services in connection with illness, in PPP, 2009

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Cash benefits, total per capita	322	125	335	397	1 217	345
Cash benefits per person aged 16-64 years	499	202	514	603	1 861	541
Services, total per capita	1 787	1 563	1 619	2 097	2 253	1 976
Expenditure on illness, total per capita	2 109	1 689	1 954	2 494	3 470	2 321

User Charges Payable for Health Services

The rules governing user charges payable for health services differ somewhat in the Nordic countries. In Finland, Norway and Sweden, there are rules governing maximum payment of user charges for health services. Such rules also exist in Iceland, but patients are only partly exempt from paying. In Denmark, such rules apply only to medicine.

Maximum User Charges

In Denmark, a new subsidy system based on need was introduced on 1 March 2000, where the subsidy granted depends on an individual's consumption of subsidized medicine. In 2010, subsidies to a consumption of medicine of less than DKK 850 per year shall not be granted, after which the subsidy shall gradually increase to 85 per cent of expenses exceeding DKK 2 990 per year. For children under 18 years, a subsidy of 60 per cent shall, however, be granted to a consumption of medicine of less than DKK 850. For the chronically ill, a 100 per cent subsidy is given to the part of the user charges exceeding DKK 3 490 per year.

In the Faroe Islands, a national health insurance scheme was introduced on 1 January 2010. On that background, a needs-tested subsidy system was introduced in which the amount of the subsidy depends on the consumption of medicine. An extensive need of medicine results in a correspondingly high subsidy. Subsidy rules for groups of individuals younger than 18 years and older than 67 years have been introduced resulting in smaller user charges than for the age group between 18 and 67 years. Subsidies are furthermore regulated according to the need for medicine and may therefore vary depending on what kind of disease the medicine has been subscribed for.

In Finland, there is a so-called expenditure ceiling of EUR 590 in the municipal social and health sector. When this ceiling has been reached, treatment is free of charge. The ceiling applies to medical treatment in the primary health sector at health clinics, physiotherapy, on-going treatment, visits to out-patient clinics, day surgery and short-term stays at institutions within the social and health care sector. Transport expenses in connection with treatment shall be reimbursed in full, if they exceed EUR 157.25 per year.

In Iceland, the maximum user charge payable for out-patient treatment at hospitals in the primary health care sector and at specialists' is ISK 27 000 per year in 2010 for people in the age group 18-66 years and ISK 8 100 for chil-

dren under 18 years. For pensioners aged 70 years or more and disability pensioners as well as people who have been unemployed for more than six months, the maximum user charge payable is ISK 6 500. When a patient has reached the maximum amount, s/he only has to pay a small part of the rates. There are also special rules governing payment for physiotherapy, occupational therapy and other therapeutic treatment.

In Norway, the maximum user payment for medical treatment, psychological treatment and travel expenses in connection with examination and treatment as well as subsidized medicine was NOK 1 840 in 2010. Expenses above that amount shall be covered by Central Government. People younger than 16 years are exempt from paying user charges as from 2010. There is also a user charge ceiling regarding physiotherapy, a few kinds of dental treatment, residential stays at rehabilitation institutions and private rehabilitation institutions that have an agreement regarding regional health measures. This user charge ceiling was in 2010 NOK 2 560. The Social Security Scheme financed about 50 per cent of the total expenditure on medicine in 2009.

In Sweden, a maximum user charge is payable per year for general medical treatment, physiotherapy, etc., and another maximum user charge for medicine. In case one or both parents jointly have several children younger than 18 years, such children are exempt from paying user charges if the purchase of medicine for them in total exceeds the maximum amount fixed for user charges. As to the municipal care schemes, there are no government rules applying to maximum user charges.

*Medical Treatment, Etc.***Table 5.10 User charges payable for medical visits as at 1 January 2010**

	Uniform rules in the entire country?	Amount of user charges	Exceptions	Ratio of user charges of the total expenditure on medical visits
Denmark	Yes	None	A small group that has a free choice of doctor pays minor amounts for medical treatment	-
Faroe Islands	Yes	None	Visit by emergency medical service (evening and night) costs DKK 20	-
Finland	Yes	Public: EUR 13.70 ¹⁾ , EUR 18.80 for visits between 8 pm and 8 am on week-days and Saturdays, Sundays and Holidays. Private: at least 40 per cent	No payment for children under 18 years	About 4 per cent
Iceland	Yes	ISK 1 000 (daytime)-3 800 for visits to general practitioners, other rules apply to visits to specialists	ISK 500 (daytime)-1 850 for children under 18 years and pensioners aged 70 years or older (ISK 800 -ISK 3 200 for pensioners aged 67-69 years), disabled and long-term unemployed people, and where pensioners' expenses in a calendar year exceed ISK 6 500 and children's exceed ISK 8 100, then ISK 400 (daytime) - ISK 900.	Varies
Norway	Yes	General practitioner/general specialized practitioner NOK 136/180 (daytime) NOK 229/269 (evening and night). Visit at a specialist's: NOK 307	In connection with pregnancy/birth, industrial injury, war injury, for inmates in prisons, children under 16 years, in connection with psychotherapeutic treatment of children and adolescents under 18 years and in connections with dangerous, contagious diseases	About 44 per cent
Sweden	No	SEK 100-320	No payment for children under 18 years	..

1 Medical visits: EUR 13.70 for the first three visits in a calendar year or an annual fee of no more than EUR 27.40 for 12 months depending on the local authorities.

In Denmark, medical treatment and home nursing are free of charge. A small group of people, who is at liberty to choose doctors freely, must pay a minor amount for medical treatment. In the other Nordic countries, patients pay an amount for treatment themselves.

In the Faroe Islands, medical treatment and home nursing are free of charge.

In Finland, EUR 11 is payable for temporary home nursing per visit by a general practitioner, and EUR 7 per visit by a nurse. For continuous care in the home, an amount is payable depending both on the extent of the care and on a patient's financial situation.

In Iceland, payment for medical treatment varies. As a rule, children and pensioners pay only one-third of the normal user charges. Home nursing is free of charge.

In Norway, user charges payable for medical visits vary. For treatment outside of the daytime hours and by the emergency medical service, user payment is NOK 229 or NOK 269, depending on whether or not the doctor has specialized in general medicine. No user charge is payable for home nursing.

In Sweden, user charges vary from one county to another. User charges for medical treatment are usually about SEK 200. For visits to a specialist, user charges are somewhat higher. Other medical visits may cost less.

Dental Treatment

In all the countries, dental treatment of children and young people is completely or partly free of charge. The rest of the population pays all costs for treatment themselves, or is reimbursed a small part of the costs.

In Denmark, patients' payments amounted in 2005 to about 62 per cent of the total costs, including expenses for the municipal dental care schemes for children and adolescents, which are free of charge.

In the Faroe Islands, patients' payments amounted to about 55 per cent of the total expenditure exclusive of dental care for children and adolescents, which is free of charge.

In Finland, adults' payment of user charges for municipal dental treatment made up 20 per cent of the expenditure. Treatment of children younger than 18 years is free of charge. The sickness insurance fund reimburses part of the costs for dental treatment in the private sector. On average, patients' user charges totalled 63-65 per cent of the expenditure.

The sickness insurance scheme in Iceland pays a rate for dental treatment which has been laid down by the Minister for Health. The rate is usually different from the rate used by the private dentists as they are allowed to fix their own prices. In Iceland, people over 67 years and disabled people

are reimbursed between 50 and 100 per cent of the expenses (of the rate of the sickness insurance scheme), depending on their incomes. Children under the age of 18 are reimbursed an average of 55-60 per cent of the total costs (of the rate of the sickness insurance scheme).

In Norway, adults usually pay the full amount for dental treatment. Young people under the age of 18 and certain other groups, such as the elderly, the long-term ill and the disabled, will be treated free of charge. As a supplement, the National Insurance Fund subsidized costs of dental treatment in connection with certain types of dental treatment and with certain diagnoses.

In Sweden, everyone under the age of 20 gets dental treatment for free. As from the age of 20 years, one is entitled to subsidized dental treatment. The subsidy consists of two parts: a contribution towards treatment, which is mainly for examinations and prevention, and a security for maximum user payment.

*Medicine***Table 5.11 User payment for medicine on prescription as at 1 January 2010**

	Uniform rules in the entire country?	Amount of user charges	Exceptions	Ratio of user charges of the total expenditure on medication
Denmark	Yes	Subsidy depends on the amount of the individual patient's consumption of medicine in the primary sector	No	25 per cent
Faroe Islands	Yes	..	No	About 25 per cent
Finland ¹⁾	Yes	58 per cent of the amount, maximum EUR 672.7 per year, and then EUR 1.50 per medical product	In connection with some diseases, only EUR 3 shall be payable or 28 per cent of the amount (depending on disease)	About 22 per cent
Iceland	Yes	ISK 2 100 + 65/80 per cent of the rest of the price, but no more than ISK 4 200/6 000	Pensioners and disabled people: ISK 450 + 50 per cent of the rest of the price, but no more than ISK 1 350/1 650	About 31 per cent
Norway	Yes	36 per cent. A maximum of NOK 520 per prescription	For children under 16 years and people who only receive minimum pension: no user charges	36 per cent
Sweden	Yes	SEK 0-1 800 per year	-	25 per cent

1 The sickness insurance scheme reimburses 42, 72 or 100 per cent of the expenditure on prescription drugs that have been prescribed with a view to treating a disease. As to drugs that are reimbursed by 100 per cent, clients always pay EUR 3, however. Of the expenditure on the pharmacy's doses dispensing, people who have turned 75 years are reimbursed 42 per cent. There is an own risk in connection with medicine costs for each calendar year. When the so-called charge has been reached, clients pay only EUR 1.50 per product. The charge ceiling, or the annual own risk, was in 2010 EUR 672.70.

Hospitalization

Table 5.12 User charges payable for hospitalization as at 1 January 2010

	Uniform rules in the entire country?	Amount of user charges	Exceptions	Ratio of user charges of the total expenditure on hospitalization
Denmark	Yes	-	No	-
Faroe Islands	Yes	-	No	-
Finland	Yes	The fee for hospitalization is at most EUR 32.50 a day. Payment for out-patient treatment is at most EUR 27.40, while day surgery costs no more than EUR 89.90	Payment for long-term stays according to ability to pay, for children 0-17 years, but only for a maximum of 7 days	About 4 per cent
Iceland	Yes	-	No	-
Norway	Yes	-	No	-
Sweden	No	SEK 0-80/day	..	..

In Denmark, the Faroe Islands, Iceland and Norway, hospitalization is free of charge, but not so in Finland and Sweden.

In Denmark, user charges are payable for treatment at private hospitals, but not if the treatment is covered by the extended free choice of hospital.

In the somatic hospital area, a patient is entitled to choose a private hospital without having to pay for it, if the patient shall have to wait more than a month for treatment at a public hospital. Special rules apply to psychiatric treatment.

Chapter 6

Old Age, Disability and Surviving Relatives

Links to supplementary information:

[EUROSTAT - database](#)

[Typical cases](#)

[Social expenditure](#)

6.1 Introduction

Both in the Nordic and in other European countries, the expenditure on the elderly and the disabled forms a substantial part of the total social expenditure.

Table 6.1.1 Expenditure on the elderly, the disabled and surviving relatives as percentages of the GDP in the EU, the Faroe Islands, Iceland and Norway, 2008

Denmark	15.5	Austria	15.5	Greece	14.0	The Netherlands	13.1 ^p
Faroe Islands	12.8	Belgium	12.7	Hungary	12.1	Poland	12.5
Finland	12.9	Bulgaria	8.6	Ireland	6.5	Portugal	14.0
Iceland	8.5	The Czech Republic	8.9	Italy	17.7 ^p	Romania	8.5
Norway	10.8	Cyprus	9.8 ^p	Latvia	6.5 ^p	Slovakia	7.9 ^p
Sweden	16.4 ^p	Estonia	7.9	Lithuania	8.5 ^p	Slovenia	11.3 ^p
		France	15.1 ^p	Luxembourg	9.4	Spain	10.4 ^p
		Germany	13.5 ^p	Malta	10.7	United Kingdom	11.5 ^p

^p Preliminary data

Note: The source is EUROSTAT: Database for Social Protection Expenditure and Receipts. As to the Faroe Islands, the source is the Ministry of Social Affairs.

The Structure of This Chapter

While the other chapters have followed the chapter structure of ESSPROS, the descriptions of the elderly, the disabled and surviving relatives have in this report been gathered in one chapter and divided into four parts: 6.1 General Introduction, 6.2 The Elderly, 6.3 The Disabled and 6.4. Surviving Relatives. First, an overall description is given of the pension structures, number of recipients and compensation levels. Then follows a description of the social services, and finally of the social expenditure and user charges.

Number of Pension Recipients

The data in Table 6.2.1 do not include child pensioners, widow/widower pensioners or partial retirement pensioners. In respect of Denmark, the total number of pensioners includes recipients of voluntary early retirement benefits aged 60-64 years. As widow's pension has been abolished in Denmark and in the Faroe Islands, the number of pension recipients in Denmark and in the Faroe Islands is overestimated in relation to the other Nordic countries. The reason for the high rates of pension in Finland to the 60-64-year-olds is that there are several early retirement pension schemes, such as unemployment pension and early retirement pension. After the law reform in 2005, one may choose to apply for work-related retirement pension between the ages of 63 and 68 years. Besides, there were 28 764 people in 2010 aged 58-68 years drawing partial retirement pension.

In Sweden, partial retirement pension is no longer awarded. Individuals drawing sickness and activity benefits (which in the other countries is called disability pension) are included in the total number of pension recipients.

The age and gender compositions of the pension recipients differ somewhat from country to country. Especially in respect of the 60-64-year-olds, there are significantly more both men and women who are pensioned in Denmark and Finland than is the case in Norway and Sweden.

Taxation of Pensions

In Denmark and Iceland, pensioners are taxed according to the same rules as apply to other taxpayers. Pensioners in Denmark do not, however, pay

labour market contributions of their pension amounts. Besides, part of the disability pension amount is tax free.

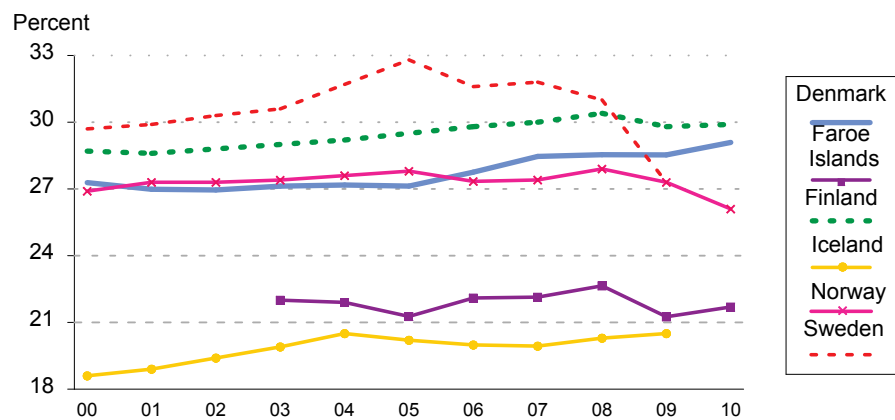
In the Faroe Islands, tax is payable of the part of the basic amount of the retirement pension that is set off against any other income. Furthermore, retirement pensioners do not pay contributions to the maternity scheme, the unemployment scheme or the labour-market pension that is based on solidarity. The disability pension is fully taxable, with the exception of the invalidity allowance. Besides, favourable tax rules apply to disability pensioners.

In Finland, no unemployment benefits, unemployment pension or sickness insurance contribution is payable of the pension income.

In Norway, there are particularly favourable tax rules for pensioners, and in Finland, pensioners are guaranteed a certain amount so that they are exempt from paying tax if the guaranteed minimum pension is their only income.

Housing benefits to pensioners are exempt from tax in all the countries, with the exception of Iceland. Child supplements payable to pensioners are exempt from tax in Denmark, the Faroe Islands, Finland and Iceland, but subject to tax in Norway. In Sweden, a tax allowance for work was introduced in 2007 to get more people in work. Pensioners are paying lower taxes in that the basic reduction has been increased. Pensioners in Sweden had their tax reduced in 2009 as tax relief was introduced as from 1 January 2009 in the form of an increased basic deduction for people over 65 years. Tax relief is highest in connection with low incomes. In order to further improve the financial circumstances of pensioners, taxes will be lowered for the third time for those turned 65 years by 1 January 2011. The tax relief is made by the basic deduction being increased further in respect of that group. Besides, housing benefits were increased in 2010 to people drawing sickness and activity benefits.

Figure 6.1.1 Pension recipients as percentages of the age group 16-18 years or older, 2000-2010¹⁾



1 As to the Faroe Islands, Finland and Iceland: from 2009, only those resident in the country.

OLD AGE, DISABILITY AND SURVIVING RELATIVES

Table 6.1.2 Pension recipients living in the country by age, in thousands and as percentages of the age group at the time of update, 2010

		Denmark ¹⁾		Faroe Islands ²⁾		Finland		Iceland ³⁾		Norway ⁴⁾		Sweden ^{5,6)}	
		1 000	As per- centages of each age group	1 000	As per- centages of each age group	1 000	As per- centages of each age group	1 000	As per- centages of each age group	1 000	As per- centages of each age group	1 000	As per- centages of each age group
<i>Men</i>													
16-39 yrs	18	2.4	0.1	1.3	17	2.1	2.0	3.5	13	1.8	29	2.2	
40-49 "	26	6.2	0.1	3.0	20	5.4	1.5	6.7	19	5.3	31	4.7	
50-54 "	18	9.8	0.1	5.2	20	10.5	0.9	8.4	16	10.0	26	8.6	
55-59 "	22	12.5	0.1	8.3	36	19.1	0.9	9.8	24	15.7	37	12.9	
60-62 "	38	35.1	0.1	13.1	47	39.8	0.6	12.7	24	27.0	46	25.3	
63-64 "	44	56.9	0.1	18.3	62	79.8	0.5	15.9	27	44.4	59	47.4	
65-66 "	61	91.5	0.1	20.0	58	94.5	1.2	48.6	26	50.0	111	90.7	
67+ "	329	98.7	2.9	101.1	330	99.7	14.5	96.1	288	105.0	659	100.2	
Total	555	26.2	3.7	18.9	590	27.4	22.0	17.8	437	23.1	997	27.4	
<i>Women</i>													
16-39 yrs	16	2.2	0.1	1.1	13	1.7	2.7	5.0	12	1.6	30	2.4	
40-49 "	29	7.2	0.1	4.0	17	4.6	2.3	10.8	25	7.1	47	7.4	
50-54 "	22	12.2	0.1	8.8	16	8.6	1.4	13.2	23	14.4	39	13.6	
55-59 "	29	16.6	0.2	13.5	32	16.6	1.4	15.7	34	23.3	57	19.8	
60-62 "	53	48.4	0.2	20.7	49	39.7	1.0	20.7	31	36.0	61	33.6	
63-64 "	54	69.7	0.1	30.1	65	78.5	0.7	25.2	28	47.4	69	55.1	
65-66 "	67	97.2	0.1	34.0	62	95.6	1.5	59.4	27	51.3	113	92.6	
67+ "	431	99.2	3.4	100.1	480	98.5	17.7	97.5	378	103.8	837	100.3	
Total	701	31.9	4.4	24.7	733	32.3	28.7	23.3	557	29.1	1 254	33.6	
<i>Women and men</i>													
16-39 yrs	35	2.3	0.2	1.2	30	1.9	4.7	4.2	25	1.7	59	2.3	
40-49 "	55	6.7	0.2	3.5	36	5.0	3.8	8.7	44	6.2	78	6.0	
50-54 "	40	11.0	0.2	6.9	36	9.5	2.3	10.7	39	12.1	65	11.1	
55-59 "	51	14.5	0.3	10.8	68	17.8	2.3	12.7	58	19.5	94	16.4	
60-62 "	91	41.8	0.3	16.8	96	39.7	1.6	16.6	54	31.4	107	29.5	
63-64 "	97	63.3	0.2	23.7	127	79.1	1.1	20.4	55	45.9	129	51.3	
65-66 "	128	94.4	0.3	26.2	120	95.2	2.7	54.1	53	50.6	224	91.7	
67+ "	760	99.0	6.4	100.6	810	99.4	32.2	96.9	666	104.3	1 496	100.2	
Total	1 257	29.1	8.1	21.7	1 323	29.9	50.7	20.5	994	26.1	2 251	30.6	

1 The first age group is 18-39 years for Denmark.

2 Data on the number of pensioners is from the start of the year, while data on the size of the population is from the end of the year. This explains that there is more than 100 per cent in the age group 67+ years receiving pension in the Faroe Islands.

3 Data from 2009

4 Data include both resident and non-resident pensioners in the country. Time-limited disability pension discontinued from 2010

5 For those receiving sickness and activity benefits, recipients living abroad have also been included

6 Population aged 19-39 years

Table 6.1.3 Pension recipients living abroad by age, in thousands at the time of update, 2010

	Denmark ¹⁾	Faroe Islands ²⁾	Finland	Iceland ³⁾	Norway	Sweden ⁴⁾
	1 000	1 000	1 000	1 000	1 000	1 000
<i>Men</i>						
16-54 years	2	0.0	1	0.2	.	3
55-64 "	1	0.0	4	0.1	.	55
65+ "	18	0.1	20	0.4	.	58
Total	20	0.1	25	0.7	.	.
<i>Women</i>						
16-54 years	1	0.0	1	0.2	.	2
55-64 "	1	0.0	5	0.1	.	44
65+ "	16	0.1	31	0.5	.	45
Total	18	0.1	36	0.9	.	.
<i>Women and men</i>						
16-54 years	3	0.0	1	0.4	.	5
55-64 "	2	0.0	8	0.2	.	99
65+ "	34	0.2	52	1.0	.	103
Total	38	0.2	61	1.6	.	2

1 The following age groups were used: 18-59 years, 60-64 years and 65+ years.

2 The time of update of the number of pensioners is at the end of the year, whereas the update of the census is at the beginning of the year.

3 Data from 2009.

4 People living abroad and receiving sickness and activity benefits is included in this table, since it is not possible to separate them.

6.2 Old Age

Table 6.2.1 Expenditure on the elderly as percentages of the GDP in the EU, the Faroe Islands, Iceland and Norway, 2008

Denmark	11.1	Austria	11.5	Greece	10.7	The Netherlands	9.5 ^p
Faroe Islands	8.4	Belgium	8.7	Hungary	8.7	Poland	8.9
Finland	8.8	Bulgaria	6.7	Ireland	4.5	Portugal	10.2
		The Czech					
Iceland	4.9	Republic	7.6	Italy	13.6 ^p	Romania	6.5
Norway	6.7	Cyprus	7.1 ^p	Latvia	5.4 ^p	Slovakia	5.7 ^p
Sweden	11.5 ^p	Estonia	6.3	Lithuania	6.4 ^p	Slovenia	8.1 ^p
		France	11.5 ^p	Luxembourg	5.3	Spain	6.8 ^p
		Germany	9.4 ^p	Malta	7.8	United Kingdom	8.8 ^p

^p Preliminary data

Note: The source is EUROSTAT: Database for Social Protection Expenditure and Receipts. As to the Faroe Islands, the source is the Ministry of Social Affairs.

Retirement Pension Structures and Income-Adjustment

A common feature in the retirement pension systems of the Nordic countries is that all citizens have a statutory right to a certain minimum subsistence amount in connection with transition to pension, the so-called minimum pension/basic pension. To this should be added statutory labour market and employment pensions to those having been active in the labour market. Besides, there are supplementary pension schemes laid down by law or by collective agreements. In all the countries, there are also various private pension-saving schemes, which have not been included in the present report.

No clear boundaries can be drawn among the three pension systems, especially not between the employment pensions and the supplementary pensions.

Nordic statistics consequently differ somewhat from European statistics in that basic and supplementary pensions/employment pensions are treated as one and referred to as the first pillar in the pension system, and supplementary pensions are referred to as the second pillar, while private pensions, which are not included in this report, are referred to as the third pillar in the pension system.

In this report, the basic pensions in Denmark, the Faroe Islands and Iceland and the guaranteed minimum pension in Finland, Norway and Sweden are described together. Similarly, the supplementary pensions and the employment pensions are described together.

In Finland and Sweden, reforms have been made to the effect that the basic/employment and supplementary pensions form a whole.

Instead of differentiating between basic pension and supplementary pension, everyone is guaranteed a minimum pension, irrespective of their affiliation to the labour market. People who have accrued sufficient supplementary pension/employment pension through work shall not be awarded the guaranteed minimum pension. Although this basic principle is the same in the Finnish and the Swedish systems, the pension schemes are structured in very different ways.

In Denmark, basic pension consists of the basic amount of retirement pension and pension supplements as well as a supplementary pension allowance (pensioner's cheque), which are all income-adjusted. Moreover, there are a number of supplements, of which the heating supplement and the health supplement are income-adjusted, whereas the personal supplement and the "waiting percentage" in connection with deferred pension are not income adjusted. The employment/supplementary pension consists of the ATP (the Labour Market Supplementary Pension Scheme), which is not income-adjusted, nor are the supplementary pensions in the form of labour market pensions. The special child allowance payable to pensioners is income-adjusted.

In the Faroe Islands, pensioners are awarded a pension depending on their marital status. Part of the pension is set off against any taxable income.

The labour market parties finance a supplementary pension system, which is a labour market pension based on solidarity in which everyone over 67 years is paid a fixed monthly amount. Payment is not a result of contribution payments for which reason this pension in principle functions as a basic pension and is treated as such in this publication.

To pensioners with no or only a small household income, a pension supplement shall be payable. Moreover, other personal supplements are payable to pensioners providing for children, and to pensioners with special need

of care. Pensioners living in nursing homes receive a reduced pension amount in order to cover personal expenses.

In Finland, employment pension is the most important part of the pension system as 85 per cent of the pension expenditure originates from employment pensions. The retirement pension depends entirely on the amount of the employment pension. No basic pension shall be payable if the employment pension exceeds about EUR 1 207 per month in 2010.

The supplementary pension schemes play a very insignificant part in Finland, however.

Retirement pension depends totally on the employment pension, but any other income (apart from pensions) shall not affect the amount of the retirement pension. Since 2008, housing benefits to pensioners are not part of the pension system but an independent benefit. In general, there are no income-adjusted supplements to people receiving basic pension (cf. Table 6.2.2).

In Sweden, a guaranteed pension is payable to people receiving a low income-related pension or none at all. The guaranteed pension is scaled down against the income/supplementary pensions and amounted in 2009 to a maximum of SEK 93 400 for single pensioners born in 1937 or before, and SEK 91 200 for pensioners born in 1938 or later. The income-related pension is called income pension and is based on the contributions paid during one's entire working period. As a supplement, there is also the so-called "premium pension" - a foundation-based pension with full liberty to choose between different foundations in the pension authorities' "foundation market". The choice is between Swedish, foreign foundations and interest foundations.

In Iceland, the statutory basic pension may also lapse if a pensioner has other considerable income exceeding a certain level. As to Danish retirement pensioners, only income from work shall be included in the income basis for the basic pension of the retirement pension.

In Norway, everyone is guaranteed a minimum pension in case of disability, irrespective of any previous affiliation to the labour market, or by reaching the age of 67 years. In order to become entitled to a minimum pension without any deduction, 40 years of residency is usually required as prove of sufficient affiliation to the Norwegian social insurance scheme. To be awarded any further pension, a person must (as a general rule) have accrued sufficient employment pension through activities in the labour market.

The employment pension system still remains the same in Denmark, Iceland and Norway, whereas the supplementary pension schemes continue to apply in all the Nordic countries.

Table 6.2.2 Pension recipients by types of benefit, 2010¹⁾

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Recipients of:</i>						
Basic pension/ guaranteed minimum pension	Everyone resident in the country for at least 3 years	Everyone resident in the country for at least 3 years	Everyone resident in the country for at least 3 years	Everyone resident in the country for at least 3 years	Everyone resident in the country for at least 3 years	Everyone resident in the country for at least 3 years
Length of residence required to obtain full basic pension	40 years	40 years	40 years	40 years	40 years	40 years
Employment pension	Employees	.	Employees and self-employed people	Employees and self-employed people	Employees and self-employed people	Employees and self-employed people
Supplementary pensions	Statutory for public-sector employees (civil servants)	Statutory for public-sector employees (civil servants)	-	-	Statutory for public-sector employees (civil servants)	-
	Public collective agreements	Public collective agreements	-	-	Public collective agreements	Public collective agreements
	Private collective agreements	Private collective agreements	-	-	Statutory for employees in the private sector	Private collective agreements

1 As a result of an adaptation to the rules in the EEA Agreement, the rules governing entitlement to basic pension in the Nordic countries have become almost uniform. As a main rule, one must have been resident for at least three years in the country in question during one's working age.

In Iceland, the basic amount payable to retirement and disability pensioners is adjusted both in relation to their own income from work and to half of their household income from capital. Similar rules apply to the pension supplement.

Disability pensioners' own income shall be included in the adjustment up to a certain level. The aim is to have more disability pensioners participate in working life. Employment pension and unearned income up to a certain level are not included in the adjustment. Different income levels apply to retirement pensioners and disability pensioners. The pension – both basic amount and supplements – may lapse completely if a pensioner has any other considerable income exceeding a specific income level.

In Norway, income-adjustment of retirement pension in relation to income from work for pensioners aged 67-70 years has now been discontinued. In some cases, an evaluation is made, however, when a person turns 70. The disability pension is also income-adjusted in relation to income from work exceeding a certain level (graded disability pension, etc.). For all pensioners, the basic pension shall be fixed according to marital status and any spouse's income from work and capital. Married and cohabiting couples are treated equally and have as a rule equal pension status in relation to the Norwegian scheme.

In Sweden, the housing supplement to pensioners is income-adjusted. In accordance with the new legislation from 2003, the housing supplement is payable to those living in Sweden and receiving a benefit in the form of full retirement pension, activity or sickness benefits, widow's/widower's pension, special survivor's pension or wife supplement. People receiving full pension or a disability allowance from another EU member state may be awarded housing supplements.

Qualifying Age for Pensions to the Elderly

In Denmark and Norway, the qualifying age for employment pension is the same as for basic pension, whereas it is 63-68 years in Finland and 65-70 years in Iceland. In the old Swedish pension system, the income-related pension could be drawn from the age of 60 years. In the new Swedish pension system, the qualifying age for employment pension is flexible from the age of 61 years, and the guaranteed pension may be drawn from the age of 65 years. There is no upper age limit for drawing retirement pension.

The qualifying age for receipt of supplementary pensions is 60 years in Denmark.

In all the countries, retirement pension is payable both in the form of a basic pension/guaranteed minimum pension and of a supplementary/employment pension.

In Denmark, it has since 1 July 2004 been possible to postpone the time of pensioning for up to 10 years and thus accumulate a life-long supplement to the retirement pension. In order to get the supplement, one must work for at least 1 000 hours a year corresponding to just over 19 hours per week during the period in which pensioning is postponed. The ATP will also increase if one chooses to have it paid out later than at age 65 years. The ATP may be postponed until one turns 75 years.

In Finland and in the old Swedish system, one may draw statutory retirement pension before the statutory pensionable age (in Finland, as from 62 years), but the pension amount shall be reduced (in Finland, the accrued pension shall be permanently reduced by 0.6 per cent for each remaining month until one turns 63 years, i.e. a maximum of 7.2 per cent. Similarly, the pension amount shall be increased if retirement is postponed until the age of 68 years (if the retirement pension starts after the age of 68 years in Finland, the pension amount shall be increased by 0.4 per cent for each month of postponement of the pension).

In Norway, people between the ages of 68 and 70 years shall no longer have their retirement pension income-adjusted against any income from work, and it is still possible to accrue further pension points until the age of 70 years.

In Sweden, the annual pension amount shall increase, the longer one postpones claiming pension.

Basic Pension/Guaranteed Minimum Pension to the Elderly

In Denmark, the Faroe Islands, Iceland and Norway, basic pension consists of a basic amount and a supplement.

In Denmark, the basic amount to all pension recipients is adjusted in relation to any income from work they might have. The ordinary pension supplement is adjusted to a pensioner's own and any spouse's total income in addition to the basic pension.

Moreover, health and heating allowances and a personal supplement may be granted to pensioners with low incomes and high expenses. Pensioners with low incomes and a small disposable capital may be awarded a supplementary pension allowance (the so-called pensioner's cheque), which is payable once every year in January. In 2009, the amount was DKK 10 300.

In the Faroe Islands, retirement pension is not income-adjusted. The regular pension supplement is adjusted in relation to taxable income. Pensioners living in nursing homes receive a special, reduced pension of DKK 981 per month towards coverage of personal expenses. All old-age pensioners receive an employment pension of DKK 30 000. Pensioners with no or a low income may be awarded an annual household supplement of DKK 7 344. All amounts are from 2010.

In Finland, retirement pension is based solely on employment pension. The basic pension plays a less significant part after the reforms in 1996-2001.

In Iceland, the basic/minimum pension is adjusted according to special rules in relation to other taxable incomes, such as one's own and any spouse's income.

In Norway, the guaranteed minimum pension consists of basic pension plus a special supplement. The special supplement is payable to people not qualifying for employment pension or receiving a low employment pension, and the entire special supplement shall be docked Krone against Krone in the earned employment pension.

In Sweden, a completely new pension system has gradually been introduced since 1999. The basic pension, which in the old system was independent of any other income, shall be replaced by a guaranteed minimum pension payable to those not qualifying for employment pension or as a supplement to a low employment pension. The guaranteed minimum pension is payable as from 2003.

Table 6.2.3 Rules applying to basic pension/retirement pension, 2010

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Pensionable age	65 years	67 years	65 years	67 years	67 years	From 65 years
Residence in the country for at least	3 years between the ages of 15 and 65 years	3 years in the period between the ages of 15 and 67 year	3 years after the age of 16 years	3 years between the ages of 15 and 67 years	3 years between the ages of 16 years and the end of the calendar year in which the insured person turns 66 years	3 years
Full pension shall be awarded on the following conditions	40 years of residence in the country between the ages of 15 and 65 years	40 years of residence in Denmark between the ages of 15 and 67 year	40 years of residence in the country between the ages of 15 and 65 years	After 40 years of residence in the country between the ages of 15 and 65 years	40 years of residence in the country between the ages of 16 years and the end of the calendar year in which the insured person turns 66 years	40 years of residence
Pension on the basis of	Length of residence	Length of residence	Length of residence, marital status and other employment-based pensions	Length of residence and income	Length of residence, number of pension points, level of pension, marital status	Length of residence
Reference income or calculation basis	Pension independent of previous income	Pension independent of previous income	Pension independent of previous income	Pension independent of previous income	The 20 years, in which most pension points are credited	Pension independent of previous income
Minimum pension	1/40 of maximum pension	1/40 of basic amount and contributions paid on the basis of solidarity	No statutory minimum	.	NOK 151 272 per year for a single pensioner + a supplement if no pension supplement has been granted	No statutory minimum
Maximum pension	If the income does not exceed a certain level: Pension DKK 133 272 a year to single pensioners living alone; DKK 98 196 a year to married or cohabiting pensioners	DKK 126 456 to single and DKK 103 956 to married pensioners	EUR 584.13 per month to single pensioners and EUR 518.12 per month for married or cohabiting pensioners	.	NOK 298 026 when pensioned at the age of 67 years for single pensioner DKK 286 679	SEK 92 500/90 300

To be continued ...

OLD AGE, DISABILITY AND SURVIVING RELATIVES

Table 6.2.3 ...continued

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Supplements:	Supplementary pensions; health supplement; heating allowance; personal supplement	Child allowance; household supplement; personal allowances and medicine subsidies	Child allowance	Child allowance; certain special supplements	Income-adjusted spouse supplement; child allowance	Wife supplement; housing supplement
Indexation after pensioning:	100 per cent of the wage development with a reduction, if the increase exceeds 2 per cent	Adjusted according to special legislation. Pensions payable on the basis of solidarity shall be adjusted annually but not according to a fixed rate	Consumer price index 100 per cent	Wage development, at least as to the consumer price index	Parliamentary decision	Consumer price index 100 per cent

Table 6.2.4 Monthly incomes for single people, who have never had any income from work, at the time of pensioning, 2010

	Denmark ¹⁾	Faroe Islands	Finland ³⁾	Iceland ⁴⁾	Norway	Sweden ⁵⁾
	DKK	DKK	EUR	ISK	NOK	SEK
<i>Single people</i>						
- Basic amount	5 448	6 769	} 584	29 294	6 303	92 491/ 82 400/ 90 312/ 80 560
- Supplement	6 787 ²⁾	3 769		150 706	6 303	
- Housing benefits	1 793		.	..		55 800
- Total, before tax	14 028	10 538	.	180 000		.
- After tax	10 994	9 605	.	157 209		.
- After tax in PPP-Euro	1 036	905	.	875		.

1 Housing benefits according to family type model.

2 Including supplementary pension amounts and personal supplements.

3 Since 2008, the pension supplement no longer forms part of the pension.

4 The benefit payable to single people living alone includes a supplement.

5 In succession: Born in 1997 or earlier in respect of married and single individuals, respectively; born in 1938 or later in respect of married and single individuals, respectively.

Supplementary Pension/Employment Pension to the Elderly

The significance of the employment pension in respect of the total payment of pensions varies considerably from one Nordic country to another: from being only a small amount in Denmark to being the most important contribution in the other Nordic countries. The condition for being awarded employment pension is in all the countries that the insured person has previously been affiliated with the labour market.

In Finland, employment pensions are insurance-based and cover all employees and self-employed individuals without any income ceiling. As from 2005, the pension is calculated on the basis of the total earnings in the period in which one has been in work between the ages of 18 and 68 years.

The pension is financed through contributions from employees and employers. In 2010, the average employer contribution was 16.9 per cent of the earned income; 4.5 per cent was for employees under the age of 53 years and 5.7 per cent for employees aged 53 years or more.

In Iceland, the employment pension funds have paid out more since 2002 than the amount paid as basic pension by the public authorities. In Norway, the employment pension is part of the security provided by the National Social Insurance Scheme and is calculated in relation to previous income. As part of the disability pension reform in Denmark, a special voluntary supplementary labour market pension scheme for disability pensioners was established.

OLD AGE, DISABILITY AND SURVIVING RELATIVES

Table 6.2.5 Basis for award of employment pension/supplementary pension, 2010

	Denmark	Finland	Iceland	Norway	Sweden ¹⁾
Pensionable age	65 years	63-68 years	65-67 years. The later one retires, the higher the pension	67 years	From 61 years
Full pension shall be awarded on the following condition	"Full pension" does not exist	"Full pension" does not exist	Contribution period of 40 years	40 years of employment from the age of 17 to the age of 69 years	"Full pension" does not exist
Pension awarded on the basis of:	Paid contributions	Age-dependent accumulation rate and total income from work from the age of 18 years	Duration of membership and contributions paid, credited pension points	Pension points (20 years with the highest number of points credited) and income from work	Total income from all working years, time of pensioning, life expectancy
Accrued periods	None	When income-related parental, sickness, rehabilitation, unemployment benefits or study grants are received and for passed exams	None	Years of minding children under 7 years, nursing of a disabled, ill or elderly person	Minding of infants, military service or the like, studies, income-related activities/sickness benefits
<i>Indexation:</i>					
- before pensioning:	No (adjusted when there are sufficient means)	Wages /salaries 80 per cent + price index 20 per cent	Wages /salaries	Wages /salaries	Wages /salaries
- after pensioning:	No (adjusted when there are sufficient means)	Price index 80 per cent + wages/salaries 20 per cent	Prices. In older funds for public employees: wages/salaries	Wages /salaries reduced by 0.75 percent-age points	Wages /salaries reduced by 1.6 percentage points
Pension adjusted for life expectancy for the first time in the year:	Adjusted regularly	2010	..	2010	2001

1 The income-related pension payable to people born after 1953 but before 1963, consists apart from employment pension, which is still payable, of income pension. For people born after 1962, the entire income-related pension consists of income pension.

The Number of Retirement Pensioners

As it appears from Tables 6.2.6 and 6.2.7, there are large differences from one country to another as to how many people receive both basic and employment pension, and how many receive only basic pension. As it appears from Figure 6.2.1, the number of retirement pensioners increased steeply from 2004 to 2007 in Denmark as a result of the lowering of the pensionable age from 67 to 65 years.

In Finland and the Faroe Islands, the number of retirement pensioners increased as a result of an increase in the segments of the oldest age groups of the population. The pensionable age is between 63 and 68 years. In the Faroe Islands, the pensionable age is 67 years. In Norway, the decrease is due to the demographic composition of the population, and the pension reform in 2011 made it possible to retire early between the ages of 62 and 67 years.

Moreover, a pension scheme based on collective agreements (AFP) was introduced which makes it possible to retire between the ages of 62 and 67 years.

OLD AGE, DISABILITY AND SURVIVING RELATIVES

Table 6.2.6 Retirement pensioners, total, and pensioners drawing re-tirement pension in the form of basic pension/guaranteed minimum pension at year-end, 2000-2010

	Recipients of retirement pension, in total			Retirement pensioners receiving only basic pension				
	Total (1 000)	Men (1 000)	Women (1 000)	Total (1 000)	Men (1 000)	Women (1 000)	Men, per cent	Women, per cent
<i>Denmark</i>								
2000	706	290	416	244	49	195	20	80
2005	808	347	461	227	57	170	25	75
2009	884	387	496	140	24	116	17	83
2010	921	407	514	110	10	100	9	91
<i>Faroe Islands</i>								
2000	6	3	3	1	1	1	43	57
2005	6	3	3	.	.	.	.	.
2009	6	3	3	2	1	1	52	48
2010	7	3	4	2	1	1	49	51
<i>Finland¹⁾</i>								
2000	870	339	531	90	14	76	16	84
2005	964	395	569	64	12	52	19	81
2009	1 048	440	608	59	12	47	21	79
2010	1 093	463	630	59	13	46	22	78
<i>Iceland</i>								
2000	29	13	16	2	1	2	31	70
2005	31	14	17	3	1	2	31	69
2009	33	15	18	2	1	1	35	64
2010	..	..	..	..	..	..	..	..
<i>Norway</i>								
2000	629	258	371	237	33	204	14	86
2005	629	262	367	192	24	168	12	88
2009	651	279	372	187	23	164	12	88
2010	664	287	377	186	23	162	13	88
<i>Sweden</i>								
2000	1 604	694	910	226	24	202	11	89
2005	1 684	591	796	161	20	141	12	88
2009	1 855	842	1 013	120	18	102	15	85
2010	1 908	872	1 036	112	18	94	16	84

1 Data comprise people who have drawn retirement pension before time, as well as retirement pensioners under 65 years

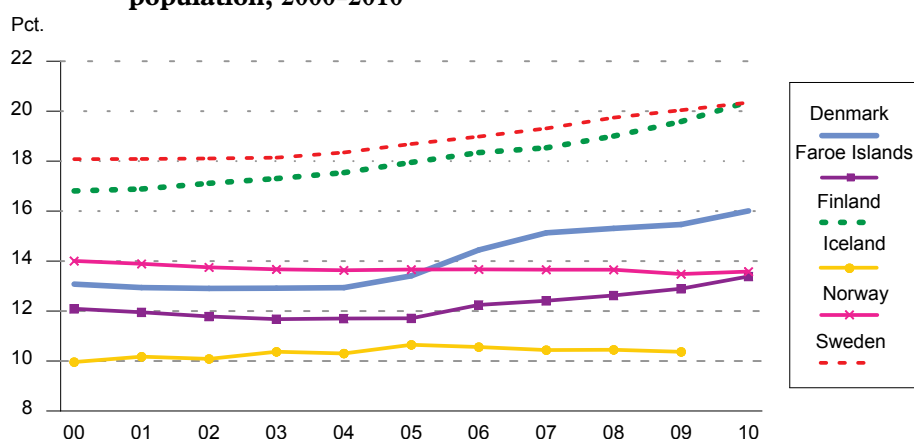
Table 6.2.7 Pensioners drawing retirement pension in the form of basic pension/guaranteed minimum pension and employment pension at year-end 2000-2010

	Retirement pensioners drawing receiving both basic and supplementary/employment pension					Retirement pensioners drawing only employment pension (new Finnish and Swedish systems)				
	Total (1 000)	Men (1 000)	Women (1 000)	Men, per cent	Women, per cent	Total (1 000)	Men (1 000)	Women (1 000)	Men, per cent	Women, per cent
<i>Denmark</i>										
2000	463	242	221	52	48	.	.	.	.	.
2005	581	290	291	50	50	.	.	.	.	.
2009	744	364	380	49	51	.	.	.	.	.
2010	811	398	414	49	51	.	.	.	.	.
<i>Finland¹⁾</i>										
2000	683	278	405	41	59	97	47	50	49	52
2005	417	132	285	32	68	457	238	219	52	48
2009	426	134	292	31	69	563	293	270	52	48
2010	424	133	291	31	69	611	317	294	52	48
<i>Iceland</i>										
2000	25	11	14	44	56	.	.	.	.	.
2005	26	11	15	44	56	.	.	.	.	.
2009	24	10	14	41	59	.	.	.	.	.
2010	.	.	.	.	.	.	.	.	.	.
<i>Norway</i>										
2000	392	225	166	58	43	.	.	.	.	.
2005	437	238	199	55	46	.	.	.	.	.
2009	464	255	208	55	45	.	.	.	.	.
2010	478	263	215	55	45	.	.	.	.	.
<i>Sweden</i>										
2000	1.378	670	708	49	51	.	.	.	.	.
2005	1.226	571	655	47	53	297	153	144	52	49
2009 ²⁾	1.024	466	558	46	55	749	380	369	51	49
2010 ²⁾	659	133	527	20	80	642	394	248	61	39

1 Data comprise people who have drawn retirement pension before time, as well as retirement pensioners under 65 years

2 Pensioners drawing basic and supplementary/employment pensions are pension recipients according to the old system, while pension according to the new Swedish system is income-based pension combined with some other kind of pension

Figure 6.2.1 Development in retirement pensioners as percentage of entire population, 2000-2010



Supplementary Pension to the Elderly

The supplementary pension schemes are, as a rule, based on collective agreements and mainly apply to government and municipal employees. Private sector employees are covered by the schemes to varying degrees.

In Denmark, about 90 per cents of all full-time employees, and in Norway about 100 per cent (after the introduction of the OTO (officials' mandatory pension scheme in the private sector), are covered, while in Sweden, almost all wage earners are covered by the supplementary pension schemes. In Finland, such pension schemes are insignificant, as there is no upper limit to the amount of the employment pension.

Pension Amounts

Table 6.2.8 Average payment of statutory retirement pensions (before tax) per month, 2010

	KR/EUR			PPP-Euro		
	Men	Women	All	Men	Women	All
Denmark ¹⁾	10 368	11 212	.	977	1 056	.
Faroe Islands ²⁾	8 091	8 630	8 379	762	813	789
Finland ³⁾	1 631	1 053	1 298	1 327	857	1 056
Norway ³⁾	18 419	13 428	15 583	1 562	1 139	1 322
Sweden ⁴⁾	12 529	9 023	10 625	1 097	790	930

1 Average payment of statutory retirement pension in January 2010 plus calculated payment of one's own pension in the form of ATP which is assumed to amount to DKK 1 449

2 Average payment of retirement pension in November 2010 and payment of special basic pension. People in nursing homes drawing a special, reduced pension, are not included

3 Average pension amount in December

4 Average pension amount in December including housing supplements

There are large differences in the benefits payable to men and women. While men receive the highest amount in Finland, Norway and Sweden due to a larger accumulation of employment pension, men in Denmark and in the Faroe Islands receive the least. This is a result of more men receiving supplementary pensions, which has a bearing on the basic pension.

Disposable Income and Compensation Levels when Drawing Retirement Pension

Figure 6.2.2 shows the disposable income at three different compensation levels (including the maximum amount of employment pension and labour market pension/supplementary pensions) for a single retirement pensioner without children in PPP-euro, and Table 6.2.9 shows the compensation level as a percentage in relation to previous income for a 65-year-old. Table 6.2.10 shows the compensation level for a 67-year-old.

As it appears from the figure and the table, there are considerable differences in the compensation levels at the transition to pension. This is above all due to the employment pension which is a full pension in the old Swedish pension system. It also applies to some extent to the Icelandic employment pension schemes. The very high compensation levels for the lowest income groups in Denmark, Finland and Sweden are results of the relatively high amount of housing benefits payable to pensioners in those countries. The rea-

son for the very high compensation level in Iceland is first of all the assumption that recipients receive full compensation from the employment pension scheme, which is 60 per cent of their previous earnings. Secondly, the effect of the income adjustment for an average AW is limited. In Norway, another important factor is that pensioners are subject to particularly favourable tax rules. Besides, the minimum pension is relatively high in Denmark, and the employment pension is generally high in Sweden. The Danish retirement pension includes retirement pension and supplementary pensions. Supplementary pensions are calculated on the basis of the average payments made by the ATP in 2007 and current pensions payable by pension funds. The calculation is consequently not quite comparable with that of the other countries.

Figure 6.2.2 Disposable monthly income (of single childless people) when drawing retirement pension (including employment pension) in PPP-Euro, 2010

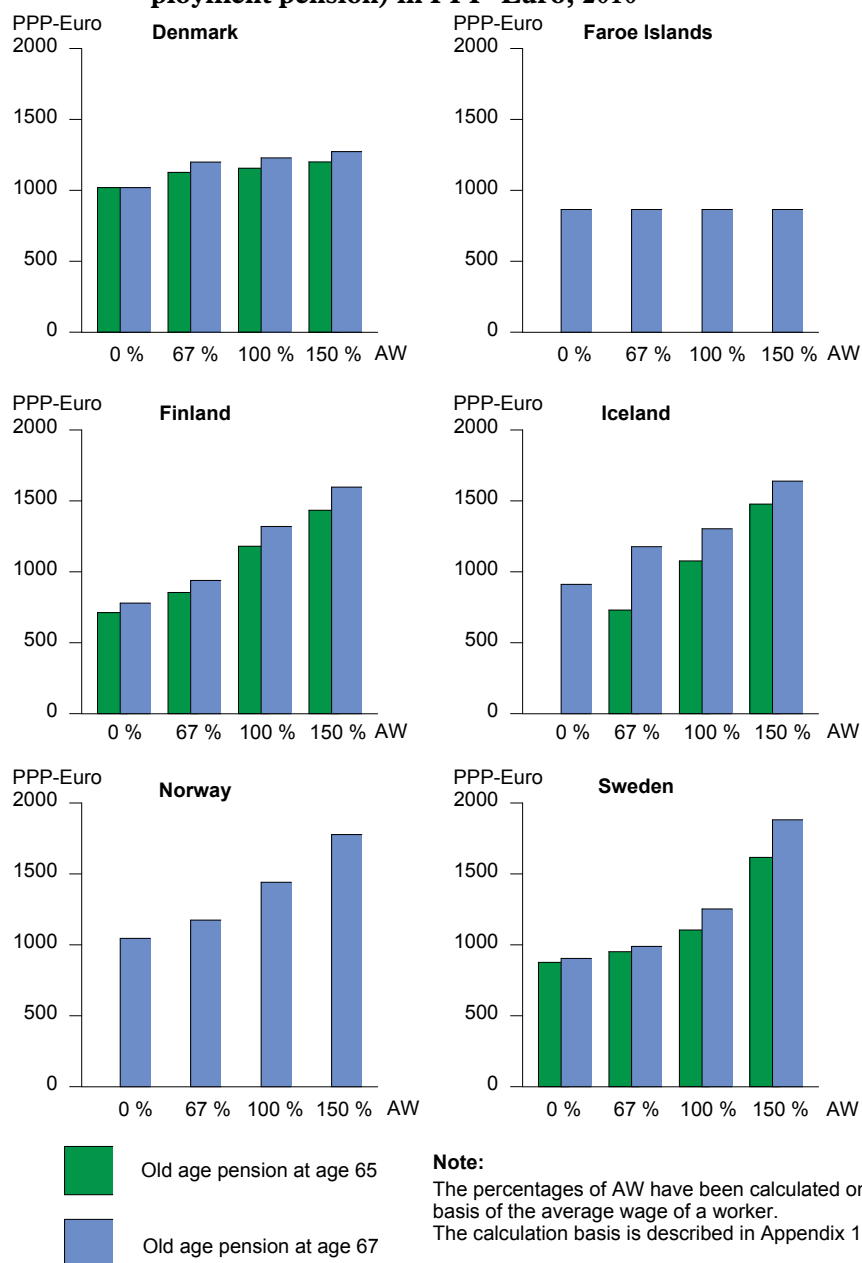


Table 6.2.9 Compensation levels of single childless people when drawing retirement pension at the age of 65 years as percentages of disposable incomes when in work, 2010

	Denmark	Faroe Islands	Finland	Iceland ¹⁾	Norway	Sweden
<i>67 per cent AW</i>	89	.	64	66	.	69
<i>100 per cent AW</i>	65	.	65	71	.	55
<i>150 per cent AW</i>	49	.	57	70	.	61

1 In Iceland, only employment pension is payable at age 65 and then at a reduced rate.

Table 6.2.10 Compensation levels for single childless people when drawing pension at the age of 67 years as percentages of disposable income from work 2010

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>67 per cent AW</i>	95	89	70	107	73	72
<i>100 per cent AW</i>	69	65	72	86	63	63
<i>150 per cent AW</i>	52	48	64	77	56	70

Special Retirement and Partial Retirement Pensions

Special retirement pensions comprise several types of pension granted to people of working age and cannot be regarded as traditional retirement pensions. Social or health-related criteria and/or circumstances in the labour market or agreements enable people voluntarily to retire partly or completely.

In Denmark, such pensions include a voluntary early-retirement pension, which is a voluntary retirement scheme for members of an unemployment fund, aged 60-64 years. In 1999, a number of changes of the voluntary early retirement pension were introduced to make it more financially advantageous to postpone transfer to voluntary early retirement until the age of 62 years. There is also a "flexi benefit", which is a voluntary retirement scheme for people of the age group 60-64 years working in "flexi-jobs" in line with the voluntary early retirement scheme. The partial retirement pension

scheme for the 60-64-year-olds who are not covered by the voluntary early retirement scheme is being phased out and is only used by very few people.

In the Faroe Islands, people between the ages of 18 and 66 years, whose working capacities have been reduced by at least 50 per cent, may, where social and health circumstances so warrant, be granted the lowest amount of disability pension.

In Finland, employees and self-employed people who have turned 62 years may be awarded retirement pension. Early retirement reduces the pension, also after the recipient has reached the age of 63 years. All early retirement pensioners have been included in the statistics as retirement pensioners. Self-employed people and employees who have been working for a long time may choose partial retirement pension when they reach the age of 58 years. Farmers, who stop farming before reaching the pensionable age, may be granted a special pension. A new rule was recently introduced to the effect that only people who have turned 56 years and were born before 1950 are entitled to the Finnish unemployment pensions. *This* is described in Chapter 4.

In Norway, it was decided in 1989 to introduce a scheme of pensions fixed by collective agreements (the AFP). The main idea of the scheme is that people in work may retire on certain terms before the statutory retirement age of 67 years. The pensionable age of the scheme has been lowered several times and was lowered to 62 years as from 1 March 1998. About 65 per cent of people in work may retire on an AFP pension fixed by collective agreements. There are three further pension schemes adapted to the National Social Insurance Scheme, and they function as special early retirement schemes for people under the age of 67. In the pension scheme for sailors and fishermen, retirement pension may be obtained from the age of 60, and in the pension scheme for woodsmen, pension may be obtained from the age of 62 years.

In Sweden, new partial retirement pensions have not been awarded since 2000.

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Table 6.2.11 Average monthly amounts of the special retirement/partial-retirement pensions before tax, December 2010

	KR/EUR	PPP-Euro
<i>Denmark</i>		
Voluntary early retirement pension ¹⁾	12 845	1 210
"Flexi benefits"	13 280	1 251
Partial retirement pensions	7 690	724
<i>Faroe Islands</i>		
Lowest disability pension	9 947	937
<i>Finland</i> ²⁾		
Partial retirement pension	665	541
Special pensions to farmers	929	756
<i>Norway</i> ³⁾		
Pension fixed by collective agreement	17 606	1 493
Special pension to fishermen	5 779	490

1 Average amount paid out in 2010

2 Average pension paid out in December

3 Average annual amount in 2010 divided by 12

Table 6.2.12 Pensioners drawing special retirement/partial-retirement pensions, by gender and age, 2010

	I alt	-49		50-59		60-64		65-	
		M	W	M	W	M	W	M	W
<i>Denmark</i>									
Voluntary early retirement pension	128 589	.	.	.	.	56 260	72 329	.	.
"Flexi-benefit"	5 800	.	.	.	.	2 200	3 600	.	.
<i>Faroe Islands</i>									
Lowest disability pension	352	10	26	36	59	43	87	29	62
<i>Finland</i>									
Partial-retirement pension	28 764	.	.	3 291	4 255	8 934	11 929	156	199
Special pension to farmers	24 330	.	.	540	819	2 913	3 155	6 248	10 655
<i>Norway</i>									
Pension fixed by collective agreement ¹⁾	29 237	.	.	.	.	11 174	5 150	8 899	4 014
Special pension to sailors ²⁾	16 044	.	.	.	.	.	.	.	.
Special pension to fishermen	2 010	.	.	.	.	.	.	.	.

1 Data apply to the private sector only contrary to previous years when they also included the public sector. Data on recipients of pension fixed by collective agreements per December 2010 are not yet available

2 It is not possible to break down recipients of the special pension to sailors by gender and age

Services to the Elderly

Institutions and Home Help, etc., for the Elderly

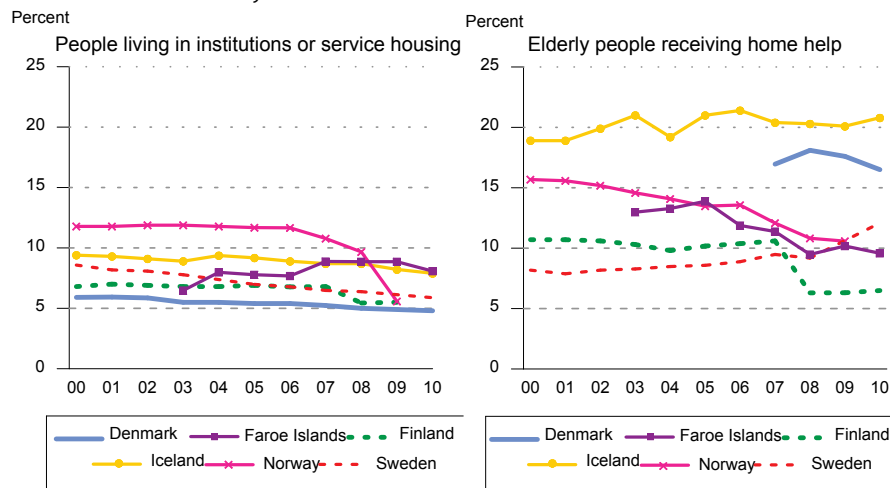
The majority of the older population lives in ordinary housing. Only a minority lives in housing specially adapted to older people. Such housing exists in all the countries, and the layout depends on the need for care of the elderly and can be divided into:

1. Nursing homes/homes for the long-term ill/old people's homes.
2. Service flats/collective housing/housing where special care is provided, etc.

Elderly people may also, to varying degrees, be offered long-term medical treatment in hospital wards - in Finland, often in the so-called health centres. In all the countries, there are also special wards in some nursing homes where elderly people who live on their own may be admitted on a short-term basis when needed. In all the countries, home help is provided to the elderly. The extent of the help is determined on the basis of individual needs and may vary from a few hours per month to several hours per day. With the exception of the Faroe Islands, such help is a municipal matter and is provided by municipally or privately employed staff.

The statistics concerning home help in the Nordic countries are not easily compared. While the figures for Denmark, the Faroe Islands, Norway, Finland and Sweden are situation-statements, the Icelandic data contain information on how many people received help during the year.

Figure 6.2.3 People living in institutions or in service housing and people receiving home help, as percentages of the age group 65 years or more, 2000-2010



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Table 6.2.13 People aged 65 or older living at institutions or in service housing, in total and as percentages of the total number of elderly, at the time of update

	Denmark ¹⁾	Faroe Islands ²⁾	Finland	Iceland	Norway ³⁾	Sweden ⁴⁾
	2010	2010	2009	2010	2009	2010
<i>People of the ages</i>						
65-74 years	6 169	37	7 284	337	3 623	.
75-79 years	5 483	45	7 200	390	4 676	.
80+	31 828	432	35 988	2 352	32 025	.
Total 65/67+ years	43 480	514	50 472	3 079	40 324	102 097
<i>As percentages of the respective age groups</i>						
65-74 years	1.2	1.2	1.5	1.6	1.0	.
75-79 years	3.4	3.3	4.0	5.1	3.5	.
80+ years	14.0	21.6	14.5	21.4	14.6	.
Total 65/67+ years	4.8	8.1	5.5	7.9	5.6	5.9

1 Includes residents in nursing homes, sheltered housing, housing where care is provided as well as long-term stays in housing units.

2 Age groups 67-74, 75-79 and 80+ years.

3 Number of residents in service housing not available for 2009.

4 Update as per 1 October 2010. The age group 65+ years furthermore includes people staying on a short-term basis as well as residents in service housing.

Table 6.2.14 People aged 65 years or older receiving home help

	Denmark ¹⁾	Faroe Islands ²⁾	Finland	Iceland	Norway ³⁾	Sweden ⁴⁾
	2010	2010	2010	2010	2009	2010
<i>Recipients of home help</i>						
65-74 years	28 687	56	9 270	1 585	11 251	
75-79 years	26 349	75	10 196	1 761	11 177	
80+	93 919	455	41 624	4 745	53 830	
Total 65+ years	148 955	586	61 090	8 091	76 258	210 966
<i>Recipients of home help as percentage of the age group</i>						
65-74 years	5.6	2.0	1.8	7.7	3.0	.
75-79 years	16.5	5.5	5.7	22.9	8.4	.
80+ years	41.3	23.5	16.3	42.8	24.5	.
Total 65+ years	16.5	9.6	6.5	20.8	10.6	.

1 Home help to people living in a home of their own, with the exception of service housing.

2 Age groups 67-74, 75-79 and 80+ years.

3 Including residents in service housing units getting practical assistance (home help) and home nursing. Residents getting only home nursing are not included.

4 People having been granted home help as at 1 October 2010 and living in houses or flats of their own.

Support Schemes and Leisure Activities

In the Nordic countries, there are various kinds of support schemes and activating measures for pensioners, either on a municipal or a private basis. The range of services and activities provided varies from one country to another and from one municipality to another. No comparable statistics are available to reflect the extent of such activities.

Support schemes mainly aim at enabling elderly people to remain in their own homes for as long as possible. The service schemes include meal deliveries, telephone chains, home-visiting schemes, physiotherapy and occupational therapy, hairdressing, pedicure, gardening and snow clearing. There are also washing and clothes-mending schemes. There are no centrally agreed policies regarding payment, but usually a fee is charged for the provision of meals, pedicure and gardening. Part of the activities may take place in the special centres for the elderly.

The transport service scheme is a service to elderly or disabled people who are unable to use public transport or to get about on their own at all.

Expenditure on and Financing of Benefits and Services to the Elderly

Differences and Similarities in the Social Expenditure on the Elderly

In the following, differences and similarities in the expenditure on the elderly are described. Unless otherwise stated, comparisons are made in PPP per capita.

The expenditure on services to the elderly in Finland must be seen partly in connection with part of the services for the elderly being provided at Finnish health care centres and partly in connection with relatively high user charges. The expenditure in Denmark is a result of a very high level of assistance towards performance of daily tasks.

The low expenditure in Iceland is due to the high employment rate among the elderly compared with the other Nordic countries.

Changes in the Social Expenditure on the Elderly from 2008 to 2009

In Denmark, the expenditure increased from 2008 to 2009 by DKK 4.9bn, corresponding to a 2.5 per cent growth rate. A little more than half of the increase was due to a rise in the expenditure on services of DKK 2.6bn which corresponded to a growth rate of 8.3 per cent. The expenditure on cash benefits increased by DKK 2.3bn, corresponding to a growth rate of 1.4 per cent.

In the Faroe Islands, the total expenditure on the elderly increased by 2 per cent from 2008 to 2009. The increase corresponds to an augmentation of the total expenditure by DKK 25m. The expenditure increase reflects a total increase of 8 per cent of the cash benefits to the elderly, corresponding to DKK 50m. One of the reasons is the increase in the share of elderly people, combined with low supplementary personal incomes leading to an increase in the expenditure on basic pensions. Similarly, there was a reduction in the municipal service expenditure on the elderly of 16 per cent, corresponding to DKK 33m.

In Finland, the social expenditure on retirement pensions increased by 11.1 per cent at constant prices. Both average pensions paid and the number of pension recipients increased. The number of pensioners increased by 43 000 people, and the new pensioners were awarded higher pensions. The number of pension recipients has increased since the first group of the large cohort with a high birth rate turned 63 years in 2008. One can retire according to one's own choice between the ages of 63 and 68 years. There was an unusually large increase at the beginning of 2009 due to a rapid increase in prices and salaries. The expenditure on services increased by 8.3 per cent at constant prices. The largest increase took place in the expenditure on support to informal care and sheltered housing.

In Iceland, the expenditure on the elderly increased by 0.9 per cent in relation to last year at 2009 prices. The expenditure on cash benefits decreased by 0.5 per cent. The expenditure on employment pensions increased by 8.8 per cent, while the expenditure on basic pensions dropped by 13.8 per cent. The expenditure on services declined by 5.5 per cent at constant prices. The expenditure on institutions decreased by 9.1 per cent as a result of budget cuts.

In Norway, the expenditure on the elderly increased by 5.2 per cent at constant prices. Cash benefits increased by 5 per cent, while the expenditure on services increased by 5.1 per cent. Cash benefits made up 71 per cent of the total expenditure on the elderly. The expenditure on basic pen-

sions, employment pensions and supplementary pensions increased by 3.4, 6.2 and 4.9 per cent, respectively. While the number of recipients of retirement pensions increased by 3 722 people from 2008 to 2009, the number of people drawing employment pensions increased by 9 126 people. The number of retirement pensioners was in 2009 642 272 people.

In Sweden, the expenditure on the elderly increased by 6.3 per cent at constant prices. This expenditure consists mainly of cash benefits, as pensions increased by 8.3 per cent. The expenditure on care for the elderly, on the other hand, decreased by 1.0 per cent.

OLD AGE, DISABILITY AND SURVIVING RELATIVES

Table 6.2.15 Expenditure on and financing of pensions, other cash benefits and services to the elderly, 2009

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
	DKK	DKK	EUR	ISK	NOK	SEK
<i>Cash benefits, millions</i>						
A. Retirement pensions	138 428	644	14 637	72 797	128 034	313 539
Of which:						
a. Basic/minimum pension	88 097	582	1 577	25 867	47 930	50 133
b. Supplementary /employment pension	9 350		13 041	46 930	65 256	186 954
c. Supplementary pension	40 981	59	19	-	14 848	76 452
B. Special retirement pensions	27 352	44	1 021	-	4 659	-
C. Partial pensions	25		218	-	135	-
D. Other	-	19	70	-	-	497
Cash benefits, total	165 805	707	15 946	72 797	132 828	314 036
<i>Services, millions</i>						
A. Institutions, etc.	-	209	2 043	3 295	25 995	52 673
B. Help to carry out daily activities	-	106	1 262	1 472	17 761	22 636
C. Other	34 299	22	95	2 266	4 614	3 167
Services, total	34 299	336	2 043	7 034	48 370	78 476
Total expenditure, millions	200 104	1 043	17 989	72 797	181 198	392 512
Expenditure as percentage of the GDP	12.1	8.6	10.5	5.3	7.6	12.7
<i>Financed by (per cent)</i>						
- Public authorities	50.4	70.4	21.2	21.3	44.6	29.9
- Employers	25.3	15.8	63.3	58.9	34.1	48.2
- The insured (contributions and special taxes)	24.3	13.8	15.5	19.8	21.3	21.9
<i>Changes 2008-2009 at 2009 prices</i>						
- Millions	4 911	25	1 687	-743	8 971	25 009
- Per cent	2.5	2.5	10.4	-0.9	5.2	6.8

Table 6.2.16 Expenditure on cash benefits to the elderly in PPP/capita and per pensioner, 2009

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>The elderly</i>						
Cash benefits per capita	2 789	1 345	2 382	1 340	2 336	2 941
Retirement pension per pensioner	14 516	10 045	11 139	12 968	16 596	14 786
Services per person aged 65 years or more	3 459	5 238	1 789	1 101	5 569	4 060
Total services and benefits to the elderly per capita	3 366	1 985	2 687	1 470	3 186	3 676

User Charges

User charges payable for stays in nursing homes, institutions for elderly and disabled people as well as for home help are levied according to different sets of rules in the Nordic countries.

The conditions concerning user charges payable for stays in nursing homes/retirement homes are defined centrally (by Central Government) in Denmark, the Faroe Islands, Finland, Iceland and Norway, but de-centrally (by the local authorities) in Sweden.

In Denmark, residents in nursing homes, etc., are paid their pension in full and must then pay for services provided as part of their stay in the nursing home, such as rent, meals, hairdressing and laundry services. In return, care and cleaning are free of charge. The permanent home help service is free of charge. In return, temporary home help must be paid for, depending on income. User charges payable for nursing homes and home help amounted to a total of DKK 1.47bn in 2010, corresponding to 3 per cent of the total expenditure.

In the Faroe Islands, residents in nursing homes pay no rent but in return their retirement pension is reduced to DKK 981 per month towards personal expenses. The inhabitants thus have no expenses to pay for rent, food, hairdressing, etc. Pensioners, who have an income besides their pension (such as supplementary pensions) must, however, pay for their stay in a nursing home. User charges amount to 30 per cent of a pensioner's taxable income. User charges for home help depend on a household's income. In 2009, user charges amounted to 2.8 per cent of the total expenditure on home help.

In Finland, user charges payable for long-term care of the elderly depend on a patient's income. User charges must not exceed 85 per cent of one's net

income and there must be at least EUR 97 per month left for personal use. In 2009, user charges amounted to 19 per cent of the total expenditure. User charges payable for home help depend on a household's income. User charges amounted to about 16 per cent of the total expenditure on home help.

In Iceland, user charges payable for home help amounted to 8.6 per cent of the municipal expenditure in 2009.

In Norway, user charges payable for stays at institutions depend on a patient's income and are fixed on the basis of rules laid down centrally. User charges amount to a maximum of 75 per cent of the basic amount of the social security scheme less a free amount. Up to 85 per cent are payable of incomes exceeding the basic amount of the social insurance scheme. Payment must be limited so that everyone keeps 25 per cent of the basic amount of the social insurance scheme in addition to a free amount. User charges payable for stays at institutions amount to a little more than 15 per cent of the total running costs of the institution. User charges payable for home help are fixed by the individual local authorities, but the amount must not exceed the actual costs. If an income is low, user charges must not exceed NOK 155 per month. Besides, user charges must not be charged for that part of the help which is personal care and nursing or home nursing, relief or support measures.

In Sweden, local authorities are basically at liberty to fix the amount of user charges within the care schemes for the elderly and the disabled. There is also a maximum user charge for care for the elderly, but local authorities are free to fix the amount of user charges within that framework.

Each recipient of social services is entitled to keep a certain amount of money to be able to pay for personal expenses that are not included in the charges paid for help in the home. This is called a proportional amount.

6.3 Disabled People

Table 6.3.1 Expenditure on the disabled as percentages of GDP in the EU, the Faroe Islands, Iceland and Norway, 2008

Denmark	4.4	Austria	2.1	Greece	1.2	The Netherlands	2.4 ^p
Faroe Islands	4.2	Belgium	1.9	Hungary	2.1	Poland	1.6
Finland	3.2	Bulgaria	1.2	Ireland	1.1	Portugal	2.1
		The Czech					
Iceland	3.1	Republic	1.5	Italy	1.6 ^p	Romania	1.4
Norway	3.8	Cyprus	0.7 ^p	Latvia	0.9 ^p	Slovakia	1.4 ^p
Sweden	4.3 ^p	Estonia	1.5	Lithuania	1.6 ^p	Slovenia	1.6 ^p
		France	1.7 ^p	Luxembourg	2.3	Spain	1.6 ^p
		Germany	2.1 ^p	Malta	1.1	United Kingdom	2.5 ^p

^p Preliminary data

Note: The source is EUROSTAT: Database for Social Protection Expenditure and Receipts. As to the Faroe Islands, the source is the Ministry of Social Affairs.

Disability Pension Structures and Income-Adjustment

A common feature in the pension systems of the Nordic countries is that all citizens have a statutory right to a certain minimum subsistence amount in connection with transition to pension, the so-called minimum pension/basic pension. To this should be added statutory employment or supplementary pensions to those who have been active in the labour market. Besides, there are supplementary pension schemes laid down by law or by collective agreements. In all the countries, there are also private pension saving schemes, which have not been included in the present report.

The main principles for receiving disability pension are the same as for retirement pension. Recipients of disability pension in Denmark will, however, not receive ATP, but those having remained in the labour market until they became disability pensioners shall also be granted employment/supplementary pensions.

In Sweden, the disability pension has in principle been abolished and replaced by sickness and activity benefits.

OLD AGE, DISABILITY AND SURVIVING RELATIVES

Table 6.3.2 Disability Pension Structures, 2010¹⁾

	Denmark	Faroe Islands	Finland	Iceland ²⁾	Norway ²⁾	Sweden
<i>Recipients of:</i>						
Basic pension/ guaranteed minimum pension	Everyone living in the country for at least 3 years	Everyone living in the country for at least 3 years	Everyone living in the country for at least 3 years	Everyone living in the country for at least 3 years	Everyone living in the country for at least 3 years	Everyone living in the country for at least 3 years
Length of residence period to obtain full basic pension	Four-fifth of the years from the age of 15 years until the time when pension is payable	Four-fifth of the years from the age of 15 years until the time when pension is payable	40 years	40 years	40 years	40 years
Supplementary pension/ employment pension		.	Employees and self-employed people	Employees and self-employed people	Employees and self-employed people	Employees and self-employed people
Supplementary pensions	Statutory for public employees (civil servants)	Statutory for public employees (civil servants)	-	-	Statutory for public employees (civil servants)	-
	Public collective agreements	Public collective agreements	-	-	Public collective agreements	Public collective agreements
	Private collective agreements	Private collective agreements	-	-	-	Private collective agreements

1 As a result of the adaptation to the rules of the EEA Agreement, the rules governing entitlement to basic pension in the Nordic countries have become almost uniform. As a main rule, one must have been a resident for at least three years in the country in question during one's working age prior to the occurrence of the disability.

2 The requirement of three years does not apply in case of industrial injuries.

In Iceland, the basic amount payable to disability pensioners is adjusted both in relation to their own income from work and to half of their household income from capital. Similar rules apply to the pension supplement, which is also adjusted in relation to one's own employment pension as well as to any spouse's income. As from 2001, only 60 per cent of a disability pensioner's own income shall be included in the adjustment. The aim is to have more disability pensioners participate in working life. The pension supplement shall be withdrawn completely, if an income exceeds a certain level.

In Norway, disability pensions are income-adjusted in relation to income from work exceeding a certain level. The basic pension is fixed according to marital status and any spouse's income from work and capital. Married and cohabiting couples are treated equally.

In Sweden, the housing supplement to pensioners is income-adjusted. In accordance with the new legislation from 2003, housing supplements may be payable to those living in Sweden and receiving a benefit in the form of full retirement pensions, activity or sickness benefits, widow's/widower's pensions, special survivor's pensions or wife supplements. Even people receiving pensions or disability allowances from another EU member state, may be awarded housing supplements.

Disability Pension Depending on Health

In all the Nordic countries, people whose working capacities have been reduced by physical and/or mental disabilities may be entitled to disability pensions. Disability pension is called invalidity pension in Finland, Iceland and Norway.

In Sweden, disability pension is called activity and sickness benefits as from 2003. This benefit is now included in the sickness insurance scheme, whereas it previously formed part of the general pension system.

Basis for Disability Pension

In Denmark, the statutory retirement pension (old-age pension) and disability pension were previously integrated in a coherent set of rules. Disability pensioners were awarded basic pensions according to the same rules as apply to retirement pensioners. Besides, pensioners who were granted intermediate amounts of disability pension also received an invalidity allowance, and pensioners who

had been granted the highest amount of disability pension also received an unemployment benefit in addition to the invalidity allowance.

On 1 January 2003, a new disability pension scheme came into force. Disability pension now consists of one total benefit, which for single people almost corresponds to the unemployment benefit and for married/co-habiting couples corresponds to about 85 per cent thereof. The new rules apply to applications for disability pension submitted after 1 January 2003, which means that people, who have been awarded disability pensions in accordance with the previous rules, shall still receive pension according to those rules and shall for a number of years make up the majority of disability pensioners. Disability pensioners according to the new scheme do not receive invalidity and unemployment allowances. As part of the disability pension reform, compulsory contributions to the ATP as well as a voluntary supplementary savings scheme for disability pensioners were introduced.

All disability pensioners are free to join the latter scheme. Disability pensioners pay one-third of the amount and the local authorities pay the remaining two-thirds. The total contribution per person to the scheme amounted to DKK 5 198 annually in 2009.

In the Faroe Islands, disability pension is composed of a basic amount, a supplement and an invalidity allowance. Pensioners who receive the minimum amount of disability pension receive the basic amount and the lowest supplement as well as an extra supplement. Pensioners who receive the intermediate and the maximum amount of disability pension receive the basic amount, the intermediate or maximum supplement and an invalidity allowance. The invalidity amount is not income-adjusted and is exempt from tax. People suffering from severe physical or mental disabilities and living at institutions, receive a special pension amount of DKK 1 176 per month in 2010. Their personal needs are furthermore covered via the institutions' operating costs.

In Finland, Iceland and Norway, disability pensions are granted in the form of a basic pension/guaranteed minimum pension and an employment pension.

As from 2003, the disability pension was changed in Sweden to the effect that an activity and sickness benefit will be awarded. The sickness allowance is a temporary benefit. The disability pension was part of the general pension system, while the activity and sickness benefit is part of the sickness insurance scheme. People of the ages 30 to 64 years may receive sickness allowance if their working capacity is reduced. People of the ages 19 to 29 years may be awarded an allowance due to a reduced activity level. This allowance is always limited to one to three years.

For the calculation of employment pension, which is done on the basis of any previous income from work, the time up to the statutory pensionable age is usually included in Finland, Iceland and Norway.

In Finland, the percentage payable to disability pensioners for the period from they are awarded disability pension till they reach the statutory pensionable age is, however, lower than it is for retirement pensioners. As from 2010, the percentage was, however, raised also for the 50-63-year-olds from 1.3 per cent to 1.5 per cent. To this should be added a non-recurring increase of the disability pension after five years of receipt in respect of people drawing long-term disability pensions. The maximum of the non-recurring increase is at the age 24-31 years 25 per cent of the pension amount and declines by 1.0 per cent for each extra year lived. It will not be payable after the age of 55 years. The increase was paid for the first time in 2010, but it also applies to disability pensions that started before 2005. If the disability began in 2010, the life expectancy coefficient is also used in connection with disability pensions the first time; it only affects the accrued pension, however, and not the share of the remaining time.

In Iceland, a new age-conditioned benefit to disability pensioners was introduced on 1 January 2004. The aim is for people who become disability pensioners at an early age to be granted an increased basic pension, as the person in question has not had the opportunity to participate in working life and thus has not been able to accumulate any employment pension. The benefit may be payable from the 18th year and will be reduced in relation to age, when one becomes a disability pensioner. Those who are 18 or 19 years of age when they are granted disability pension shall receive twice the basic amount, which will be gradually reduced until they reach the age of 66 years.

In Norway, three different rehabilitation benefits were combined on 1 March 2010 into one benefit (work clarification allowance). The permanent disability pension will be calculated in the usual way.

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Table 6.3.3 Rules governing basic pension/disability pension

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden ¹⁾
Pensionable age	18-64 years	18-66 years	16-64 years	16-65 years	18- 64 years	19-64 years
Minimum degree of incapacity for work	Incapacity for work	Lack of capacity for work	No specific level indicated	50 per cent	50 per cent (in the reactivation phase 20 per cent)	25 per cent
Pension on the basis of:	Degree of incapacity for work, residence period and income	Residence period; incapacity for work	Length of residence period; marital status and other employment-based pensions	Degree of incapacity for work; residence period and income	Degree of incapacity for work; length of insurance period and pension points, amount of income from work (the 20 best years) and family situation	Length of residence; amount of income-based sickness/ activity allowance and degree of incapacity for work
Reference income or calculation basis	Pension independent of previous income	Pension independent of previous income	Pension independent of previous income	Pension independent of previous income	Accrued pension points and future pension points until the age of 66 years. People fit for work before the age of 26 years shall be awarded extra pension points for the future	Pension based on the pensionable income, i.e. income from work and income from certain benefits: sickness benefits, unemployment benefits and parental-leave benefit
Minimum pension	1/40 of the maximum	1/40 of the basic amount	No statutory minimum	.	NOK 151 272 to single people and NOK 279 864 to married couples	Guaranteed pension of between SEK 89 040 and 101 760 according to age ²⁾
Maximum pension	If the income does not exceed a certain level: DKK 66 500 per year for a single pensioner living alone; DKK 105 500 per year for married or cohabiting pensioners	DKK 179 220 for single people and DKK 154 464 for married couples	EUR 584.13 per month for single people and EUR 518.12 per month for married or cohabiting couples	No income limit	NOK 298 026 for single people and NOK 286 679 for married couples	The maximum for income-related sickness and activity benefit is SEK 203 520 per year

To be continued ...

Table 6.3.3 Continued

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden ¹⁾
Indexation after pensioning:	Wages/salaries 100 per cent and a reduction if the increase exceeds 2 per cent	Adjusted every year according to special legislation.	Consumer price index 100 per cent	Pay development, at least the consumer price index	Parliamentary decision	Price index 100 per cent
Accumulation with income from work	Possible to have other income. The pension shall be gradually reduced at an income exceeding a certain amount (cf. above under "Maximum pension")	Possible to have other income.	If a pension recipient takes on work that is equivalent to his previous occupation, he shall no longer be regarded as being unfit for work, and the pension shall be withdrawn. The pension may be suspended for 3-24 months if the pension recipient finds work, and a monthly income from work is at least EUR 600	Possible reduction benefits	With the exception of the first year with full temporary disability pension or disability pension, the recipient may have an annual income from work of a maximum of NOK 75 641. In case of a higher income, a lower disability pension shall be payable	Possible

1 Sickness/activity benefit

2 The guaranteed level of sickness/activity benefits is based on among other things the times of visits to Sweden. A lower amount may therefore be payable to some individuals who have not turned up for some time.

OLD AGE, DISABILITY AND SURVIVING RELATIVES

Table 6.3.4 Rules governing employment-based disability pension

	Denmark ¹⁾	Faroe Islands	Finland	Iceland	Norway	Sweden ²⁾
Pensionable age		18-66 years	18-62 years	16-69 years	16-66 years	19-64 years
Minimum degree of incapacity for work		At least a 50 per cent reduction of the capacity for work. Grade of disability pension may depend on age and possibility of rehabilitation	Disability pension: 3/5. Partial disability pension: 2/5	50 per cent	50 per cent (in the reactivation phase: 20 per cent)	25 per cent
Pension on the basis of:		Lack of capacity for work for physical or mental reasons	Accumulation-based pension increased by accumulation for life expectancy at the time of retirement, income for each year, age-dependent accumulation rate	Degree of incapacity for work and accrued pension amount in accordance with accrued pension points increased by further accumulation years until the pensionable age	Degree of incapacity for work and length of insurance period and pension points (actual, previous and estimated future periods until a total of 40 years), amount of income from work (the 20 best years) and family situation	Average of the three highest annual incomes from a framework period immediately preceding the year in which the disability arose, depending on the degree of incapacity for work
To be continued ...						

OLD AGE, DISABILITY AND SURVIVING RELATIVES

Table 6.3.4 continued

	Denmark ¹⁾	Faroe Islands	Finland	Iceland	Norway	Sweden ²⁾
Reference income or calculation basis	-	Basic amount and supplements shall be adjusted according to the latest fiscal income	On the basis of the annual income. No income ceiling. For projected years, the calculation basis is the income from the five previous years. The accrual rate for uncovered periods is based on the income on which the benefits are based. To a long-term disability pension is after five years of receipt added a non-recurrent increase the maximum increase of which at the age of 24-31 years is 25 per cent of the pension amount. It will decrease for each year lived by 1 per cent and will not be payable after the age of 55 years	Income without ceiling	Accrued pension points and future pension points until the age of 66 years. People who have become incapacitated for work before the age of 26 years shall be awarded extra pension points for the future	The pension is based on the pensionable income, i.e. income from work and income from certain benefits: sickness benefit, unemployment benefit and parental-leave benefit
Maximum pension	-	For single people DKK 179 220. For married people DKK 154 464	No statutory maximum	No statutory maximum	NOK 298 026 for single people and NOK 286 679 for married people	SEK 203 520 per year

To be continued ...

OLD AGE, DISABILITY AND SURVIVING RELATIVES

Table 6.3.4 continued

	Denmark ¹⁾	Faroe Islands	Finland	Iceland	Norway	Sweden ²⁾
<i>Indexation</i>						
- before pensioning:	-	Adjusted according to special legislation	Wages/salaries 80 per cent + price index 20 per cent	Wage/salary	..	..
- after pensioning:		Adjusted according to special legislation	Price index 80 per cent + wages/salaries 20 per cent	Prices, but in the fund for public employees: wages/salaries	Parliamentary decision	Price index 100 per cent
Accumulation with income from work		Possible to have other income.	Possible, if income amounts to 40-59 per cent of the pensionable pay, the full disability pension shall be changed to a partial disability pension. If income exceeds 60 per cent of the pensionable pay, the pension shall be stopped, if the changes are temporary, and discontinued if the changes are permanent	..	With the exception of the first year with full temporary disability pension or disability pension, the recipient may have an annual income from work of a maximum of NOK 75 641. With higher incomes, a lower disability pension shall be payable	Possible

1 There is no employment-based disability pension in the public pension scheme in Denmark, but most collective agreements in the labour market comprise pension agreements, including disability pension

2 Sickness/activity benefits

Circumstances Influencing the Number of Disability Pensioners

In the Nordic countries, there are a number of alternative benefits that affect both the award of disability pensions and the number of disability pen-

sioners. Sickness benefits are payable for a maximum of one year in the other countries, with a possibility of prolongation in Denmark, however. In Sweden, disability pensions have as from 2003 been replaced by a sickness and reduced activity benefit.

In Norway, a work clarification allowance is normally payable before disability pension can be awarded.

Also the other disability-pension schemes (in this report referred to as special retirement pensions) may affect the number of disability pensioners. The existence of schemes such as the voluntary early-retirement scheme in Denmark and the unemployment pension scheme in Finland has contributed to there being fewer disability pensioners than would otherwise have been the case in those countries. In Norway, the AFP scheme (pensions fixed by collective agreements) affects the number of disability pensioners. Several studies have shown that about 20 per cent of the AFP pensioners would have been disability pensioners, had the scheme not existed.

The amount of the disability pension, including pension supplements, is in principle either higher or equal to the pensions awarded to retirement pensioners in all the countries. In addition, a number of special supplements may be payable in Denmark, prior to the disability pension reform in 2003, and in the Faroe Islands as well as an employment pension in the other countries, as mentioned above.

Disposable Income and Compensation Levels in Connection with Disability Pensions

Figure 6.3.1 shows the disposable income for a single 50-year-old disability pensioner who has previously been in work, and who has completely lost his capacity for work, at three different income levels as PPP-Euro, and Table 6.3.5 shows the compensation level as a percentage of previous income from work. In Denmark, disability pension is independent of any previous income. There are, however, in Denmark supplementary benefits payable from agreement-based pension schemes, which have not been included in the calculation. Disability pensions in the other countries are calculated on the basis of previous income from work.

In all the countries, men receive a higher benefit on average than do women. In Finland and Norway, this is a result of higher accumulation of the ATP.

Figure 6.3.1 Disposable monthly income for a single 50-year-old disability pensioner with no capacity for work left, in PPP-Euro, 2010

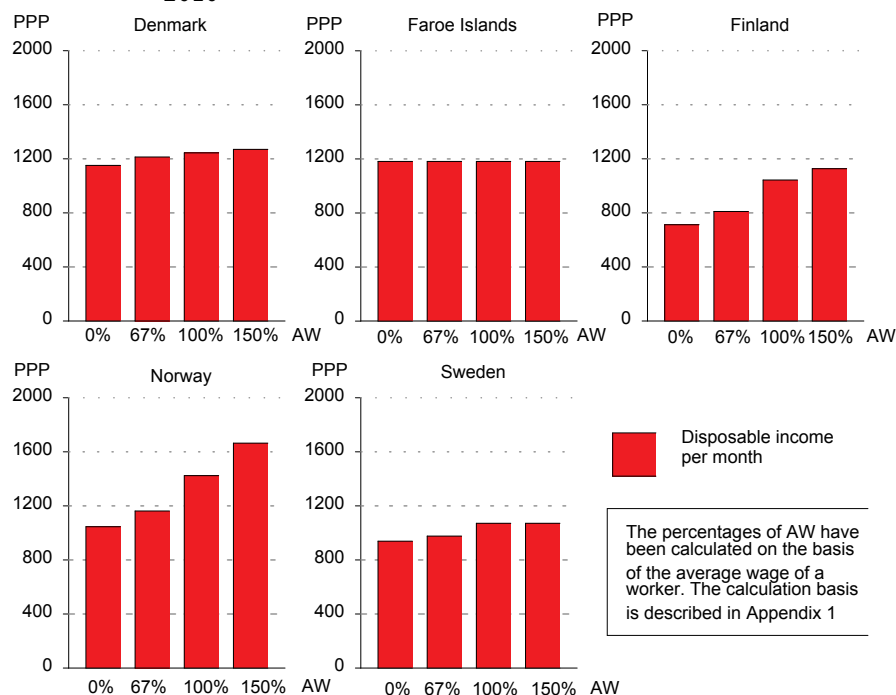


Table 6.3.5 Compensation level for a single 50-year-old disability pensioner with no capacity for work left, as a percentage of disposable income when in work, 2010

	Denmark	Faroe Islands	Finland	Norway	Sweden
<i>67 per cent AW</i>	96	122	61	72	71
<i>100 per cent AW</i>	70	89	57	62	53
<i>150 per cent AW</i>	52	65	45	52	40

Table 6.3.6 Average monthly amount of statutory disability pension (before tax), 2010

	KR/EUR			PPP-Euro		
	Men	Women	All	Men	Women	All
Denmark ¹⁾	13 964	13 124	13 507	1 315	1 236	1 272
Faroe Islands ²⁾	12 432	11 427	11 884	1 171	1 076	1 119
Finland ³⁾	1 102	905	1 008	897	736	820
Norway	16 675	13 292	14 754	1 414	1 127	1 251
Sweden ⁴⁾	10 339	9 033	9 569	905	791	838

1 Average payment of highest and intermediate disability pension, ordinary and increased ordinary disability pension and new disability pension in January 2010

2 Average payment in November 2010 for the highest and the intermediate disability pension

3 Average payment of pension amount as per December

4 Average payment of pension amount in December including housing supplement. Sickness and activity benefit has replaced the disability pension as from 2003

Number of Disability Pension Recipients

In Denmark, only one kind of disability pension can be awarded after the disability pension reform in 2003. The new disability pension may be awarded to people suffering from a permanently reduced capacity for work to such a degree that the person in question cannot maintain him/herself through employment on regular terms or in a flexi job.

In the Faroe Islands, no significant statutory changes have been made to influence the number of new awards.

In Finland, there has been a decline in the number of disability pension recipients, but the number has in recent years been stabilized at about the same level, and partly due to this individual disability pensions will disappear (in December 2010, there were only 83 individual pensions left).

The number of disability pensioners continues to rise in Iceland, although there has been a decrease in new awards since 2003. The decrease in the number of new applications may be explained by a tightening of the rules governing award of disability pensions as well as by changes in the labour market in the form of a declining unemployment rate.

Both in Norway and Sweden, the rules governing award of disability pensions (sickness/activity benefit) have been tightened. In Norway, there was an increase in the number of new awards. In Sweden, there was an increase in the number of awards up to and including 2006, after which the number decreased.

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Table 6.3.7 Number of pensioners drawing disability pensions in the form of basic/minimum pensions and/or supplementary/employment pensions, in total and as percentages, 2010

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Number</i>						
18-19 years ¹⁾	1 052	5	1 619	310	961	3 041
20-29 "	9 906	62	11 201	1 841	7 541	26 084
30-39 "	23 934	107	17 143	2 655	16 224	29 389
40-49 "	55 406	217	36 591	3 951	43 833	77 868
50-59 "	92 472	436	101 448	4 792	97 188	158 515
60-64 "	61 782	416	99 246	2 821	92 895	147 915
Total, 18-64 years ¹⁾	244 552	1 243	267 248	16 370	258 642	442 812
65-66 years		161			42 446	
<i>Per cent</i>						
18-19 years ¹⁾	0.4	0.4	0.6	1.9	0.4	0.7
20-29 "	4.1	5.0	4.2	11.2	2.9	5.9
30-39 "	9.8	8.6	6.4	16.2	6.3	6.6
40-49 "	22.7	17.5	13.7	24.1	16.9	17.6
50-59 "	37.8	35.1	38.0	29.3	37.6	35.8
60-64 "	25.3	33.5	37.1	17.2	35.9	33.4
Total, 18-64 years ¹⁾	100.0	100.0	100.0	100.0	100.0	100.0
65-66 years	.	.	.	.	.	.

1 For Finland and Sweden, the age group starts at 16 years

Table 6.3.8 Recipients of disability pensions and new accessions of disability pensioners, by gender, 2010

	Denmark ¹⁾		Faroe Islands		Finland		Iceland ²⁾		Norway ³⁾		Sweden ^{4,5)}	
	M	W	M	W	M	W	M	W	M	W	M	W
Recipients	100 174	116 150	626	749	139 850	127 398	7 047	10 557	130 129	170 959	181 658	261 154
New accession	7 899	8 736	47	59	12 821	12 436	222	139	12 846	15 406	7 211	6 910
New accession in per cent of population of qualifying age	0.5	0.5	0.3	0.4	0.7	0.7	0.2	0.1	0.8	1.0	0.3	0.2

1 Number of recipients is in this table calculated as at the beginning of the year; in the other pension tables, the number has been calculated at the end of the year

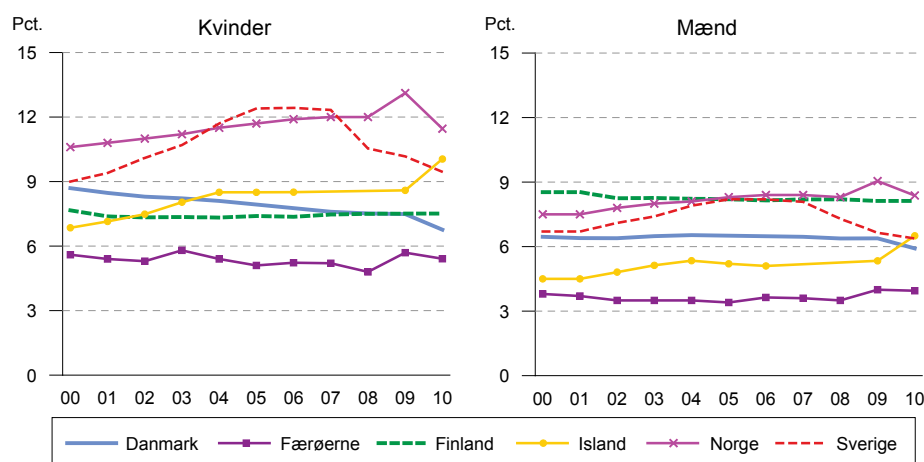
2 Pensionable age 16-66 years, 2009

3 Pensionable age 18-67 years

4 The activity and sickness benefit has replaced the disability pension as from 2003

5 Data refer to December 2010

Figure 6.3.2 Pensioners drawing disability pensions in the form of basic/minimum pensions and/or supplementary/employment pensions as percentages of population 16/18-64/66 years, 2000-2010¹⁾



1 In Sweden, the activity and sickness benefit has replaced the disability pension as from 2003. New benefits are awarded to people of the age group 19-64 years.

Rehabilitation Benefits

People whose capacity for work has been reduced due to physical, mental or social factors may be granted support towards education, retraining and re-schooling where it is deemed necessary for their future abilities to manage on their own and to support their families. Support may also be granted towards meeting special expenses incurred by such education or training. Education may consist of training in the open labour market. Support is provided by way of wages/salaries or wage/salary supplements. In addition, special support may be granted towards acquisition of tools, etc., and towards setting up a business.

In Denmark, support is granted as a fixed rehabilitation allowance corresponding to the maximum amount of the daily cash benefits. Payment of the rehabilitation allowance is subject to rehabilitation being initiated according to a fixed occupational plan. The allowance is payable until the occupational plan has been implemented, but usually for a maximum of five

years. In respect of young people under the age of 25, the rehabilitation allowance equals half the maximum amount. With a view to maintaining and integrating vulnerable groups in the labour market, an enhancement of the work-related rehabilitation scheme took place in 1999.

In the Faroe Islands, a rehabilitation allowance is payable when it is deemed necessary out of consideration for a person's risk of becoming ostracized from the labour market. The rehabilitation allowance is governed by the Act on Public Welfare, and the allowance is usually granted on the basis of need.

In Finland, rehabilitation benefits, which are payable by the Social Insurance Institution, equal the amount of the sickness benefits. The amount of daily cash benefits payable by the accident- and traffic-insurance schemes as well as from the statutory employment-related pension scheme usually corresponds to the amount that would have been payable in that same period.

In Iceland, a rehabilitation allowance is payable when an injured person is no longer entitled to sickness or industrial-injury benefits. As a rule, the allowance is payable for a maximum of 12 months or until a decision has been made as to the future of the disabled person in question. The allowance equals the disability pension and is awarded according to the same criteria; it is, however, never awarded for more than 18 months. Everyone receiving rehabilitation allowance must undergo examinations and treatment during the period in which the allowance is being paid.

Since 1 January 2000, the social insurance fund has paid a rehabilitation benefit to people at risk of becoming excluded from the labour market due to illness or accidents. Especially in Iceland, there are many social institutions offering jobs to people undergoing rehabilitation. At the moment, endeavours are made to gather activities in this area with the aim of enhancing work-related rehabilitation.

In Norway, three different rehabilitation benefits were combined into one benefit with effect from 1 March 2010. To be entitled to the new benefit, the work clarification allowance, recipients must be undergoing active treatment, participate in a work-oriented measure or receive some other kind of follow-up aimed at finding, or keeping, a job.

The benefit is awarded to people who have completely used their entitlement to sickness benefits but who still suffer from a reduction of their working capacities of at least 50 per cent. The benefit may be awarded for up to four years and may be prolonged in certain cases. It will be calculated on the basis of any pension-entitling income earned in the last year, or as an average of the last three years prior to the working capacity being reduced

by at least 50 per cent. The benefit amounts to up to 66 per cent of the calculation basis and is administered by the Ministry of Labour and Social Inclusion.

In Sweden, a number of compensations and benefits are payable in connection with rehabilitation. A rehabilitation allowance as well as special allowances may be awarded instead of sickness benefits. The rehabilitation allowance is in that case awarded to people who participate in occupational rehabilitation, and the special allowances shall cover the expenses incurred by the rehabilitation, such as travel expenses. Occupational rehabilitation measures may for example be work training, tests at a labour market institute and education/training.

Table 6.3.9 People drawing rehabilitation benefits during the year and per December 2010

	Denmark ¹⁾	Faroe Islands	Finland ²⁾	Iceland ³⁾	Norway ⁴⁾	Sweden ⁵⁾
<i>People receiving rehabilitation benefits during the year</i>						
Men	7 000	111	39 020	836	61 887	6 776
Women	11 893	141	59 788	1 132	90 760	12 926
Total	18 893	252	98 080	1 968	152 647	19 702
<i>People receiving rehabilitation allowance as at December 2010</i>						
Men	4 506	74	17 581	522	71 342	2 286
Women	7 621	80	23 462	681	102 933	4 107
Total	12 127	154	41 043	1 203	174 275	6 393

1 Recipients of rehabilitation allowances, including rehabilitation allowances during occupational practice periods.

2 Includes rehabilitation cash benefits and services payable by the Social Insurance Institution.

3 Year 2009.

4 On 1 March 2010, the benefits rehabilitation allowance and temporary disability pension were included in the work clarification benefits. Data from 2010 are therefore not comparable with data from previous years.

5 Includes only people receiving rehabilitation allowances. The number of people receiving special allowances cannot be calculated.

Compensation for Industrial Injuries

In all Nordic countries, people who have suffered industrial injuries are entitled to either sickness benefits or equivalent benefits in the event of a temporary loss of their working capacities. In case of long-term or permanent loss of working capacity, disability pension or a similar benefit will be payable.

An industrial injury is defined as an accident at work or work-related illness causing temporary or permanent loss of the ability to work.

In all the countries, compulsory industrial injury insurance schemes have been established, but according to somewhat differing rules. The industrial injury insurance fund pays out compensation for permanent injuries and for lost capacity for work, either by way of a non-recurrent payment or of monthly payments. Normally, the industrial injury insurance fund also covers expenses for treatment that are not covered by the general sickness insurance scheme.

In Denmark, compensation is granted for the loss of capacity for work if an industrial injury has reduced working capacities by at least 15 per cent. In addition, a non-recurrent payment is payable if the degree of the permanent injury is 5 per cent or more. Compensation is calculated on the basis of 80 per cent of an injured person's previous annual income.

In the Faroe Islands, daily cash benefits will be granted if the injured person is unable to recommence work to the same extent as before. Daily cash benefits amount as a maximum to one-fourth of the daily pay. Disability compensation may also be granted where the industrial injury has reduced an injured person's capacity for work by 5 per cent or more. In both cases, compensation amounts to a maximum of two-thirds of a fisherman's guaranteed minimum wage, corresponding to DKK 386 DKK in 2010.

In Finland, one is entitled to a pension if one's capacity for work has been reduced by at least 10 per cent. The pension payable to a person who is completely incapable of working amounts to 85 per cent of the previous income from work. An employee who is partly (partially) incapacitated is entitled to part of a full pension amount corresponding to the reduction of the capacity for work. The compensation level for pensions on the grounds of accidents drops to 70 per cent of any income from work when a recipient turns 65 years. Pension in the event of an accident payable to a partly disabled employee shall also be reduced when he turns 65 years.

In Iceland, entitlement to wages/salaries during illness (absence due to an accident) plays the most important part for an injured person. But for people who are not entitled to wages/salaries, or when the period in which one is entitled to wages/salary has expired, those concerned are entitled to daily

cash benefits from the general industrial injury insurance fund. This benefit is a fixed amount independent of wages/salary earned prior to the accident. The benefit is usually payable for a maximum of 52 weeks. If working capacity has been reduced by 10–49 per cent, disability pension shall be paid in the form of a non-recurring amount, but if the working capacity has been reduced by 50 per cent or more, disability pension shall be payable according to the general rules.

In Norway, one may be granted *invalidity pension* in the event that an industrial injury or a work-related accident reduces one's capacity for work by 30 per cent, where a reduction of the capacity for work of 50 per cent is normally required in order to be awarded *disability pension*. Compensation for disability will be awarded if the degree of disablement is 15 per cent or more.

In Sweden, compensation is granted in the form of annuities in the event that one's capacity for work has been permanently reduced by at least one-fifth (6.6 per cent). The annuity will normally be calculated on the basis of an insured person's sickness-benefit-entitling income. The annuity is calculated by comparing the income which the individual would have earned, had s/he not been injured, with the income s/he is estimated to earn after the injury. The annuity is the difference between the incomes, but can never exceed 7.5 price-basis amounts per year, which is SEK 42,400.

Care Allowance to Disabled People

In all the Nordic countries, families may receive financial support from the public authorities to cover expenses for taking care of a physically or mentally ill child in the home. The rules vary somewhat from one country to another, but the aims of the schemes are identical, i.e. to make it financially possible for a family to maintain a child in its home by having the extra expenses incurred by the child's disability covered.

Adults who have reduced capabilities and who live in their own homes are also entitled to subsidies. The various countries also have slightly differing rules in this respect. Support may be granted for technical aids needed by the person concerned in order to carry out a trade or to remedy his or her disorder, or to ease the daily existence in the home.

In several of the countries, subsidies may be granted for purchase and/or maintenance of a car or other motor vehicle.

Services to the Disabled

Institutions, Home Help, etc., for Disabled People

In all the countries, there is special housing available for people with reduced capabilities, such as:

1. Nursing homes/homes for the long-term ill.
2. Sheltered housing/service flats/collective housing.

Table 6.3.10 People under 65 years receiving home help

	Denmark ¹⁾	Faroe Islands ²⁾	Finland	Iceland	Norway ³⁾	Sweden ⁴⁾
	2010	2010	2010	2010	2009	2010
Recipients of home help under 65 years, total	27 962	55	7 775	2 873	31 119	23 974
Recipients of home help as percentages of the age group 18-64 years	0.8	0.1	0.2	1.0	0.8	0.3

1 Home help to residents in homes of their own with the exception of service housing.

2 People under 65 years.

3 Including residents in service housing receiving practical assistance (home help). Comprises recipients receiving both home nursing and practical assistance, and recipients receiving only practical assistance. Recipients receiving only home nursing are not included.

4 Includes people in homes of their own who had been granted home help as at 1 October 2010.

Table 6.3.11 People under 65 years living at institutions or in service housing

	Denmark ¹⁾	Faroe Islands ¹⁾	Finland	Iceland	Norway ²⁾	Sweden ³⁾
	2010	2010	2009	2010	2009	2010
Under 65 years, total	13 518	147	20 277	1 103	4 084	27 859
As percentage of the age group 18-64 years	0.4	0.5	0.5	0.4	0.1	0.3

1 Includes residents in nursing homes, sheltered housing, special care housing units and special housing units (special housing units use the age group under 67 years).

2 Data apply to residents in special care housing units as well as to people admitted to institutions of the age group 0-66 years.

3 People in permanent residence and short-term stays as at 10 October 2010 at institutions or in service housing.

In all the countries, home help is provided to disabled people. The extent of the help is determined on the basis of individual needs and may vary from a few hours a month to several hours per day. The assistance is a municipal matter and is provided by municipally or privately employed staff.

As mentioned above, it is difficult to compare statistics on home help in the Nordic countries. While the figures concerning Denmark, the Faroe Islands, Finland, Norway and Sweden are situation statements, the Icelandic data contain information on the number of people who received assistance during the year.

Support Services and Leisure Activities

In the Nordic countries, disabled people are offered various kinds of support services and activating measures either on a municipal or a private basis. The range of services and activities offered varies from one country to another and from one municipality to another. No comparable statistics are available to reflect the extent of such activities.

Support schemes are mainly aimed at enabling disabled people to remain in their own homes for as long as possible. The service schemes include meal deliveries, telephone chains or alarms for the summoning of help, home-visiting schemes, physiotherapy and occupational therapy, hairdressing and pedicure, gardening and snow clearing. There are also schemes for washing and mending clothes. There are no centrally agreed policies regarding payment, but usually a fee is charged for the provision of meals, pedicure and gardening. In all the countries, there are so-called daytime measures aimed at various target groups, such as people with mental disabilities, to provide help by way of rehabilitation, employment and feeling of community.

The transport service scheme is a service to the elderly and the disabled who are unable to use public transport or to get about on their own at all.

Personal Assistance

In all the Nordic countries, people with severe disabilities qualify for financial support towards payment for personal assistance and help to cope with daily tasks.

In Denmark, people suffering from a considerable and permanently reduced physical or mental capacity who need personal help and support to carry out the necessary practical chores in their homes for more than 20 hours per week, may choose to have a cash supplement towards payment for the employment of assistants. Besides, the local authorities may grant a

supplement to cover the expenses occurred in connection with the employment of care assistants to carry out care, surveillance and accompaniment of people suffering from considerably and permanently reduced physical or mental capacities, who are active in some way, for example in connection with work, which makes it necessary to grant very special support. In 2010, about 2 000 people made use of the scheme to employ assistants.

The local authorities may also grant 15 hours of accompaniment per month to people under 67 years, who are unable to get about in their own due to considerably and permanently reduced physical or mental capacities. People, who have been granted 15 hours of accompaniment per months when they turn 67 years, will maintain this right after the age of 67 years. Besides, the local authorities may grant assistance by way of a special contact person to people who are deaf and blind, and see to it that people suffering from mental disabilities get offered a support and contact person. In 2010, 14 000 people made use of these accompaniment and contact person schemes.

In the Faroe Islands, child-minding needs in families with disabled children, whose needs cannot be met in the general day care institutions, have been solved by the employment of personal support persons. Support persons also serve as relief to the family and therefore meet a need more comprehensively than a traditional institution could have done.

People between 18 and 66 years suffering from permanently reduced physical or mental capacities may be granted personal help and assistance. The aim is to give disabled people an opportunity to live an independent and active life. The disabled person and his/her support person jointly determine the purpose of the support and lay down an action plan for the hours of support.

In Finland, local authorities may improve a severely disabled person's course of life in his own home by granting a financial supplement towards payment for a personal assistant. This supplement is earmarked for severely disabled people who are highly in need of the help of others to manage daily life. The need for help and support must be assessed by a doctor, and where necessary, also by another employee from the social and health service. In 2010, 8 983 people made use of the scheme.

Also in Iceland, personal assistance to deal with daily life may be granted.

Personal assistance may also be granted to people who need to free themselves from social isolation. Finally, families with disabled children may receive relief from another family, who looks after the child/ children - usually one or two weekends a month.

In Norway, all local authorities must offer schemes for user-controlled personal assistance.

What signifies this scheme is that the recipient of the help acts as a manager of the assistant. The user may also choose to act as an employer and thus assume a larger responsibility for the organization and the scope of the help in relation to his own needs. From 2006, the scheme of user-managed personal assistance was extended to also include users who cannot handle the employer role by themselves.

Moreover, there is a function-assistants scheme for the disabled in work. The assistants are to provide practical help during working hours to people who are severely disabled, and are managed by the recipient. The aim is to enable severely disabled people to remain in normal employment and to enable those who have not previously been in the labour market to assume a normal job.

In Sweden, people are entitled to personal assistance if they, due to severe, permanent disabilities, need help with their personal hygiene, meals, getting dressed or communication with others (the so-called basic needs). Help may also be granted towards other needs in daily life, if these cannot be managed in any other way. Personal assistance is based on the condition that the assistance must provide a disabled person with increased abilities to lead an independent life. Help and assistance must be available at different times day and night and must be offered by a limited number of people. Personal assistance is granted by way of a personal assistant or a financial supplement to employment of such an assistant. Local authorities cover the expenses for up to 20 hours of assistance per week. Should the need exceed 20 hours per week, Central Government will cover the expenses for the hours exceeding 20 per week. In 2010, about 16 000 people received personal assistance.

Rehabilitation

In all the countries, there are specialized institutions for retraining, assessment of working capacity and re-schooling of disabled people and other occupationally impaired groups. Furthermore, sheltered workshops have been established for disabled people who are unable to maintain a job in the open labour market.

In Denmark, people with reduced capacities for work are offered training, assessment of working capacity, sheltered employment, etc., at rehabilitation institutions and in sheltered workshops. People with permanently limited capacity for work may furthermore find employment with private or public employers in flexi jobs or wage-subsidized sheltered jobs. Flexi jobs are given to persons who are not receiving any social pension whereas shel-

tered jobs are given to disability pensioners. In the fourth quarter of 2010, there were 53 100 people in flexi jobs and 5 500 in sheltered jobs.

People who have been approved for a flexi job and who are unemployed, and people who will become unemployed after employment in a flexi job, may according to special rules be granted a special benefit. In the fourth quarter of 2010, there were 11 100 people receiving this special benefit.

In the Faroe Islands, people with reduced capacities for work are offered assessment of their work capacity, training, supplementary training courses, sheltered employment, etc., at a rehabilitation institution. The rehabilitation institution also provides short-term vocational courses. Furthermore, people with permanently reduced capacities for work may be employed by private or public employers in wage-subsidized jobs.

In Finland, the public health sector and the Social Insurance Institution provide the largest part of the medical rehabilitation. The Social Insurance Institution also offers assessment of capacity for work. The employment pension funds initiate rehabilitation in order to prevent a person from becoming incapacitated for work or to improve his ability and capacity for work and to ease his return to the labour market. The accident and traffic insurances furthermore offer rehabilitation to their clients. War veterans may also undergo rehabilitation, and war invalids are offered rehabilitation at least every second year.

In Iceland, disabled people are offered retraining and education, sheltered employment in the open labour market or in sheltered workshops. The health sector is responsible for medical rehabilitation and technical aids.

In Norway, it is the responsibility of the Directorate of Labour and Welfare to endeavour to activate the disabled in the labour market. The aim of the occupational rehabilitation is to enable job seekers and employees of ill health to get a job on ordinary terms. People with reduced capacities for work may have their work adapted according to their special needs. It is also possible to borrow various technical aids from the technical-aids centres.

People with various disabilities may get treatment and guidance at a number of retraining institutions. Disabled people, who have no connection with the labour market, may also borrow technical aids to ease their daily life.

In Sweden, people with reduced working capacities may participate in various labour market measures via the employment service. A person who, due to a disability, cannot get a job in the open labour market may find employment at The Institution for Sheltered Work through the employment service. In the recruitment process, people with mental and intellectual incapacities as well as people with several disabilities are given priority.

Expenditure on and Financing of Benefits and Services to the Disabled

Differences and Similarities in the Social Expenditure on the Disabled

In the following, differences and similarities in the expenditure on the disabled are described. Unless otherwise stated, comparisons are made in PPP per capita.

In respect of cash benefits per capita to the disabled, Norway spends the most, which is due to medical rehabilitation being included under Rehabilitation but under Illness in the other countries (included in the sickness benefits).

Changes in the Social Expenditure on the Disabled from 2008 to 2009

In Denmark, the expenditure increased from 2008 to 2009 by DKK 4.1bn, corresponding to a growth rate of 5.3 per cent. The majority of the increase concerned cash benefits which increased DKK by 2.9bn, corresponding to a growth rate of 5.6 per cent. Services increased by DKK 1.2bn, corresponding to a growth rate of 4.7 per cent.

In the Faroe Islands, there was a minor total increase in the social expenditure from 2008 to 2009 of 3 per cent, corresponding to DKK 16m. Introduction of a change in the sett off of the disability pension may explain the increase in benefits of 8 per cent, corresponding to DKK 16m. Similarly, there was a reduction in the service expenditure of 26 per cent, corresponding to DKK 11m. The expenditure reduction was especially attached to a reduction in the expenditure on technical aids.

In Finland, the expenditure on disability pensions increased by 4.4 per cent at constant prices although the number of disability pensioners remained at the same level in 2009 as in 2008. The total expenditure on cash benefits to the disabled increased by 4.1 per cent at constant prices. The expenditure on services to the disabled increased by 7.0 per cent at constant prices. The largest increase in the expenditure was a result of the new Services and Support to the Disabled Act, support towards informal care and sheltered housing.

In Iceland, the expenditure on social services to the disabled increased by 5.2 per cent at constant prices of which the expenditure on cash benefits increased by 10.4 per cent, whereas the expenditure on services decreased by 10.3 per cent. Basic pensions increased by 7.7 per cent, while employment pensions increased by 16.9 per cent.

In Norway, the expenditure on the disabled increased by 4.6 per cent at constant prices. Cash benefits increased by 5.6 per cent, whereas the expenditure on services was reduced by 1.4 per cent. Cash benefits amounted to 87 per cent of the total expenditure on the disabled. The expenditure on basic pensions and supplementary pensions amounted to 29 per cent each, in total 58 per cent. The number of disability pension recipients increased by 332 individuals from 2008 to 2009 and counted in 2009 296 300 individuals. The expenditure on rehabilitation and disability allowance recipients (subsidies towards financial integration of disabled people) increased by 10.4 per cent. The number of rehabilitation allowance recipients was in December 2009 55 033 individuals, i.e. an increase of 16.5 per cent. The number of disability allowance recipients increased by 3.9 per cent and amounted in 2009 to 54 992 individuals.

In Sweden, the expenditure on the disabled increased from 2008 to 2009 by 2.5 per cent at constant prices. Cash benefits dropped by 2.0. per cent, whereas there was an increase in the expenditure on care and nursing of 7.7 per cent. The largest increase took place in the assistance towards managing daily tasks.

OLD AGE, DISABILITY AND SURVIVING RELATIVES

Table 6.3.12 Expenditure on and financing of pensions, other cash benefits and services to the disabled, 2009

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
	DKK	DKK	EUR	ISK	NOK	SEK
<i>Cash benefits, millions</i>						
A. Disability pensions	33 859	205	3 584	41 821	65 421	68 186
Of which:						
a. Basic/minimum pension	33 859	205	6	28 619	30 316	14 758
b. Supplementary /employment pension	-		3 162	13 201	29 912	45 391
c. Supplementary pension	-		416	-	5 193	8 037
B. Retirement pension due to reduced working capacity	4 146	10	3	-		-
C. Nursing contribution	-		418	-	3 359	3 793
D. Supplement towards economic integration of the disabled	14 435		120	-	20 651	1 105
E. Other	3 083	19	221	-	260	-
Cash benefits, total	55 523	233	4 345	41 821	89 691	73 084
<i>Services, millions</i>						
A. Institutions, etc.	12 413	121	120	7 125	1 049	18 461
B. Assistance to carry out daily activities	6 049	57	337	89	4 609	33 199
C. Rehabilitation	2 935	68	558	3 070	6 389	5 093
D. Other	4 466	44	708	1 039	1 667	10 893
Services, total	25 864	290	1 899	11 323	13 714	67 646
Total expenditure, millions	81 386	523	6 244	53 144	103 405	140 730
Expenditure as percentage of the GDP	4.9	4.3	3.6	3.5	4.3	4.6
<i>Financed by (per cent)</i>						
- Public authorities	71.7	93.8	46.4	52.6	30.4	119.7
- Employers	6.2	4.4	40.0	39.1	41.4	107.7
- The insured (contributions and special taxes)	22.2	1.8	13.6	8.3	28.2	3.0
<i>Changes 2008-2009 at 2009 prices</i>						
- Millions	4 089	16	297	2 650	4 570	1 612
- Per cent	5.3	3.1	5.0	5.2	4.6	1.2

Table 6.3.13 Expenditure on cash benefits to the disabled in PPP/capita and per pensioner, 2009

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>The disabled</i>						
Cash benefits per capita	934	444	649	770	1 577	684
Disability pension per disability pensioner	13 007	13 737	10 495	13 965	15 945	11 970
Services per capita	435	551	284	208	241	634
Total benefits and services to the disabled per capita	1 369	995	933	979	1 818	1 318

User Charges

User charges payable for stays at institutions for disabled people as well as for home help are levied according to different sets of rules in the Nordic countries.

The conditions concerning user charges payable for stays at institutions for disabled people are defined centrally (by Central Government) in Denmark, the Faroe Islands, Finland, Iceland and Norway, but de-centrally (by the local authorities) in Sweden.

In Denmark, residents in housing units are paid their pension in full and must then pay for services provided as part of their stay, such as rent, meals, hairdressing and laundry services. In return, care and cleaning are free of charge. The permanent home help service is free of charge. In return, temporary home help must be paid for, depending on income. User charges amounted to about DKK 397m in 2010, corresponding to 3 per cent of the total expenditure.

In the Faroe Islands, residents in nursing homes pay no rent, but in return their pension amount is reduced to DKK 1 176 per month in 2010 towards payment for personal expenses. The inhabitants thus have no expenses to pay for rent, food, hairdressing, etc. Pensioners, who have an income besides their pension (such as supplementary pensions) must, however, pay for their stay in a nursing home. User charges amount to 30 per cent of a pensioner's taxable income. At institutions for the mentally disabled, user charges amounted to 2.2 per cent of the total expenditure in 2008.

In Finland, user charges payable for long-term care for the elderly depend on a patient's income. It must not exceed 85 per cent of the net income, and there must be at least EUR 97 left per month for personal use. In 2009, user charges amounted to 6 per cent of the total expenditure. User charges for home help depend on a household's income. User charges

amounted to about 16 per cent of the total expenditure on home help in 2009.

In Iceland, user charges for home help amounted to 8.6 per cent of the municipal expenditure in 2009.

In Norway, user charges payable for stays at institutions depend on a patient's income and are fixed on the basis of centrally laid down rules. User charges amount to a maximum of 75 per cent of the basic amount of the social security scheme less a free amount. 85 per cent are payable of incomes exceeding the basic amount of the social insurance scheme. Payment must be limited in such a way that everyone has at least 25 per cent of the basic amount of the social insurance scheme for their own use in addition to the free amount. User charges for stays at institutions amount to a little more than 15 per cent of the total running costs of the institution. User charges payable for home help are fixed by the individual local authorities, but the amount must not exceed the actual costs. If an income is low, user charges must not exceed NOK 155 per month. Besides, user charges must not be charged for that part of the help which is personal care and nursing or home nursing, relief measures or support contacts.

In Sweden, local authorities are basically at liberty to fix the amount of user charges within the care schemes for the elderly and the disabled. There is also a maximum user charge for care for the elderly, but the local authorities are free to fix the amount of user charges within that framework.

6.4 Surviving Relatives

Table 6.4.1 Expenditure on the elderly, the disabled and surviving relatives as percentages of the GDP in the EU, the Faroe Islands, Iceland and Norway, 2008

Denmark	-	Austria	1.9	Greece	2.1	The Netherlands	1.2 ^p
Faroe Islands	0.2	Belgium	2.1	Hungary	1.3	Poland	2.0
Finland	0.9	Bulgaria	0.7	Ireland	0.9	Portugal	1.7
Iceland	0.5	The Czech Republic	1.1	Italy	2.5 ^p	Romania	0.6
Norway	0.3	Cyprus	1.1 ^p	Latvia	0.2 ^p	Slovakia	0.8 ^p
Sweden	0.6 ^p	Estonia	0.1	Lithuania	0.5 ^p	Slovenia	1.6 ^p
		France	1.9 ^p	Luxembourg	1.8	Spain	2.0 ^p
		Germany	2.0 ^p	Malta	1.8	United Kingdom	0.2 ^p

^p Preliminary data

Note: The source is EUROSTAT: Database for Social Protection Expenditure and Receipts. As to the Faroe Islands, the source is the Ministry of Social Affairs.

Pensions to Widows and Widowers

The increased participation by women in the labour market and changes in the distribution of income between spouses has contributed to the survivor's pension becoming less important. In Denmark and the Faroe Islands, pension to widows and widowers has been abolished. Pensioners, who cohabit with another pensioner, may in the event of their partner's death be paid a short-term survivor's pension consisting of both pensioners' total pension for three months. In the Faroe Islands, it is, however, necessary to be married to receive this benefit. The number of recipients of survivor's pension is not registered separately. A survivor's allowance is payable to non-pensioners in Denmark whose spouse or partner dies. The survivor's allowance is income- and property-adjusted and will be granted as a non-recurrent payment.

In Finland, family pension may be granted to the surviving spouse if the parties got married before the surviving spouse turned 65 years and s/he has or has had children by the deceased. If the spouses had no children, mar-

riage must have taken place before the surviving spouse turned 50 years, and the marriage must have lasted more than five years. Survivors may also be granted a pension from the employment pension scheme. Similar rules apply to people in registered partnership.

In Iceland, survivor's pension has been abolished as a basic pension but is still being paid by the employment pension system. In Norway and Sweden, entitlement to survivor's pension is subject to a survivor's ability to provide for him/herself.

In Norway, pension is granted to surviving spouses and cohabitants. Pension may also be granted to survivors if they have either previously been married to each other or have had joint issue. In Sweden, the current widow's pension will lapse on a long-term basis for most survivors. In the old system, a condition for being awarded widow's pension was that one had married no later than 1989. In Finland, Norway and Sweden, widows and widowers are entitled to survivor's pension by way of basic pension/guaranteed minimum pension and employment pension. In Sweden, survivor's pension is also payable in most cases.

Table 6.4.2 Pensioners aged 18-64/66 years drawing statutory survivor's pension, 2000-2010

	Denmark ¹⁾		Faroe Islands ¹⁾		Finland ²⁾		Iceland ³⁾		Norway ⁴⁾		Sweden ⁵⁾	
	M	W	M	W	M	W	M	W	M	W	M	W
2000	.	.	.	.	7 945	46 292	1 459	2 176	2 001	25 086	1 617	53 254
2005	.	.	.	.	9 128	40 586	1 974	2 570	2 124	22 085	2 314	46 210
2009	.	.	.	.	9 079	36 130	1 889	2 105	2 333	19 939	2 021	35 609
2010	.	.	.	.	8 778	34 368	..	..	2 265	19 210	2 056	33 232

1 The widow's pension scheme has been abolished. Pension may be granted to widows by way of the disability pension scheme, however.

2 Widows/widowers over 64 years may be granted survivor's pension by way of employment pension. In 2010, the number of pensioners over 64 years was 190 834 women and 29 209 men.

3 Only pensioners aged 16-65 years receiving employment pension.

4 Excluding widows and widowers receiving disability pensions.

5 Includes widow's pension to people under 65 years as well as transition pension and special pension to surviving relatives. The transition period has varied during the period and was in 2005 12 months. Survivor's pensions were income-adjusted from 1997-2002.

Table 6.4.3 Average monthly amount of statutory survivor's pension, (before tax), 2010

	KR/EUR			PPP-Euro		
	Men	Women	All	Men	Women	All
Denmark	.	.	.	.	.	.
Faroe Islands	.	.	.	.	.	.
Finland ¹⁾	200	565	512	163	460	417
Norway	5 344	8 106	7 815	453	688	663
Sweden ²⁾	4 542	3 607	3 615	398	316	316

1 Amount paid on average as at December.

2 Average amount as at December 2010 to pension recipients under 65 years by way of widow's pension, transition pension and special pension to surviving relatives from both basic pension and income-based pension.

The basic pension/guaranteed minimum pension will be revoked when the surviving spouse becomes entitled to the basic/guaranteed minimum pension from the retirement pension scheme.

Moreover, the basic/guaranteed minimum pension will lapse in the event that a survivor is awarded disability pension. Pension is payable to the surviving relative in the form of employment pension or supplementary pension.

In Norway, there are favourable rules governing the employment pension in the Social Security Scheme's retirement- and disability-pension system for surviving relatives. They are granted the highest amount from their own employment pension, the deceased's accumulated employment pension or 55 per cent of the sum of their own and the deceased's accumulated supplementary pension.

In some of the countries, funeral assistance will also be granted.

Child Pension

In all the Nordic countries, child pension has been introduced in the form of basic pension and supplementary/employment pension. Child pension is granted to children under 18 years if one or both parents are deceased. In Denmark and in the Faroe Islands, a special child allowance is granted to orphans and to children who have lost one of their parents.

In Finland and Iceland, child pension may be payable until a child turns 21 years if the child/adolescent receives education, whereas it in Sweden is up to

and including the month of June in the year in which the child turns 20 years. In Norway, child pension is payable until a child turns 18 years. If both parents are deceased, and the child is receiving education, pension may be payable until the child turns 20 years. In Iceland, a fixed amount is granted by the public authorities, which is payable to those providing for the children, but the pension varies from one labour market pension fund to another. If both parents are deceased, the double amount is payable. The Employment Pension Fund also pays child pension to the providers. In Norway, this applies only if both parents are deceased. Child pension, which is granted due to education or vocational training to young people in the age group 18-20 years is payable according to the Social Assistance Act.

In Denmark, the Faroe Islands, Norway and Sweden, child pension may furthermore be granted by way of supplementary pensions if the deceased was a member of such a pension scheme.

Table 6.4.4 Children receiving child pension by way of basic pension and/or supplementary/employment pension, total, 2000-2010¹⁾

	Denmark	Faroe Islands	Finland	Iceland ²⁾	Norway	Sweden
<i>Number of children receiving child pension</i>						
2000	17 278	201	28 476	1 300	14 074	29 570
2005	23 700	179	25 694	1 375	14 075	32 333
2009	21 200	140	23 344	1 414	13 754	29 952
2010	20 100	140	22 506		13 525	28 934
<i>As percentage of children of the qualifying age</i>	1.7	1.0	1.8	1.7	1.2	1.5

1 Entitled were children of widows and widowers as well as orphans. In Finland, Iceland, Norway and Sweden, children under 18 years (in some cases up to 20 years). As to Denmark and the Faroe Islands, child pension has been listed with orphans and children of widows and widowers receiving the special child supplement.

2 Only basic pension. Last figure in per cent is from 2009.

Table 6.4.5 The average monthly statutory amount of child pension, before tax, 2010

	Denmark	Faroe Islands	Finland	Iceland ¹⁾	Norway ²⁾	Sweden
KR/EUR	1 170	1 046	326	21 657	2 342	2 578
PPP-Euro	110	98	265	127	199	226

1 Average monthly amount paid by the public authorities in 2009.

2 Amount paid on average as at December.

Expenditure on and Financing of Benefits and Services to Surviving Relatives

Differences and Similarities in the Social Expenditure on Surviving Relatives

In the following, differences and similarities in the expenditure on surviving relatives are described. Unless otherwise stated, comparisons are made in PPP per capita.

As to surviving relatives, Finland spends the most and Denmark and the Faroe Islands the least.

Changes in the Social Expenditure on Surviving Relatives from 2008 to 2009

In Denmark, there was by and large only expenditure on funeral assistance, which increased only slightly from 2008 to 2009.

In the Faroe Islands, there were hardly any changes in the expenditure from 2008 to 2009.

In Finland, the expenditure on surviving relatives increased by 4.7 per cent at constant prices. The number of recipients of surviving spouse's pension remained at the same level in 2009 as in 2008.

In Iceland, the expenditure on surviving relatives increased by 8.9 per cent at 2008 prices.

In Norway, the expenditure on surviving relatives increased by 0.6 per cent at constant prices. Cash benefits increased by 0.4 per cent, whereas the expenditure on services increased by 11.6 per cent. Cash benefits amounted to 98 per cent of the total expenditure on surviving relatives. There were 22 277 recipients of cash benefits in 2009, i.e. 628 fewer than in 2008.

In Sweden, where the expenditure on surviving relatives consists of cash benefits only, the expenditure increased by 0.9 per cent at constant prices.

OLD AGE, DISABILITY AND SURVIVING RELATIVES

Table 6.4.6 Expenditure on and financing of benefits to surviving relatives, 2009

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
	DKK	DKK	EUR	ISK	NOK	SEK
<i>Cash benefits, millions</i>						
A. Survivor's pensions	2	19	1 624	9 058	6 314	18 077
Of which:						
a. Basic/minimum pension	-		-	313	1 388	937
b. Supplementary /employment pension	-		1 624	8 745	1 086	16 085
c. Supplementary pension	2	19	-		3 630	1 055
B. Benefits in case of death	-		37	72	259	
C. Other	-	2	29		7	
Cash benefit, total	2	21	1 661	9 130	6 580	18 077
- Per capita (PPP)	2	44	249	168	118	169
<i>Services, millions</i>						
A. Funeral allowance	134	2	5	-	148	
B. Other	-		-	-	-	
Services, total	134	2	5	-	148	
Expenditure, total, millions	135	23	1 666	9 130	6 728	18 077
Expenditure as percentage of the GDP	0.0	0.2	1.0	0.6	0.3	0.6
<i>Financed by (per cent)</i>						
- Public authorities	100.0	2.1	6.6	1.5	17.6	3.4
- Employers	-	65.3	73.5	70.6	59.8	93.8
- The insured (contributions and special taxes)	-	32.6	20.0	28.0	22.6	2.8
<i>Changes 2008-2009 at 2009 prices</i>						
- Millions	3	1	74	748	42	159
- Per cent	2.5	2.4	4.7	8.9	0.6	0.9

Chapter 7

Housing Benefits

Links to supplementary information:

[EUROSTAT - database](#)

[Social expenditure](#)

Table 7.1 Expenditure on housing benefits as percentages of the GDP in the EU, the Faroe Islands, Iceland and Norway, 2008

Denmark	0.7	Austria	0.1	Greece	0.5	The Netherlands	0.4 ^p
Faroe Islands	.	Belgium	0.2	Hungary	0.7	Poland	0.1
Finland	0.4	Bulgaria	-	Ireland	0.4	Portugal	-
Iceland	0.7	The Czech Republic	0.1	Italy	- ^p	Romania	-
Norway	0.1	Cyprus	0.8 ^p	Latvia	0.2 ^p	Slovakia	.. ^p
Sweden	0.5 ^p	Estonia	-	Lithuania	- ^p	Slovenia	- ^p
		France	0.8 ^p	Luxembourg	0.2	Spain	0.2 ^p
		Germany	0.6 ^p	Malta	0.2	United Kingdom	1.2 ^p

^p Preliminary data.

Note: The source is EUROSTAT: Database for Social Protection Expenditure and Receipts. As to the Faroe Islands, the source is the Ministry of Social Affairs.

Benefits to Families

In all the countries, with the exception of the Faroe Islands, housing benefits are granted to both families with children and childless families. In all the Nordic countries, the purpose of housing benefits is to provide people with low incomes and high housing costs with good and secure housing.

Everyone over the age of 18 years who have been registered with the authorities and are legally resident in Norway with the exception of students and people with military or civilian official duties, may be granted housing benefits. The benefit is means-tested.

HOUSING BENEFITS

In Denmark, the benefit is only payable to families living in rented accommodation. In Iceland, the benefit is payable to families who live in rented accommodation, but also to families who own their accommodation. In connection with the award, a family's income and the size of the housing debt are taken into consideration. In the other countries, housing benefits may also be granted to families who own their accommodation. A family's income, its housing costs and the number of children in the household are taken into consideration when a benefit is being granted. The scopes of the schemes vary greatly from one country to another.

Table 7.2 Average housing benefits per month to families, 2010

	Denmark	Finland	Iceland ¹⁾	Norway	Sweden ²⁾
<i>Average housing benefit per month per family in KR/EUR</i>					
<i>Married or cohabiting couples</i>					
- with children	1 893	345	28 649	2 889	2 042
- without children	1 186	222	23 944	2 648	791
<i>Single people</i>					
- with children	2 171	346	48 914	2 697	1 869
- without children	530	210	24 695	2 265	725
<i>Average housing benefit per month per family in PPP-Euro</i>					
<i>Married or cohabiting couples</i>					
- with children	178	275	159	245	179
- without children	112	177	133	225	69
<i>Single people</i>					
- with children	205	276	272	229	164
- without children	50	168	137	192	63

1 Average payment in December 2010.

2 Average housing benefits in December to families in rented accommodation in the municipality of Reykjavik.

In addition to the housing benefit, a subsidy may be granted, which will partly or fully cover any deposit payable, in order to enable people with a poor economy to find appropriate and reasonable accommodation.

In Denmark, there was an increase of 15 per cent in the number of housing benefit recipients from 2000 to 2005, despite the reform of the rules governing housing benefits that was gradually implemented in the years 1999-2003. The increase was presumably a result of the increased construction activities. 2008 and the subsequent years have to some extent been characterized by the financial crisis. The recession - and presumably

also the very large offer of private flats to let - has resulted in a rise in the number of recipients.

In the 2000s, minor annual variations in the Finnish data have been caused by the financial security as well as by legislative changes. The number of recipients was at its lowest in 2008. Due to the financial downturn in 2009, people applied for the common housing benefits to a higher degree than before. During 2010, the situation evened out. As it becomes still more common to live alone, and the income levels in some groups of single people are weakened, the share of people living alone and drawing housing benefits has increased at the expense of families with children.

HOUSING BENEFITS

Table 7.3 Families receiving housing benefits at the end of the years 2000-2010

	Denmark	Finland	Iceland ¹⁾	Norway	Sweden ²⁾
<i>2000</i>					
Married or cohabiting couples	33 619	33 359	780	5 360	50 016
- with children	21 284	25 559	417	4 954	47 622
- without children	12 335	7 800	363	406	2 394
Single people	136 051	136 993	3 681	17 982	195 368
- with children	61 700	50 184	1 296	15 725	161 548
- without children	74 351	86 809	2 385	2 257	33 820
<i>2005</i>					
Married or cohabiting couples	31 727	24 245	1 285	6 135	51 437
- with children	16 320	19 198	728	5 435	47 150
- without children	15 407	5 047	557	700	4 287
Single people	168 906	130 569	8 704	22 434	223 829
- with children	71 570	43 330	2 912	14 670	164 620
- without children	97 336	87 239	5 792	7 764	59 209
<i>2009</i>					
Married or cohabiting couples	30 519	24 187	1 609	9 403	51 694
- with children	14 247	18 392	989	7 501	47 940
- without children	16 272	5 795	620	1 902	3 754
Single people	156 717	137 655	11 084	40 540	182 569
- with children	61 642	40 916	3 459	16 409	130 811
- without children	95 075	96 739	7 625	24 131	51 758
<i>2010</i>					
Married or cohabiting couples	36 131	23 526	1 607	10 322	53 964
- with children	15 856	17 852	1 094	8 063	49 768
- without children	20 275	5 674	513	2 259	4 196
Single people	167 336	140 628	13 088	46 946	183 535
- with children	63 268	40 855	3 773	16 659	126 724
- without children	104 068	99 773	9 315	30 287	56 811

1 Data only for families living in rented accommodation.

2 The exact number of households receiving housing benefits in 2009 was 233 308. Some households may have been awarded the benefit during the year and have thus not been included.

In Norway, the housing-benefit scheme was changed with effect from 1 July 2009. The purpose of the change was to make the scheme a more efficient and accurate means against poverty, to reduce the number of homeless people and to help deprived people to set themselves up in a home of their

own. 2010 was the first year with full effect of the new rules applying to housing benefits.

In Sweden, housing benefits are payable continuously as a preliminary subsidy based on the income information provided by the applicant. The final amount is fixed on the basis of a calculation each calendar year. Housing benefits are payable to families with children and to young people without any children. The amount of the preliminary benefit depends first and foremost on the family income. Housing costs, location and the size of a family also influences the benefit. Housing benefits consist of three parts. The first part is the housing costs; the second part is a separate supplement for children living at home, and the third part is a youth supplement payable to those who have children that no longer live in the home. The rules governing income-adjustment were introduced in 1997, and since then fewer households have received housing benefits than in previous years. This changed in 2009 when the number of households receiving housing benefits increased by about 2 per cent. The increase in the number of households receiving housing benefits is especially related to young people, while the number of families with children receiving housing benefits continues to decrease.

Housing Benefits to Pensioners

In all the Nordic countries, with the exception of the Faroe Islands, housing benefits are payable to pensioners. The amount of the housing benefit depends on a pensioner's personal income, rent costs, etc. Housing benefits to pensioners are exempt from tax in all the countries except Iceland.

Table 7.4 Pensioners receiving housing benefits at the end of the years 2000–2010

	Denmark ¹⁾	Finland	Norway	Sweden ²⁾
<i>2000</i>				
Pensioner couples	61 577	13 013	4 271	..
Single pensioners	269.161	139 451	78 547	..
Total	330 738	152 464	82 818	458 337
<i>2005</i>				
Pensioner couples	57 918	12 043	2 664	..
Single pensioners	278 466	150 141	72 404	..
Total	336 384	162 184	75 068	429 533
<i>2009</i>				
Pensioner couples	53 660	11 224	2 518	..
Single pensioners	279 039	159 599	64 155	..
Total	332 699	170 823	66 673	398 231
<i>2010</i>				
Pensioner couples	53 231	10 970	2 547	..
Single pensioners	280 573	161 468	62 996	..
Total	333 804	172 438	65 543	382 698

1 As from 2003 inclusive of new disability pensioners drawing housing benefits according to the new rules as a result of the disability pension reform from 1 January 2003.

2 Including 137.475 in 2009 and 127 214 in 2010 receiving sickness/activity benefits.

In Denmark, the benefit may also be granted to pensioners who own the house or flat they live in, but after 1 July 2008 only in the form of a loan. A heating supplement may be granted by way of personal supplements according to the Pensions Act to help cover heating costs. The benefit is payable to both retirement and disability pensioners. Previously, housing benefits were granted according to the same rules to both types of pensioners but after the reform of the disability pension scheme that entered into force in 2003, new disability pensioners are granted housing benefits according to rules that are somewhat less lenient (rent subsidy) than those applying to retirement pensioners and disability pensioners in the old system. Pensioners who are allotted a special dwelling for the elderly by the local authorities receive housing benefits on especially favourable terms.

In Finland, housing benefits may be granted on the grounds of age or when one has become entitled to pension. Housing benefits are payable to pensioners with low incomes, regardless of their living in their own or in rented accommodation. Also heating costs and water costs are taken into consideration, if they are not included in the rent. The rent costs that can be approved per year depend on the location of the accommodation as well as of the size of the family. Since 2008, housing benefits to pensioners have been segregated as benefits proper, which mean that they no longer form part of the basic pension amount.

HOUSING BENEFITS

Table 7.5 Average housing benefits per month to pensioners, 2010

	Denmark	Finland	Norway	Sweden
<i>Average housing benefits per month to married or cohabiting pensioners</i>				
- KR/EUR	2 527	193	2 182	2 425
- PPP-Euro	238	157	185	212
<i>Average housing benefits per month to single pensioners</i>				
- KR/EUR	2 081	180	1 797	2 425
- PPP-Euro	196	146	152	212

In Iceland, a supplement to the basic pension is payable to people living in Iceland. The benefit is not directly linked to the rent costs, but will mainly be granted to pensioners, who live alone and have low incomes.

In Norway, recipients of retirement, disability and survivor's pensions shall have their housing costs covered by way of housing benefits. Documented housing costs may be covered up to a certain amount fixed by the Ministry. A maximum amount has been set as to how much net capital one is allowed to have in order to receive housing benefits. The amount depends on which part of the country one lives in. In areas with expensive housing and high rents, there is a higher upper limit as to housing costs than in the rest of the country.

In Sweden, housing benefits are payable to retirement pensioners, recipients of sickness and activity benefits and people receiving survivor's pensions who have low personal incomes. Housing benefits are granted according to rules applying uniformly to the entire country.

Expenditure on and Financing of Housing Benefits

Differences and Similarities in the Social Expenditure on Housing Benefits

There are distinct differences in the amounts spent by each country on housing benefits, measured as PPP per capita. Denmark spends the most,

while Norway spends the least. In Denmark, Finland and Sweden, housing benefits play an important part for pensioners with low pension incomes, but particularly in Sweden, there are many single providers with low incomes receiving housing benefits. In Finland, housing benefits are since 2008 payable as a separate benefit, which means that they no longer form part of the basic pension.

Changes in the Social Expenditure on Housing Benefits from 2008 to 2009

In Denmark, the expenditure was unaltered from 2008 to 2009.

In Finland, the expenditure on housing benefits increased by 9.6 per cent at constant prices. The number of households receiving general housing benefits increased by 16.1 per cent, whereas the expenditure on housing benefits increased by 12.6 per cent at constant prices. The expenditure on housing benefits to pensioners increased by 6.0 per cent at constant prices. The number of pensioner households increased by 1.4 per cent.

In Iceland, the expenditure on housing benefits increased by 30.0 per cent at 2009 prices as a result of an increase in the benefit amount and in the number of recipients.

In Norway, the expenditure on housing benefits increased by 5.2 per cent at constant prices. There was an increase in the expenditure on recipients living in rented accommodation (11.9 per cent) whereas there was a reduction in the expenditure on those living in their own house or flat (3.2 per cent). The expenditure on people living in rented accommodation amounts to 59 per cent of the total expenditure.

In Sweden, the expenditure on housing benefits increased by 0.7 per cent at constant prices. The expenditure on the elderly declined by 2.6 per cent and increased by 3.7 per cent on families.

HOUSING BENEFITS

Table 7.6 Expenditure on and financing of housing benefits, 2009

	Denmark	Finland	Iceland	Norway	Sweden
	DKK	EUR	ISK	NOK	SEK
<i>Services, millions</i>					
A. Housing benefits to people in rented housing	12 433	790	4 154	2 169	14 746
a. Of whom elderly	9 726	-		511	6 907
B. Housing benefits to owner-occupiers	-	62	10 473	1 489	
a. Of whom elderly	-	-		200	
Services, total	12 433	852	14 627	3 658	14 746
Total expenditure, millions	12 433	852	14 627	3 658	14 746
Total expenditure per capita, PPP-Euro	209	127	269	64	138
Expenditure as percentages of the DGP	0.8	0.5	1.0	0.2	0.5
<i>Financed by (per cent)</i>					
- Public authorities	100.0	100.0	100.0	100.0	100.0
- Employers	-	-	-	-	-
- The insured (contributions and special taxes)	-	-	-	-	-
<i>Changes 2008-2009 at 2009 prices</i>					
- Millions	-35	75	3 381	180	92
- Per cent	-0.3	9.6	30.1	5.2	0.6

Chapter 8

Other Social Benefits

Links to supplementary information:

[EUROSTAT - database](#)

[Typical cases](#)

[Social expenditure](#)

The previous chapters described social benefits granted in connection with defined social incidents and target groups. In a number of cases, social incidents that cannot be covered by the previous chapters occur, however. It is difficult to compare the extent of the services provided in such cases, both in relation to the EU and to the Nordic countries.

Table 8.1 Expenditure on other social benefits as percentages of the GDP in the EU, the Faroe Islands, Iceland and Norway, 2008

Denmark	0.8	Austria	0.3	Greece	0.5	The Netherlands	1.8 ^p
Faroe Islands	0.5	Belgium	0.7	Hungary	0.1	Poland	0.2
Finland	0.6	Bulgaria	0.3	Ireland	0.4	Portugal	0.3
		The Czech					
Iceland	0.6	Republic	0.2	Italy	0.1 ^p	Romania	0.3
Norway	0.6	Cyprus	1.1 ^p	Latvia	0.1 ^p	Slovakia	0.4 ^p
Sweden	0.6 ^p	Estonia	0.1	Lithuania	0.2 ^p	Slovenia	0.4 ^p
		France	0.4 ^p	Luxembourg	0.4	Spain	0.3 ^p
		Germany	0.2 ^p	Malta	0.4	United Kingdom	0.2 ^p

^p Preliminary data.

Note: The source is EUROSTAT: Database for Social Protection Expenditure and Receipts. As to the Faroe Islands, the source is the Ministry of Social Affairs.

Circumstances in the Various Countries

A number of special circumstances in the Nordic countries make it difficult to compare the countries' data in this chapter statistically.

In Denmark, the Faroe Islands and Iceland, non-insured unemployed people not qualifying for unemployment benefits may under certain circumstances be entitled to social assistance in the event of unemployment, whereas non-insured unemployed people in Finland and Sweden are entitled to a special labour market benefit in accordance with the labour market legislation - and often also supplementary financial support, cf. Chapter 4 (financial assistance). In Norway, unemployment insurance is compulsory in that everyone who becomes unemployed and complies with the requirement of previous income is entitled to unemployment benefits; cf. Chapter 4 (Cash Benefits in Connection with Unemployment).

In all the countries, social assistance falls under special legislation.

In all the countries, there is a number of special benefits that are placed under Other Social Benefits, such as support towards payment of removal expenses in Denmark, support to servicemen in Finland, assistance to nationals living abroad and support towards payment of non-recurrent expenses.

In all the Nordic countries, employees may be paid their wages/salaries from special employees' guarantee funds in the event that their employers go into liquidation and are unable to pay their employees.

Cash Benefits

Social Assistance

In all Nordic countries, social assistance may be granted when all other support options in connection with loss of income or other life events have been exhausted. Consequently, the assistance, which is means-tested in all the countries, is the last resort of assistance granted by the social security systems. It will be given either as a substitute for other sources of income or as a supplement to a very low personal income. Social assistance may also be granted for other purposes, such as dental treatment, medical treatment, spectacles, equipment in the home and removal expenses.

The assistance is awarded and granted according to need in order to meet costs of living, with the exception of Iceland where the assistance is granted if an income drops under a certain level. In all the countries, social assistance is subject to a household's income.

In Denmark and Iceland, social assistance is subject to tax. In the Faroe Islands, Finland, Norway and Sweden, it is a net benefit exempt from tax.

In Denmark, social assistance (cash assistance) to people who are obliged to provide for children equals about 80 per cent of the maximum rate of the unemployment benefit. For non-providers, the assistance equals about 60 per cent of the unemployment benefit. Young people under the age of 25 who do not have any children living with them are awarded special, lower youth benefits. Recipients of cash benefits, who pay high net rents or have substantial obligations as providers, may furthermore be granted special assistance that is tax-free. Income such as income from work will be deducted from the cash assistance, whereas child benefits and rent subsidies do not cause the assistance to be reduced. Rent subsidies shall, however, be taken into account when the special assistance is calculated.

With a view to ensuring that it pays better to work, a ceiling was introduced in 2003 in relation to the total assistance in the form of cash benefit, special assistance and rent subsidy after six months' receipt of cash benefits. Besides, cash benefits to married couples will be reduced after six months at the same time as the employment deduction will be increased. Furthermore, cash benefits to young people under 25 years will be reduced after six months to a level corresponding to the State education grants and loans. Moreover, spouses drawing cash benefits must have worked for at least 450 hours within the past two years to remain entitled to cash assistance.

As from July 1 2002, a condition for being awarded the full cash assistance amount is that one has been a resident in the country for at least seven out of the past eight years. People not complying with this requirement are entitled to the so-called start assistance, which is lower than cash assistance. Local authorities may furthermore grant assistance based on need to non-recurrent expenses, removals, medical treatment, medication, dental treatment and the like, to cash assistance recipients and to others, who are unable to pay the costs.

In case a recipient of cash assistance rejects an offer of work or activation without reasonable course and is not available for work, the local authorities may discontinue payment of the assistance. In case a recipient of cash assistance rejects an offer of activation or fails to appear without reasonable course when he has been offered activation, the local authorities may reduce the assistance by up to one-third.

In the Faroe Islands, assistance granted in accordance with the Welfare Act is divided into temporary and permanent assistance. Temporary assistance will be provided in case of illness, divorce or lack of working opportunities. Permanent assistance will be awarded at an amount corresponding to the amount which retirement pensioners, who have no other income, receive plus a supplement for each child corresponding to the child supplement according to the Pension Act.

In Finland, Central Government fixes the basic amount of the social assistance each year, but the local authorities are responsible for payments. Cash assistance may be payable in the event that payment of other benefits is delayed. The local authorities may also grant preventive social assistance in time to help people coping with any income difficulties. In case a person on several occasions refuses to accept a job offer or training, the social assistance may be reduced by 20 or 40 per cent.

In Iceland, the local authorities are obliged to pay out social assistance to those unable to provide for themselves. The Ministry of Social Affairs has drawn up guidelines for what should be taken into consideration in connection with the award.

In Norway, the Government has drawn up recommended guidelines for the award of support, which include the expenditure on current, daily costs towards maintenance. These guidelines are a recommended starting point for the estimates that local authorities have to make. Such estimates are based on all applicants' incomes and financial rights as well as all expensed necessary for life sustenance. There is no upper limit to the amount of the assistance, which may also be granted in the form of a loan. The social authorities may in special cases grant financial assistance to people who are in need of help in order to overcome or adapt to a difficult situation in which they would otherwise not qualify for social assistance. People of working age with a considerably reduced capacity for work and earning are according to the Act on Social Services entitled to a qualification benefit, provided that they are not entitled to benefits according to the Social Security Act or the Labour Market Act, which entails that the primary target group is people whose main source of income is social assistance. The benefit is not income-adjusted, but the qualification benefit is taxable and amounts to NOK 151 282 annually for people over 25 years and NOK 100 855 for people under 25 years. Child allowance may be awarded as a supplement. Entitlement to the benefit is based on participation in a full-time qualification programme that may be planned for up to one year with a prolongation of one year and further prolongations in special cases. The programme must be individually adapted and may e.g. include motivating,

training, treatment and labour market measures with the aim of qualifying the person concerned for working life.

In Sweden, the purpose of social assistance, which is called "financial assistance", is twofold if the need cannot be met in any other way. It must guarantee a family a reasonable financial standard of living and must prevent and rehabilitate. Local authorities usually offer unemployed social assistance recipients measures preparing them for work. Those fit for work that do not apply for work or accept work offers or the like will often lose their entitlement to financial assistance. Central Government fixes national standards each year for the usual subsistence expenses, such as food, clothing and consumer goods. Usual subsistence expenses also include rent and transport.

When the amount of the social assistance is being calculated, a recipient's total income is taken into consideration, such as maintenance allowance, child allowance, housing benefit, etc. If, for instance, the housing benefit is increased by SEK 200 per month, the social assistance amount will be reduced accordingly. As in Norway, there is no upper limit, and financial assistance may also be granted provided it will be paid back later, for example where a person expects an income that makes it possible to pay back the amount.

OTHER SOCIAL BENEFITS

Table 8.2 Rules governing award of social assistance, 2010

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Social assistance payable as a fixed amount in the entire country?	Yes	Yes	Yes ³⁾	No ⁴⁾	No ⁵⁾	No ⁶⁾
Social assistance calculated individually by local authorities?	No	No	Yes	No	Yes	Yes
Do housing costs influence the amount of the social assistance?	No ¹⁾	Yes	Yes	No	Yes	Yes
Social assistance taxable?	Yes	No	No	Yes	No	No
Social assistance payable as a supplement to other social benefits?	Yes	Yes	Yes	Yes	Yes	Yes
Social assistance payable as a supplement to income from work?	No ²⁾	Yes	Yes	Yes	Yes	Yes

1 The amount of the cash benefits depends on the rent. Cash assistance recipients, who have high net costs for rent are granted a special allowance, e.g. when the rent, etc., after deduction of housing benefits, exceeds the fixed amount limits.

2 Social assistance (cash assistance) can in general not be granted as a supplement to a low income from work. Award of cash assistance is subject to the occurrence of a life event such as for example unemployment or dissolution of marriage or co-habitation.

3 Each year, a "national standard" is fixed, which local authorities apply when calculating social assistance, cf. the text above. Local authorities may also award a so-called preventive social assistance individually.

4 The Government has drawn up recommended guidelines for the estimates that local authorities are to make. In 2010, the maximum amount for single people over 18 years was ISK 125 540 and for co-habiting couples ISK 200 864 in the municipality of Reykjavík. Income earned the month in which the application is made and the month before that shall be deducted from the amount with the exception of child and housing benefits.

5 The Government has drawn up recommended guidelines as a basis for the estimates that local authorities are to make.

6 Central Government fixes a national standard each year for the entire country concerning the usual subsistence expenses. Besides, one may be granted social assistance towards payment of reasonable rent costs and certain other needs.

Equivalent Disposable Income and Compensation Levels when Drawing Social Assistance

Tables 8.3-8.6 show the equivalent compensation level for different family types when drawing social assistance as percentages of income from work broken down by AW. The compensation levels are given after tax, payment for day care institutions and rent costs. The compensation level is highest in Denmark and the Faroe Islands but decreases in all the countries with increasing AW.

Table 8.7 shows the equivalent disposable income when drawing social assistance broken down by family types. The equivalent disposable income is after deduction of tax, payment for day care institution and rent. The amount, which singles and couples have to live on when receiving social assistance, varies somewhat from one Nordic country to another, the amount being largest in Denmark and the Faroe Islands and smallest in Sweden. It should be noted, however, that it is only in Denmark and Iceland that non-insured people receive social assistance in case of unemployment. In Norway, everyone is in principle insured in case of unemployment, cf. Chapter 4. In Finland and Sweden, non-insured people get a special benefit which can be supplemented by social assistance. Table 8.7 shows only people receiving social assistance, however.

Table 8.3 Compensation level after tax and rent costs for a single childless person when receiving social assistance as a percentage of disposable income from work 2010

	<i>Denmark</i>	<i>Faroe Islands</i>	<i>Finland</i>	<i>Iceland</i>	<i>Sweden</i>
<i>67 AW</i>	48	61	34	35	32
<i>100 AW</i>	32	45	23	25	20
<i>150 AW</i>	22	33	16	18	14

OTHER SOCIAL BENEFITS

Table 8.4 Equivalent compensation level when drawing social assistance, after tax, payment for day care institution and rent costs for a couple with two children when both parties draw social assistance as percentages of disposable income from work, 2010

	<i>Denmark</i>	<i>Faroe Islands</i>	<i>Finland</i>	<i>Iceland</i>	<i>Sweden</i>
<i>67/100 AW</i>	54	51	36	30	32
<i>100/100 AW</i>	44	44	31	27	26

Table 8.5 Equivalent compensation level after tax and payment for rent for a single parent with one child when drawing social assistance as percentages of disposable income from work, 2010

	<i>Denmark</i>	<i>Faroe Islands</i>	<i>Finland</i>	<i>Iceland</i>	<i>Sweden</i>
<i>67 AW</i>	83	67	55	53	47
<i>100 AW</i>	62	56	40	41	31
<i>150 AW</i>	46	42	27	33	22

Table 8.6 Equivalent compensation level when drawing social assistance after tax and payment for day care institution and rent for a couple without children where both work, 2010

	<i>Denmark</i>	<i>Faroe Islands</i>	<i>Finland</i>	<i>Iceland</i>	<i>Sweden</i>
<i>67/100 AW</i>	51	56	22	26	18
<i>100/100 AW</i>	43	48	19	22	15

Table 8.7 Equivalent monthly disposable income after tax, payment for day care institution and rent when drawing social assistance (December), 2010

	Denmark ¹⁾	Faroe Islands	Finland	Iceland	Sweden
<i>Kroner/Euro</i>					
<i>Single provider with one child</i>	8 307	9 902	546	94 362	4 362
<i>Single childless person</i>	5 105	9 915	417	68 610	3 680
<i>Couple with two children</i>	6 886	10 131	592	67 882	4 981
<i>Childless couple</i>	9 687	13 910	473	78 158	4 033
<i>PPP-Euro</i>					
<i>Single provider with one child</i>	770	918	435	555	382
<i>Single childless person</i>	473	919	339	382	322
<i>Couple with two children</i>	638	939	472	399	436
<i>Childless couple</i>	898	1 289	377	459	353

1 The benefit is the same as to non-insured unemployed people but in this calculation rent has been included as an expense.

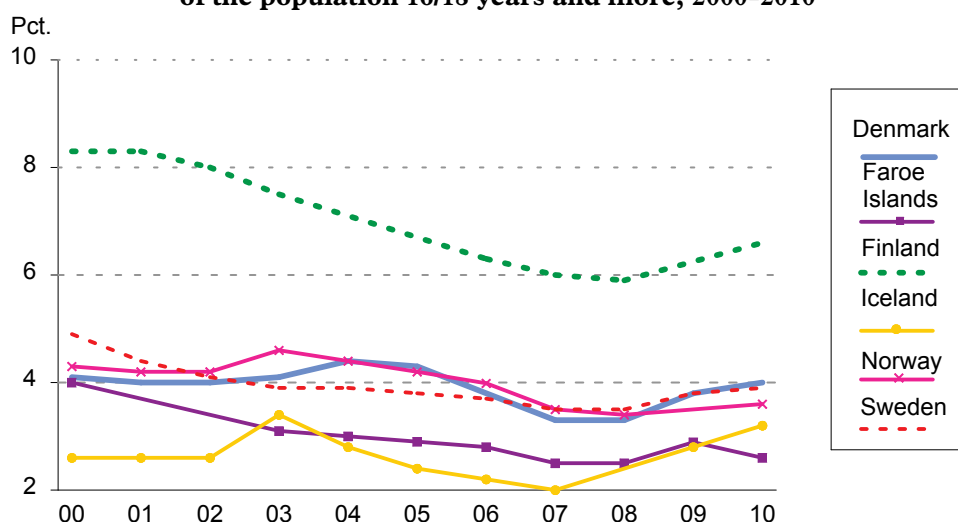
Table 8.8 Individuals receiving social assistance during the year, in thousands and as percentages of the population 16/18 years or over

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
	2010	2010	2009	2010	2009	2010
In thousands	172	1	280	8	136	294
As percentages of the population aged 16/18 years or over	4.0	2.6	6.6	3.2	3.6	3.9

Note: Calculations based on all people of 18 years or over. Children are not included. Married couples drawing social assistance but where the assistance is payable in the name of one of the spouses, count as two individuals. In Sweden and Iceland, children over 18 years living at home also count as assistance recipients. The Swedish figures include refugees.

OTHER SOCIAL BENEFITS

Figure 8.1 Recipients of social assistance during the year as percentages of the population 16/18 years and more, 2000-2010



See note for Table 8.6.

Table 8.9 Number of individuals 16/18 years or over receiving social assistance, in total and as percentages of the population at the time of census, 2000-2010

	Denmark	Faroe Islands	Finland	Iceland ¹⁾	Norway ²⁾	Sweden ³⁾
Total						
2000	..	430	147 824	1 841	63 732	..
2005	..	447	124 882	1 794	68 843	135 565
2009	79 859	414	136 210	2 223	58 197	158 435
2010	87 250	429	..	2 608	..	163 686
<i>As percentages of the population aged 16/18 years or over</i>						
2000	..	1.3	3.7	0.9	1.9	..
2005	..	1.3	3.0	0.8	1.9	1.9
2009	1.9	1.2	3.2	0.9	1.6	2.1
2010	2.0	1.2	..	1.1	..	2.2

1 Average number of individuals in households receiving social assistance per month.

2 As from 2003, data include recipients of introduction benefits and so cannot be directly compared with data from before 2003.

3 People from the age of 18 years in socially assisted households receiving assistance in November.

Table 8.10 Individuals receiving social assistance during the year, by age, in total and as percentages of their age groups

	Recipients		Recipients as percentages of the age group			
	Total	18-24 years	25-39 years	40-54 years	55-64 years	65+ years
<i>Denmark 2010</i>						
Recipients, total	172 158	10.9	6.2	3.8	1.4	0.2
New, total	.	.	.	.	.	.
<i>Faroe Islands 2010</i>						
Recipients, total	973	6.1	4.1	2.3	1.5	1.7
New, total	.	.	.	.	.	.
<i>Finland 2009</i>						
Recipients, total	279 662	14.2	8.8	7.1	4.3	1.5
New, total	94 592	6.2	2.9	2.0	1.2	0.7
<i>Iceland 2010</i>						
Recipients, total	7 515	7.0	4.5	2.3	1.2	0.5
New, total	4 336	4.4	2.5	1.3	0.7	0.3
<i>Norway 2009</i>						
Recipients, total	136 270	6.1	5.4	4.0	1.9	0.5
New, total	51 682	3.1	2.0	1.3	0.6	0.2
<i>Sweden 2010¹⁾</i>						
Recipients, total	293 161	8.9	5.6	4.1	2.3	0.6
New, total	84 466	2.9	1.5	1.0	0.6	0.3

1 Includes only people with complete personal identification number.

Table 8.11 Families receiving social assistance during the year as percentages of all families, by type of family

	Denmark	Finland	Iceland	Norway	Sweden
	2010	2009	2010	2009	2010
<i>Families by type (per cent)</i>					
Single men	11.4	13.9	14.9	7.5	9.8
- with children	44.0	16.3	15.9	6.3	8.5
- without children	9.9	13.9	14.9	7.6	9.9
Single women	8.4	10.2	11.2	6.3	11.1
- with children	24.2	25.3	20.0	14.4	23.7
- without children	5.0	8.3	6.9	4.5	8.2
Married/cohabiting couples	1.9	3.3	0.7	2.6	2.3
- with children	3.5	5.0	1.0	3.3	2.9
- without children	0.6	2.3	0.5	1.9	1.5
Alt	6.0	8.2	5.5	4.8	6.5
- with children	8.9	8.8	4.7	5.4	..
- without children	5.0	8.0	6.0	4.5	..

Note: Data from Sweden comprise only households where the registered person is between 18 and 64 years. The total number of households is an estimate.

Assistance to Refugees in the Nordic Countries

The five Nordic countries have all acceded to the Geneva Convention on the Right to Political Asylum/Refugee Status for people who, due to race, nationality, political views or special social affiliation, are persecuted in their home countries. Apart from the above, refugees may be granted residence permits in the Nordic countries on humanitarian grounds. People who are granted asylum may, in all the countries, be granted residence permits for their close relatives, the so-called reunification of families.

A common feature of the Nordic countries is that a social safety net has been established and that a number of measures for the integration of refugees received into the country have been implemented. The rules do, however, vary considerably from one country to another.

In Denmark, asylum seekers get board and lodging plus pocket money during their stay at an asylum centre. The local authorities handle the integration activities in respect of newly arrived refugees and other foreigners, who are offered a 3-year introduction programme that comprises courses in social knowledge, the Danish language and activation. Foreigners

who have come to Denmark before 1 July 2002 are awarded an introduction benefit corresponding to cash benefits. Foreigners, who have come to Denmark after 1 July 2002, and who do not comply with the requirement of having stayed in Denmark for at least seven out of the past eight years, are awarded a lower introduction benefit equalling the so-called start assistance. Central Government reimburses 75 per cent of the local authorities' expenditure on introduction benefits during the 3-year introduction programme and furthermore grants a number of supplements towards payment of the local authorities' expenditure.

The refugee policy in the Faroe Islands is a Danish matter. The Danish Aliens Act has been implemented in the Faroe Islands. The Danish Immigration Service is the highest responsible authority in this field and makes decisions concerning asylum and residence permits in the Faroe Islands. Decisions are, however, made in co-operation with the Faroese authorities. Such cases are very rare in the Faroe Islands, and until now years have passed between each application for asylum or residence permit on humanitarian grounds.

In Finland, asylum seekers must be accommodated in a refugee centre, and during the application process the vital needs of the applicants will be met, such as accommodation, social assistance and any health services needed. Besides, interpretation and legal aid may be provided in connection with the application procedure. Courses are also provided, and after three months, applicants are entitled to work outside of the centre. Asylum seekers may also try to find accommodation on their own, but then no payment is provided.

Asylum seekers receive 30 per cent less social assistance than people living in the country as they are provided with a number of services in the centre. Social assistance is exempt from tax. If a person is in need of language courses, the amount payable may be reduced by 20 per cent. Asylum seekers are not insured in case of illness and neither do they are entitled to child supplement or housing benefits. Central Government covers part of the local authorities' expenditure just as Central Government may reimburse some services, such as interpretation.

In Iceland, refugees are granted social assistance from the moment they are received into the country. Central Government pays the first 12 months of assistance.

In Norway, asylum seekers and refugees who have been received in a government reception centre are granted a maintenance allowance according to special rules applying to people staying at such centres. Asylum

seekers may also take a course in the Norwegian language for a maximum of 250 hours during their stay at the reception centre. For individuals, who have been denied asylum, the allowance will be reduced. Central Government covers the local authorities' average expenditure on refugees and people, who are staying in the country on humanitarian grounds, during the first five years of their stay. Social assistance to refugees is awarded according to the Act on Social Services and Benefits in the same way as to all other recipients of social assistance.

A scheme was introduced entitling and obliging newly arrived immigrants in need of basic qualifications to partake in an individually planned training programme. The programme must run for a year and must be full time. Participation entitles to a benefit of NOK 151 282 as at 1 May 2010. The benefit is taxable. The programme contains courses in Norwegian, civics and other measures preparing immigrants for taking on work later. As a supplement to the benefit, supplementary social assistance may be awarded according to current rules.

In Sweden, an act on establishment measures for part of the newly arrived immigrants was introduced in December 2010. The act applies to newcomers of working age as well as orphan newcomers of the age group 18-19 years. When a newcomer arrives, the municipal job centre must hold an establishment meeting with him/her that is to result in an establishment plan. Such a plan must run for no more than 24 months. The establishment plan must describe the activities in which the newcomer must participate in order to find employment as quickly as possible. At the job centre, newcomers are assisted by a so-called establishment contact, and it is up to the newcomers to choose such a person. During the drawing up of the establishment plan, establishment benefits are SEK 231 per day, five days a week. Benefits increase to SEK 308 when the newcomers participate in the activities stated in the plan.

The establishment benefit is payable by Central Government, and newcomers will be awarded the same benefit irrespective of where in the country they reside. In some cases, establishment benefits can be supplemented by further benefits. The amount of the establishment benefit is fixed by the job centre and paid by the social insurance fund, while supplementary benefits are fixed and payable by the Swedish Social Insurance Agency.

The local authorities are still reimbursed by Central Government as they still bear great responsibility for the setting up of newcomers. The local

authorities both get a basic benefit and a 'template' benefit. These benefits are to cover the expenditure on housing, civics and interpreting.

At present, most of the asylum seekers or refugees that are received into the Nordic countries are people arriving at the borders applying for asylum. The statistics include both people who arrived at the border of the country concerned and applied for asylum without being rejected and convention refugees.

Table 8.12 Number of refugees received, exclusive of reunified families, who have been granted residence permits in the Nordic countries, 2000-2010

	Denmark	Finland	Iceland	Norway	Sweden
2000	5 156	1 212	31	6 800	10 546
2005	1 147	1 501	2	3 997	7 332
2009	1 376	2 611	10	6 056	10 978
2010	2 124	3 207	10	6 872	12 241

Table 8.13 Number of asylum seekers, 2000-2010

	Denmark	Finland	Iceland	Norway	Sweden
2000	10 347	3 170	25	10 843	16 303
2005	1 283	3 574	87	5 402	17 530
2009	2 022	5 988	34	17 226	24 194
2010	2 844	4 018	44	10 064	31 819

Services

This section deals only with services that are not aimed at any particular sector, such as services offered to substance abusers. Such offers are provided both by the health care services and by the social assistance system.

In all the Nordic countries, there are also a number of services that are not specifically aimed at any of the previously mentioned target groups. These may include unspecified services provided by the social authorities, help in case of crises, family counselling, centres for battered women, re-establishment centres, shelters for the homeless and others with special social problems, who may be in need of temporary accommodation.

Treatment of Alcohol and Drug Abuse

Special institutions for abusers provide treatment of substance abusers. There are both institutions for alcohol abusers and institutions for drug addicts. Some of these are privately owned institutions that have agreements with the public authorities concerning cover of their running costs. In all the countries, part of the treatment is provided by the psychiatric treatment system.

In all five countries, outpatient treatment is also provided, and in some of the countries efforts are made to include families and social networks in the treatment.

In Denmark, Finland and Sweden, compulsory treatment may be initiated if an abuser is deemed to be a danger to him/herself or to people in his or her environment. In Norway, people may be compulsorily admitted to an institution for up to three months for examination and planning of treatment. Also pregnant abusers may be compulsorily admitted to an institution and kept there during the entire pregnancy, if the abuse is of such a nature that it is likely to harm the child, and that other measures may not be sufficient.

It is difficult to assess the number of abusers and the treatment of them, as treatment of abusers cannot be statistically separated from other somatic and psychiatric treatment.

Expenditure on and Financing of Other Social Benefits

The expenditure on other social benefits is largest in Norway followed by Denmark and smallest in the Faroe Islands in PPP per capita.

The relatively high expenditure in Denmark is a result of non-insured people not qualifying for unemployment benefits being awarded cash benefits. In Finland and Sweden, such individuals are awarded a cash labour market benefit that may be supplemented by social assistance if need be. A large part of the expenditure on social assistance in Finland and Sweden is supplementary benefits to unemployed individuals. Besides, the number of received refugees and asylum seekers that is received into the country also plays a part, as they in all the countries are awarded social assistance or some other income-substituting benefit. There are also some differences amongst the countries as to whether abusers are treated in special institutions or in the regular somatic and psychiatric treatment systems.

Differences and Similarities in the Expenditure on Other Social Benefits from 2008 to 2009

In Denmark the expenditure increased from 2008 to 2009 by DKK 1.1bn, corresponding to a growth rate of 7.9 per cent. The majority of the expenditure increase derived from cash benefits that increased by DKK 0.7bn as a result of the increasing unemployment rate.

In the Faroe Islands, the total expenditure increased from 2008 to 2009 by 9 per cent, corresponding to DKK 6m. There was in particular a minor increase in cash benefits of 8 per cent, corresponding to DKK 3m. This expenditure increase was a result of an increase in the expenditure on unemployment benefits to the part of the population that is outside of the unemployment benefit scheme.

In Finland, the expenditure on other social benefits increased by 17.1 per cent at constant prices. The expenditure on social assistance rose by 16.3 per cent as a result of the increasing unemployment rate.

In Iceland, the expenditure on other social benefits increased by 15.4 per cent at 2009 prices, and cash benefits increased by 20.9 per cent whereas services dropped by 10.3 per cent. The increase in cash benefits was entirely a result of a deterioration of the economy that made itself felt as a huge increase in the unemployment rate.

In Norway, the expenditure on other social benefits increased by 6.6 per cent at constant prices. The expenditure on cash benefits increased by 22.1 per cent, while the expenditure on services was reduced by 2.9 per cent. The expenditure on services made up 56 per cent of the total expenditure.

In Sweden, the expenditure on other social benefits increased by 11.1 per cent. Cash benefits increased by 15.5 per cent, and the expenditure on care increased by 6.4 per cent. Above all, the expenditure on social assistance and on institutions contributed to the increase.

OTHER SOCIAL BENEFITS

Table 8.14 Expenditure on and financing of other social benefits, 2009

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
	DKK	DKK	EUR	ISK	NOK	SEK
<i>Cash benefits, millions</i>						
A. Income-substituting/ supplementing benefits	8 815	45	598	3 901	6 565	
a. Of which social assistance	-	32	579	2 288	5 068	11 059
B. Other assistance	1 144		64	1 542	1 003	740
Cash benefits, total	9 959	45	662	5 442	7 568	11 799
<i>Services, millions</i>						
A. Institutions, etc.	910	4	140	-	1 724	3 051
B. Rehabilitation and treatment of abusers	1 246	11	181	890	4 508	5 101
C. Other	2 281	2	251	4 443	3 527	2 003
Services, total	4 438	17	572	5 333	9 759	10 155
Expenditure, total, millions	14 397	61	1 234	10 775	17 327	21 954
Expenditure as percentages of the GDP	0.9	0.5	0.7	0.7	0.7	0.7
<i>Financed by (per cent)</i>						
- Public authorities	99.3	100.0	97.1	84.9	96.8	100.0
- Employers	0.7	0.0	2.9	13.7	1.9	-
- The insured (contributions and special taxes)	-	0.0	-	1.4	1.3	-
<i>Changes 2008-2009 at 2009 prices</i>						
- Million	1.051	6	180	1.442	1.075	2.419
- Per cent	7.9	10.7	17.1	15.5	6.6	12.4

Table 8.15 Expenditure on other social benefits and services in PPP/capita, 2009

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Cash benefits, total	168	85	99	100	133	111
Services, total	75	32	85	98	172	95
Other social benefits, total	242	117	184	198	305	206

Chapter 9

Social Expenditure

Links to supplementary information:

[EUROSTAT - database](#)

[Typical cases](#)

[Social expenditure](#)

[OECD\(2009\), Society at a Glance 2009 - OECD Social Indicators](#)

Following a description of the social protection systems in the previous chapters, an overall description of the social expenditure is presented in this chapter. As mentioned in Appendix 1, the Nordic social expenditure statistics follow the calculation method used by EUROSTAT.

The Nordic countries' and the EU's expenditure on social affairs measured in relation to the Gross Domestic Product (GDP) and per capita as PPP-Euro, broken down by functions, is shown in the two following tables.

Table 9.1 Social expenditure as percentages of the GDP in the EU, the Faroe Islands, Iceland and Norway, 2008

Denmark	29.6	Austria	28.4	Greece	26.3	The Netherlands	28.5 ^p
Faroe Islands	26.8	Belgium	28.1	Hungary	22.9	Poland	18.6
Finland	26.2	Bulgaria	15.5	Ireland	22.0	Portugal	24.4
Iceland	22.0	The Czech Republic	18.5	Italy	27.8 ^p	Romania	14.3
Norway	22.5	Cyprus	^p	Latvia	16.1 ^p	Slovakia	16.0 ^p
Sweden	29.5 ^p	Estonia	14.9	Lithuania	16.1 ^p	Slovenia	21.4 ^p
		France	31.0 ^p	Luxembourg	20.3	Spain	22.1 ^p
		Germany	28.0 ^p	Malta	18.5	United Kingdom	26.3 ^p

^p Preliminary data

Note: The source is EUROSTAT: Database for Social Protection Expenditure and Receipts. As to the Faroe Islands, the source is the Ministry of Social Affairs.

SOCIAL EXPENDITURE

Table 9.2 Social expenditure per capita on social benefits and services broken down by main groups in the EU, the Faroe Islands, Iceland and Norway, 2008, PPP-Euro

	Families and children	Unemployment	Illness	Old age, disability and surviving relatives	Housing benefits	Other social benefits	Total
Denmark	1 146.8	421.8	2 026.6	4 664.1	213.3	228.3	8 700.8
Faroe Islands	1 435.7	124.8	1 728.5	3 074.0		110.0	6 473.0
Finland	868.7	532.7	2 004.5	3 790.5	123.7	167.6	7 487.6
Iceland	982.1	112.0	2 690.4	2 565.8	207.0	171.7	6 638.9
Norway	1 304.9	195.8	3 404.2	5 128.5	64.2	300.1	10 397.9
Sweden	916.8	262.9	2 305.6	5 037.3	140.7	187.6	8 850.7
Austria	878.0	436.7	2 220.5	4 835.1	35.0	97.4	8 492.6
Belgium	597.1	958.1	2 182.7	3 672.2	66.2	209.3	7 685.7
Bulgaria	139.4	37.1	472.3	918.2	0.4	36.8	1 604.3
The Czech Republic	292.6	129.2	1 017.1	1 971.5	12.0	30.8	3 653.3
Cyprus	494.5	193.5	1 067.5	2 129.6	196.4	264.4	4 345.9
Estonia	302.5	51.7	815.5	1 331.7	3.8	12.9	2 518.2
France	667.0	455.4	2 356.8	4 100.2	215.7	118.4	7 913.5
Germany	811.5	414.4	2 340.4	3 893.4	165.6	48.4	7 683.7
Greece	366.7	295.7	1 698.9	3 244.3	118.7	126.8	5 851.1
Hungary	462.0	133.7	906.4	1 983.3	115.4	23.0	3 623.7
Ireland	1 037.9	608.5	2 874.0	2 225.3	139.5	148.0	7 033.6
Italy	320.2	131.0	1 782.3	4 506.5	5.7	14.2	6 759.9
Latvia	197.6	72.6	521.9	936.4	24.4	16.05	1 769.0
Lithuania	292.2	61.4	719.2	1 338.8	0.2	30.6	2 442.4
Luxembourg	2 733.3	630.3	3 474.5	6 566.9	122.5	278.7	13 806.3
Malta	243.9	98.7	1 067.0	2 068.8	44.3	72.9	3 595.7
The Netherlands	598.5	346.7	2 955.5	4 400.5	121.9	600.0	9 023.0
Poland	103.8	50.1	630.5	1 765.2	9.1	22.1	2 580.8
Portugal	251.1	206.4	1 275.2	2 771.2	0.5	55.3	4 600.0
Romania	179.1	24.3	426.3	1 024.2	2.7	36.7	1 693.3
Slovakia	266.9	113.1	913.5	1 446.5		67.6	2 807.7
Slovenia	406.5	96.2	1 625.6	2 578.2	2.3	97.1	4 806.0
Spain	386.1	774.5	1 761.0	2 671.2	49.3	71.1	5 713.2
United Kingdom	484.9	167.8	2 199.3	3 352.5	353.7	50.9	6 609.2

Note: See Table 3.1.

The account of the social expenditure has been divided into four sections. First, an account is given of the social expenditure trends from 2000 to 2009; then the purposes of the social expenditure are described, followed by

the financing of the total social expenditure, and finally the significance of taxation in relation to the total social expenditure is shown.

Changes in the Social Expenditure, 2000-2009

The development in the social expenditure, in total and per capita, at current and at constant prices and in relation to the gross domestic product (GDP) and in purchasing power parities (PPP-Euro) since 2000, appears from the tables below. It should be noted that all the countries now use the ESA95/SNA-93 classification when calculating the GDP, which has resulted in corrections to the gross domestic products.

SOCIAL EXPENDITURE

Table 9.3 Social expenditure, total and per capita, 2000-2009

	Social expenditure		Social expenditure per capita		Social expenditure per capita aged 16-64 years	
	At current prices, million KR/EUR	At 2009 prices, million KR/EUR	At current prices, KR/EUR	At 2009 prices, KR/EUR	At current prices, KR/EUR	At 2009 prices, KR/EUR
<i>Denmark</i>						
2000	373 495	446 713	69 978	83 695	104 962	125 537
2005	467 251	507 435	86 273	93 693	130 478	141 700
2008	515 935	522 673	93 994	95 222	142 646	144 509
2009	553 838	553 838	100 489	100 489	155 784	155 784
<i>Faroe Islands</i>						
2003	2 447	2 821	51 060	58 876	80 670	93 018
2005	2 709	3 018	56 145	62 539	88 134	98 169
2008	3 370	3 333	69 678	68 930	111 792	110 591
2009	3 729	3 729	72 530	72 530	116 756	116 756
<i>Finland</i>						
2000	33 142	34 479	6 403	7 377	9 567	11 021
2005	42 001	43 696	8 006	8 670	12 003	12 999
2008	48 572	47 455	9 164	8 973	13 761	13 486
2009	52 427	52 427	9 820	9 820	15 057	15 057
<i>Iceland¹⁾</i>						
2000	131 390	227 372	467 324	808 709	717 535	1 241 702
2005	222 271	313 734	751 260	1 060 399	1 135 291	1 602 458
2008	325 606	364 596	1 019 574	1 141 664	1 504 197	1 684 319
2009	379 948	379 948	1 190 142	1 190 142	1 805 442	1 805 442
<i>Norway¹⁾</i>						
2000	360 341	382 032	80 237	95 549	123 766	147 385
2005	463 983	491 912	100 358	109 590	152 870	166 934
2008	564 725	576 336	118 435	120 870	178 746	182 421
2009	615 709	615 709	128 293	128 293	196 288	196 288
<i>Sweden</i>						
2000	674 658	696 148	76 043	87 409	118 252	135 928
2005	855 600	882 853	94 755	101 294	145 075	155 086
2008	943 302	940 662	101 990	101 705	155 415	154 980
2009	993 641	993 641	106 378	106 378	166 596	166 596

1 The dotted lines under Norway and Iceland show the breaks in the time series mentioned in Appendix 1.

Table 9.4 Social expenditure in relation to the GDP, 2000-2009

	GDP, million KR/EUR	Social expenditure as percentage of the GDP	Index for social expenditure in relation to the GDP (2000 = 100) ¹⁾
<i>Denmark</i>			
2000	1 293 964	28.9	100
2005	1 551 967	30.1	104
2008	1 737 448	29.7	103
2009	1 656 108	33.4	116
<i>Faroe Islands</i>			
2003	8 582	28.5	100
2005	10 039	27.0	95
2008	12 301	27.4	96
2009	12 100	29.2	103
<i>Finland</i>			
2000	132 272	25.1	100
2005	157 162	26.7	106
2008	184 179	26.4	105
2009	171 193	30.6	122
<i>Iceland</i>			
2000	683 748	19.2	100
2005	1 026 718	21.6	113
2008	1 477 647	22.0	111
2009	1 500 765	25.3	132
<i>Norway</i>			
2000	1 510 866	23.8	100
2005	2 154 573	21.5	90
2008	2 543 188	22.2	93
2009	2 380 851	25.9	109
<i>Sweden</i>			
2000	2 196 764	30.7	100
2005	2 670 547	32.0	104
2008	3 213 065	29.4	96
2009	3 089 181	32.2	105

1 As to the Faroe Islands, 2000 = 2003.

Table 9.5 Social expenditure per capita, 2000-2009 (PPP-Euro at 2009 prices)

	Denmark	Faroe Islands ¹⁾	Finland	Iceland	Norway	Sweden
2000	7 885	5 747 ¹⁾	5 864	5 011	8 197	7 906
2005	8 827	6 105	6 893	6,573	9 401	9 162
2008	9 047	6 623	7 468	6,912	10 502	9 387
2009	9 315	6 723	7 832	6 996	10 826	9 306

1 As to the Faroe Islands, 2000 = 2003.

Social Expenditure by Type and Purpose

The social expenditure is broken down by type into cash benefits and services. In the distribution of the benefits according to purpose, the division is made in respect of the social needs or risks the benefit is primarily aimed at relieving. The distribution of the social expenditure according to the purpose of the benefit is rather stable in the individual country. New legislation and changes in the social patterns have, however, given rise to shifts in the distribution. The comparison of the countries shows some differences in the distribution of the social expenditure according to purpose. The main reason for this is to some extent differences in the countries' priority of benefits for various purposes.

Table 9.6 Social expenditure as percentages by main groups, 2000-2009

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>2000</i>						
Families and children	13.1	..	12.5	11.7	12.8	9.8
Unemployment	10.5	..	10.4	1.3	2.7	6.5
Illness	20.2	..	23.8	39.2	34.3	27.4
Old age	38.0	..	31.8	28.5	29.6	37.3
Disability	12.0	..	13.9	13.9	16.4	12.2
Surviving relatives	-		4.0	2.6	1.2	2.2
Housing benefits	2.4	..	1.5	0.7	0.5	2.1
Other social benefits	3.7	..	2.1	2.1	2.6	2.4
Total	100.0	..	100.0	100.0	100.0	100.0
<i>2005</i>						
Families and children	12.9	19.0	11.6	13.9	12.1	9.8
Unemployment	8.6	4.5	9.3	1.8	2.7	6.2
Illness	20.7	28.0	25.9	34.8	32.2	24.3
Old age	37.5	29.8	33.7	28.6	29.5	38.3
Disability	14.4	15.8	12.9	15.1	19.1	15.4
Surviving relatives	-	0.5	3.6	2.6	1.2	2.2
Housing benefits	2.4	.	1.1	1.0	0.6	1.8
Other social benefits	3.4	2.5	2.0	2.3	2.6	2.0
Total	100.0	100.0	100.0	100.0	100.0	100.0
<i>2008</i>						
Families and children	13.2	22.2	11.5	13.4	12.6	10.4
Unemployment	4.8	1.9	7.1	1.7	1.9	3.0
Illness	23.3	26.7	26.9	40.5	32.7	26.0
Old age	38.4	31.2	34.6	22.3	30.6	39.9
Disability	15.2	15.6	12.6	14.0	17.6	15.1
Surviving relatives	-	0.7	3.4	2.3	1.2	1.9
Housing benefits	2.5	.	1.7	3.1	0.6	1.6
Other social benefits	2.6	1.7	2.2	2.6	2.9	2.1
Total	100.0	100.0	100.0	100.0	100.0	100.0
<i>2009</i>						
Families and children	12.9	21.5	11.2	12.6	12.6	10.2
Unemployment	6.6	5.1	8.1	6.8	2.8	4.1
Illness	23.3	25.7	25.7	36.0	32.8	25.4
Old age	37.1	30.2	35.3	21.2	30.1	40.2
Disability	15.1	15.1	12.3	14.1	17.2	14.4
Surviving relatives	-	0.7	3.3	2.4	1.1	1.9
Housing benefits	2.3	.	1.7	3.9	0.6	1.5
Other social benefits	2.7	1.8	2.4	2.9	2.9	2.2
Total	100.0	100.0	100.0	100.0	100.0	100.0

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Table 9.7 Social expenditure by type and purpose, as percentages of the GDP, 2009

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Families and children</i>						
Cash benefits	1.6	2.9	1.7	1.6	1.4	1.6
Services	2.6	3.3	1.6	1.6	1.8	1.6
Total	4.2	6.1	3.3	3.2	3.2	3.2
<i>Unemployment</i>						
Cash benefits	2.1	1.4	2.2	1.7	0.5	1.1
Services	0.1	0.0	0.3	0.0	0.2	0.2
Total	2.1	1.5	2.4	1.7	0.7	1.3
<i>Illness</i>						
Cash benefits	1.2	0.5	1.3	1.4	2.9	1.2
Services	6.4	6.8	6.3	7.6	5.4	6.8
Total	7.6	7.3	7.6	9.0	8.3	8.0
<i>Old age</i>						
Cash benefits	10.0	5.8	9.3	4.9	5.6	10.2
Services	2.1	2.8	1.2	0.5	2.0	2.5
Total	12.1	8.6	10.5	5.3	7.6	12.7
<i>Disability</i>						
Cash benefits	3.4	1.9	2.5	2.8	3.8	2.4
Services	1.6	2.4	1.1	0.8	0.6	2.2
Total	4.9	4.3	3.6	3.5	4.3	4.6
<i>Surviving relatives</i>						
Cash benefits	0.0	0.2	1.0	0.6	0.3	0.6
Services	0.0	0.0	0.0	0.0	0.0	0.0
Total	0.0	0.2	1.0	0.6	0.3	0.6
<i>Housing Benefits</i>						
Services	0.8	0.0	0.5	1.0	0.2	0.5
Total	0.8	0.0	0.5	1.0	0.2	0.5
<i>Other Social Benefits</i>						
Cash benefits	0.6	0.4	0.4	0.4	0.3	0.4
Services	0.3	0.1	0.3	0.4	0.4	0.3
Total	0.9	0.5	0.7	0.7	0.7	0.7
<i>Cash benefits, total</i>	18.8	13.2	18.4	13.3	14.7	17.4
<i>Services, total</i>	13.7	15.4	11.4	11.8	10.6	14.2
<i>Social expenditure, total¹⁾</i>	32.5	28.5	29.7	25.1	25.3	31.6

1 The total social expenditure is in this table shown without administration costs.

Table 9.8 Social expenditure, as percentages by type and purpose, 2009

	Denmark	Faroe Is- lands	Finland	Iceland	Norway	Sweden
<i>Families and children</i>						
Cash benefits	39	47	51	50	44	49
Services	61	53	49	50	56	51
Total	100	100	100	100	100	100
<i>Unemployment</i>						
Cash benefits	96	99	89	98	65	84
Services	4	1	11	2	35	16
Total	100	100	100	100	100	100
<i>Illness</i>						
Cash benefits	15	7	17	16	35	15
Services	85	93	83	84	65	85
Total	100	100	100	100	100	100
<i>Old age</i>						
Cash benefits	83	68	89	91	73	80
Services	17	32	11	9	27	20
Total	100	100	100	100	100	100
<i>Disability</i>						
Cash benefits	68	45	70	79	87	52
Services	32	55	30	21	13	48
Total	100	100	100	100	100	100
<i>Surviving relatives</i>						
Cash benefits	1	100	100	100	98	100
Services	99	-	-	-	2	-
Total	100	100	100	100	100	100
<i>Housing Benefits</i>						
Services	100	.	100	100	100	100
Total	100	.	100	100	100	100
<i>Other Social Benefits</i>						
Cash benefits	69	73	54	51	44	54
Services	31	27	46	49	56	46
Total	100	100	100	100	100	100
<i>Cash benefits, total</i>	58	46	62	53	58	55
<i>Services, total</i>	42	54	38	47	42	45
<i>Social expenditure, total</i>	100	100	100	100	100	100

Financing of the Social Expenditure

In order to illustrate the financing of the social expenditure in the Nordic statistics, the direct financing of services and benefits and the current contributions paid into social funds are included. Contrary to previously, interest and other capital gains are now included in the social expenditure statistics. Interest and capital gains are mainly found in the funds established to guarantee pension payments, but also in other social-insurance schemes. This will be further dealt with in the following section.

Distribution of Current Contributions by Sources of Financing

Current contributions to the financing of the social expenditure are, in the Nordic statistics, broken down by the sources contributing to the individual benefits, i.e. public authorities and employers, contributions and special taxes payable by the insured as well as interest and capital gains (other financing). As mentioned in Appendix 1, social expenditure is listed as net amounts, which means that investments, etc., and user charges payable by the citizens for social services have not been included.

There are many similarities in the financing of the social security systems in the Nordic countries but also major differences.

Cash benefits that are income-related are in Finland and Sweden financed by employer and employee duties, but the basic insurance scheme is financed by way of government expenditure.

Local authorities play the most important part when it comes to financing of services. Even in this case, Central Government plays a significant part through the general non-earmarked government grants.

The public authorities' (Central Government, regions, counties and local authorities) direct financing of the social cash benefits vary from around 81.7 per cent in the Faroe Islands to around 17 per cent in Sweden. Both in Finland and Sweden, the largest contributors to the social cash benefits are the employers, whereas the insured's contributions and special taxes make up the largest part in Denmark, while the public authorities' direct financing of services vary from 99.9 per cent in the Faroe Islands to 88.5 per cent in Sweden (cf. Table 9.10).

In Denmark, Finland and Sweden, the regions are responsible for the hospital sector. In the Faroe Islands, Norway and Iceland, Central Government is responsible for the hospital sector. In most Nordic countries, the local authorities are responsible on a daily basis for services such as child

minding, child and youth welfare, health care and nursing and care for the elderly and the disabled.

In Denmark, the local authorities are responsible for the administration of cash benefits, while the responsibility in the other countries rests with the insurance institutions or is a matter for Government authorities.

All the Nordic countries have high ambitions as regards the social sector, which entails that the financing comprises very large amounts with both large macro-economic and budgetary significance.

The fiscal quotas, i.e. the sum of the direct and the indirect taxes as a proportion of the GDP, are in general high and among the highest in the world.

In spite of the many common traits, there are, however, considerable differences.

It should be mentioned that Finland and Sweden to a higher degree than the other countries rely on employer duties for the financing of the social cash benefits. More than half of the cash benefits are in those two countries financed by duties payable by employers. The share payable by the employees is highest in Denmark. The local-authority financing of the cash benefits is in general limited. It is highest in Denmark, where Central Government does not fully reimburse the local authorities their expenditure on cash benefits.

In respect of the financing of social services, the most significant difference is the distribution of the burden between Central Government and the local authorities. This reflects the government grants' importance to the financing and the extent to which the grants are general or earmarked. In Denmark and Sweden, where the grants are mainly general, the local authorities finance the majority of the expenditure on services. In Finland, which has a high proportion of grants distributed on sectors, Central Government's share of the financing is considerably higher.

The distribution of current contributions to the financing of the social expenditure during the years 2000-2009 is shown in Figure 9.1. Other financing consists for the most part of yields from the pension funds.

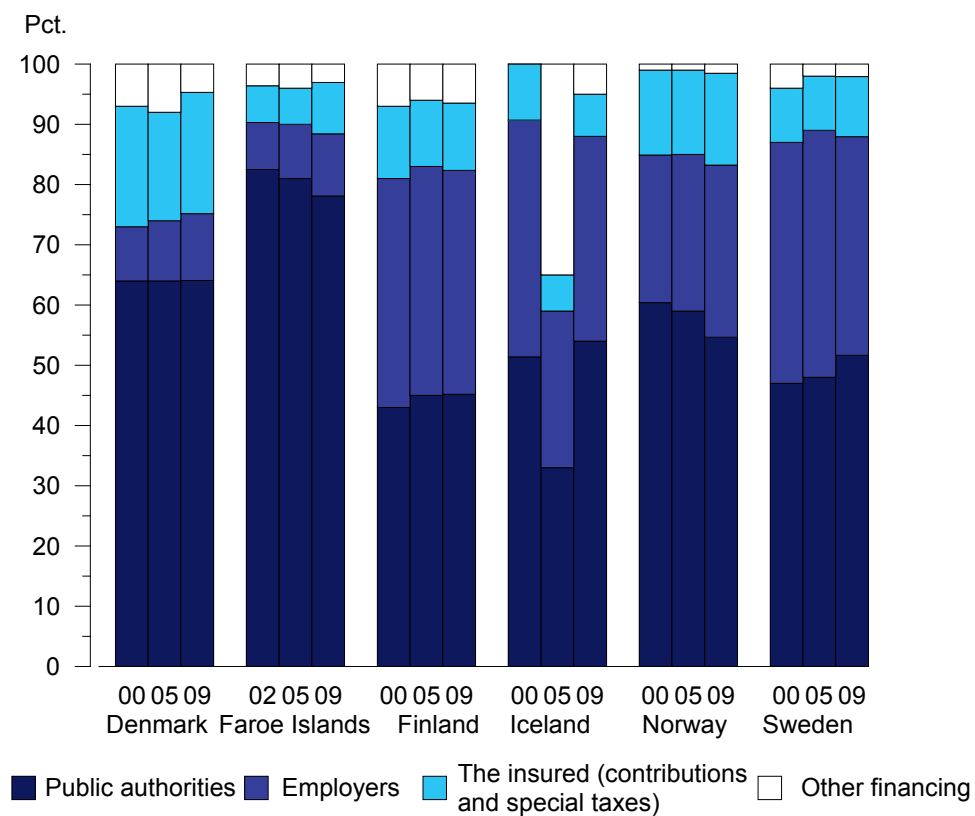
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Table 9.9 **Current contributions to the financing of the social expenditure, as percentages broken down by public authorities, employers, the insured's contributions and other financing, 2000-2009**

	Public authorities, total	Employers	The insured's contributions and special taxes	Other financing	Total
<i>Denmark</i>					
2000	64	9	20	7	100
2005	63	10	18	8	100
2008	62	11	21	6	100
2009	64	11	20	5	100
<i>Faroe Islands</i>					
2002	82	8	6	4	100
2005	81	9	6	4	100
2008	78	10	9	3	100
2009	79	10	8	2	100
<i>Finland</i>					
2000	43	38	12	7	100
2005	44	38	11	6	100
2008	44	38	11	7	100
2009	45	37	11	6	100
<i>Iceland</i>					
2000	51	39	9	-	100
2005	33	26	6	35	100
2008	49	32	7	11	100
2009	54	34	7	5	100
<i>Norway¹⁾</i>					
2000	60	24	14	1	100
2005	58	26	14	1	100
2008	54	29	16	2	100
2009	55	29	15	2	100
<i>Sweden</i>					
2000	47	40	9	4	100
2005	48	41	9	2	100
2008	49	38	10	3	100
2009	52	36	10	2	100

1 The method used for the calculation of the social expenditure has been altered, so data from before 2002 are not completely comparable with data from 2002 and later.

Figure 9.1 Current contributions to the financing of the social expenditure, 2000, 2005 and 2009



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Table 9.10 Financing of the social expenditure, as percentages, 2009

	Public authorities, total	<i>Of whom Central Government</i>	Employers (contribu- tions)	The insured (contributions and special taxes)	Other financing	Total
<i>Denmark</i>						
Cash benefits, total	45.4	32.3	19.8	34.7	-	100
Services, total	99.6	8.1	-	0.4	-	100
<i>Faroe Islands</i>						
Cash benefits, total	63.3	62.4	19.5	17.2	-	100
Services, total	94.8	74.2	-	-	5.2	100
<i>Finland</i>						
Cash benefits, total	23.5	21.3	61.6	14.9	-	100
Services, total	89.9	41.8	3.6	6.5	-	100
<i>Iceland</i>						
Cash benefits, total	21.4	19.3	58.5	11.8	8.2	100
Services, total	99.2	79.1	0.7	-	0.1	100
<i>Norway</i>						
Cash benefits, total	26.7	24.8	46.7	24.4	2.2	100
Services, total	91.6	43.6	4.7	3.3	0.4	100
<i>Sweden</i>						
Cash benefits, total	17.0	15.3	62.0	17.3	3.6	100
Services, total	88.5	15.5	11.2	0.3	-	100

Block Grants and Government Reimbursement to Local and County Authorities

In the Nordic countries, the local authorities are responsible for the administration of part of the social services and benefits.

Local, regional and county authorities receive block grants and/or reimbursements from Central Government. A block grant may be given as a general contribution or may be earmarked for specific purposes and may, for instance, be calculated on the basis of the number of inhabitants and their age distribution or according to the tax base in the individual municipalities.

Government reimbursement may be laid down by law as percentages of the municipal expenditure or as fixed amounts. Government reimbursement may also be calculated as the difference between expenditure and contributions from other sources, including municipal contributions.

In Denmark, local authorities administer the main part of the social cash benefits and meet the costs of those benefits in the first instance. The costs are subsequently reimbursed, fully or partly, by Central Government. In the other Nordic countries, social benefits are mainly administered by government or other central bodies.

Funds for Pension Purposes

The contributions financing the social expenditure are normally spent on current payments in the course of the year, but are, especially in relation to pensions, also used for the establishment of funds.

The purpose of the funds may be to guarantee that means are available for future payments (premium reserve systems). Establishment of funds may also occur in distribution systems (where the costs should, in principle, be covered by the contributions of the current year) so as to create a buffer to reduce variations in incoming and outgoing payments over time.

In Norway, social expenditure, including expenditure on employment pensions, is currently financed by way of the public budget, and consequently the expenditure is excluded from Table 9.11. The Social Security Fund is an independent, public fund and does not contribute directly to the financing of the running costs of the social security service.

Table 9.11 Size of funds for pension purposes, December 2009. Billion KR/EUR

	Basic pension/ Guaranteed mini- mum pension	Supplementary pension/ employment pension	Supplementary pen- sion
<i>Denmark¹⁾</i>	..	758	529
<i>Finland</i>	0.1	137	12
<i>Iceland</i>	.	1 775	.
<i>Sweden²⁾</i>	.	845	.

1 Supplementary pension includes ATP and the special pension-savings scheme, but not the Employees' Capital Pension Fund.

2 Comprises only the AP funds.

Taxation Rules and the Impact of Taxation on the Social Expenditure

Social cash benefits may be either exempt from tax or subject to tax. In all the countries, it is of great importance whether a benefit is tax-free or taxable, as the level of taxation is relatively high. The proportion of the taxable cash benefits of the total cash benefit amount has increased in recent years in all five countries. There are, however, considerable differences from one country to another. The largest tax-free cash benefits are granted to families and children. Other social benefits (social assistance) are subject to tax in Denmark and Iceland, but not in the other Nordic countries. According to the ESSPROS specification, housing benefits count as services.

In order to evaluate the significance of such differences, both the OECD and EUROSTAT have developed various methods to calculate the net social expenditure.

In the OECD calculations of the net social expenditure, both direct and indirect taxes have been deducted from the social expenditure. Similarly, the calculated values of the tax relief granted on social grounds have been added. In order to avoid double taxation, tax relief that is granted in connection with lower taxation and has consequently already been calculated, has not been included.

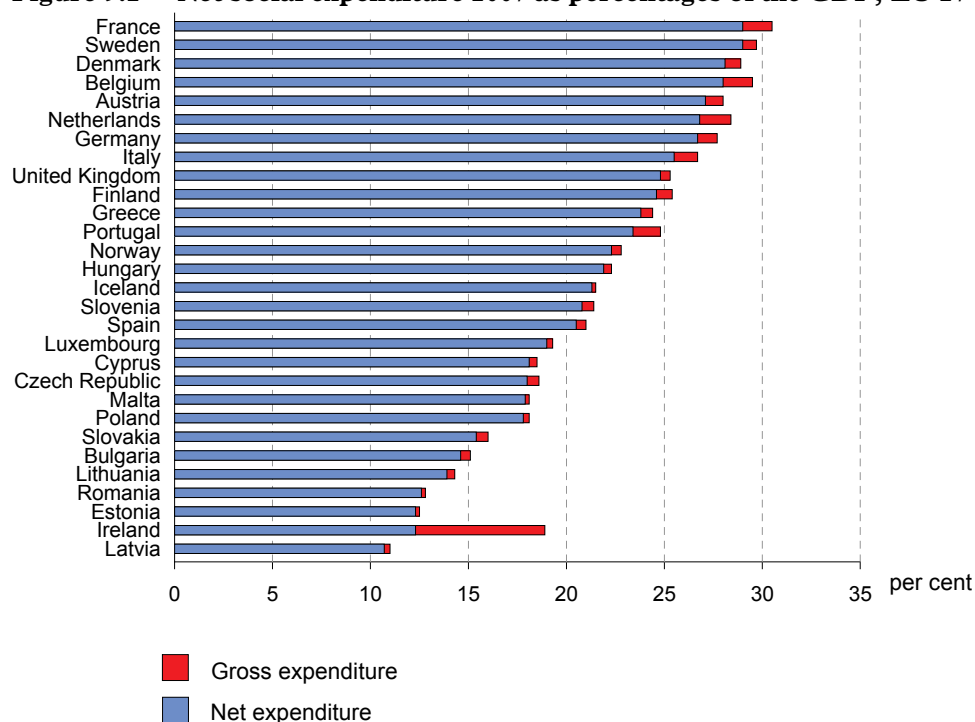
Several methodological and practical questions still remain in connection with the net social expenditure calculations.

The EU calculations are based on the social expenditure less direct taxes, cf. Figure 9.2. Indirect taxes are not included in the calculations. From the

Figure, it appears that France has the highest social expenditure, followed by Sweden, and that Latvia has the lowest.

In all the European countries, the net social expenditure is smaller than in the traditional statement of the social expenditure. There are, however, considerable differences from one European country to another.

Figure 9.2 Net social expenditure 2007 as percentages of the GDP, EU 27



Source: Eurostat.

In Table 9.12, the tax percentages, including the social expenditure for a single childless person with an average wage earner's pay (AW100) were included. The data were taken from typical cases 0 and 1 to 6 (cf. Appendix 1).

As to maternity benefits, the data apply to a single parent with no other children than the newborn.

The Table illustrates the taxation differences amongst the various countries, both as to wages/salaries and to social benefits. Iceland, being the country with the lowest taxation on earned income, imposes practically no tax on social services. Also in the other countries, taxation on several of the

benefits is much lower and especially so on pensions. The table does not provide an in-depth explanation of the significance of taxation to the social benefits but contributes to illustrating the impact thereof.

The majority of the social cash benefits are taxable in the Nordic countries.

In several other OECD countries, a large part of the cash benefits is not subject to tax, or there are favourable tax rules concerning this type of income. Consequently, the tax system compensates in this way for low social cash benefits.

In several countries, tax relief instead of direct cash benefits is granted on social grounds. Tax relief for children will for example equal child supplements.

In the Nordic countries, very little tax relief is granted on social grounds.

In addition to the direct taxation, recipients of social cash benefits also pay indirect tax on their consumption, and there are substantial differences from one country to another. The traditional way of illustrating the social expenditure does not allow for such differences of taxation.

Table 9.12 Tax percentages and social rates and dues payable on wages/salaries, per month, for a single childless AW, 2009

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
	DKK	DKK	EUR	ISK	NOK	SEK
Salaries, before tax	30 925	25 067	3 246	362 757	38 063	30 946
Salaries, after tax	19 154	14 384	2 285	256 402	27 118	22 898
Tax on salaries, in per cent	27	38	22	25	21	18
Maternity benefits, before tax	16 293	25 000	2 265	160 000	37 361	24 014
Maternity benefits, after tax	10 977	14 355	1 690	137 554	27 654	16 537
Tax on maternity benefits, in per cent	26	38	24	10	18	23
Unemployment benefits, before tax	16 293	20 000	1 602	199 667	23 313	14 563
Unemployment benefits, after tax	10 952	12 176	1 249	191 437	17 651	10 589
Tax on unemployment benefits, in per cent	26	35	20	3	16	20
Sickness benefits, before tax	16 293	16 747	2 075	.	37 361	20 505
Sickness benefits, after tax	10 952	10 433	1 573	.	26 669	14 255
Tax on sickness benefits, in per cent	26	33	23	.	21	22
Retirement pension, before tax	15 453	10 538	1 866	188 634	20 163	17 546
Retirement pension, after tax	11 129	9 331	1 480	183 183	17 078	12 628
Tax on retirement pension, in per cent	28	9	13	-	13	25
Disability pension, before tax	18 524	14 935	1 591	.	19 706	16 960
Disability pension, after tax	12 998	12 745	1 308	.	16 872	12 246
Tax on disability pension, in per cent	29	13	16	.	12	28
Social benefits, non insured, before tax	10 322	9 915	863	143 540	5 197	8 146
Social benefits, non-insured, after tax	8 120	9 915	863	143 540	5 197	8 146
Tax on social benefits, non-insured, in per cent	21	.	.	.	.	.

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Table 9.13 Taxation of cash benefits, 2009

		Social expenditure, million KR/EUR	Of which cash benefits, million KR/EUR	Cash benefits exempt from tax, as percentage of all cash benefits	Cash benefits subject to tax, as percentage of all cash benefits
		1.	2.	3.	4.
<i>Denmark</i>					
I	Families and children	69 576	27 130	63	37
II	Unemployment	35 533	34 051	7	93
III	Illness	125 376	19 155	1	99
IV	Old age	200 104	165 805	1	99
V	Disability	81 386	55 523	4	96
VI	Surviving relatives	135	1	-	100
VII	Housing benefits	12 433	-	.	.
VIII	Other social benefits	14 397	9 959	5	95
IX	Administration	14 898	-	.	.
Total I-IX		553 838	311 623	8	92
<i>Finland</i>					
I	Families and children	5 687	2 894	53	47
II	Unemployment	4 147	3 698	-	100
III	Illness	13 078	2 243	-	100
IV	Old age	17 989	15 946	-	100
V	Disability	6 244	4 345	10	90
VI	Surviving relatives	1 666	1 661	2	98
VII	Housing benefits	852	.	.	.
VIII	Other social benefits	1 234	662	94	6
IX	Administration	1 530	.	.	.
Total I-IX		52 427	31 449	9	91
<i>Iceland</i>					
I	Families and children	47 527	23 644	48.2	51.8
II	Unemployment	25 693	25 124	1.1	98.9
III	Illness	135 447	21 573	0.4	99.6
IV	Old age	79 831	72 797	0.0	100.0
V	Disability	53 144	41 821	5.4	94.6
VI	Surviving relatives	9 130	9 130	2.5	97.5
VII	Housing benefits	14 627	14 627	82.3	17.7
VIII	Other social benefits	10 775	5 442	0.0	100.0
IX	Administration	3 774	-	.	.
Total I-IX		379 948	214 159	12.3	87.7

... To be continued

Table 9.13 ...continued

	Social expenditure, million KR/EUR	Of which cash benefits, million KR/EUR	Cash benefits exempt from tax, as percentage of all cash benefits	Cash benefits subject to tax, as percentage of all cash benefits
	1	2	3	4
<i>Norway</i>				
I Families and children	75 723	33 546	50.7	49
II Unemployment	17 079	11 149	-	100
III Illness	197 345	69 189	-	100
IV Old age	181 197	132 827	-	100
V Disability	103 404	89 690	3.8	96
VI Surviving relatives	6 727	6 579	0.1	100
VII Housing benefits	3 659	-		
VIII Other social benefits	17 328	7 568	67.0	33
IX Administration	11 817	-	.	.
Interests	1 428	.	.	.
Total I -IX	615 707	350 548	7	93
<i>Sweden</i>				
I Families and children	99 586	48 950	52.0	48
II Unemployment	40 322	33 748	-	100
III Illness	247 843	36 865	-	100
IV Old age	392 512	314 036	0.2	100
V Disability	140 730	73 084	1.7	98
VI Surviving relatives	18 077	18 077	-	100
VII Housing benefits	14 746	-	.	.
VIII Other social benefits	21 954	11 799	100	-
IX Administration	17 871	-	.	.
Total I-IX	993 641	536 559	7.3	92.7

Table 9.14 Taxable and non-taxable cash benefits, total and as a ratio of the GDP, 2000-2009¹⁾

	Non-taxable cash benefits			Taxable cash benefits		
	Total, million KR/EUR	As percentages of the GDP	As percentages of all cash benefits	Total, million KR/EUR	As percentages of the GDP	As percentages of all cash benefits
<i>2000</i>						
Denmark	23 737	2	11	199 950	15	89
Finland	2 601	2	12	18 599	14	88
Iceland	5 672	1	9	57 501	9	91
Norway	23 736	2	12	178 615	13	88
Sweden	32 695	2	8	352 586	16	92
<i>2005</i>						
Denmark	25 970	2	9	250 079	16	91
Finland	2 730	2	11	23 001	15	89
Iceland	8 719	1	8	99 440	10	92
Norway	26 444	1	10	243 125	13	90
Sweden	34 379	1	7	455 309	17	93
<i>2008</i>						
Denmark	23 003	..	8	267 005	..	92
Finland	2 563	1	9	25 971	14	91
Iceland	20 426	1	12	149 506	10	88
Norway	27 942	1	9	288 976	11	91
Sweden	37 364	1	7	466 817	15	93
<i>2009</i>						
Denmark	23 476	..	8	288 147	..	92
Finland	2 683	2	9	28 765	17	91
Iceland	26 293	2	12	187 866	13	88
Norway	25 549	1	7	324 999	14	93
Sweden	39 128	1	7	497 431	16	93

1 Data concerning Norway from before and after 2001 are not comparable.

Appendix 1

Method

The present report employs the structure and definitions used in the ESSPROS¹ nomenclature. The overall definition in *Social Protection in the Nordic Countries* was, however, previously almost identical to that used by EUROSTAT.

Definitions

Both in the previous issues of *Social Protection in the Nordic Countries* and in the ESSPROS, statistics primarily include all public transfer incomes and service measures aimed at insuring citizens in certain specific situations as well as against the consequences of certain types of life events. Also included are schemes that are compulsory for large groups of people as a result of collective or other kinds of agreements.

The statistics concern current running costs. As a rule, investment spending and tax reductions are not taken into account.

Financing

Incoming funds or contributions to the financing of the social expenditure are broken down by means deriving from the public authorities, employers and insured individuals or households. The incoming funds are used for current payments in the course of the year and in some cases for the establishment of funds to ensure future payments. According to need and rules, such funds may also cover current payments.

Yield on funds by way of income from interest and property is primarily found in relation to pensions. Where transfers to funds are made, and where means from funds have been used towards the financing of the current social expenditure, these will be listed by net amounts in the expenditure statistics.

¹ ESSPROS = European System of Integrated Social PROtection Statistics.

Benefits from public authorities payable only to their own employees are regarded as benefits payable by an employer. Certain benefits payable by employers to their employees, such as sickness benefits payable for part of a period of illness, are regarded as being financed by the employer, even though such benefits in other connections will be regarded as part of an employee's salary.

Charges payable by citizens (user charges) for social services have not been included in the social expenditure tables. Yield on real property is included as part of the financing according to the ESSPROS method of calculation.

Specifications

Specifications of the individual expenditure entries can be seen [here](#).

Administration Costs

The present report lists administration costs as one single entry. In principle, only expenditure on the direct administration of the social expenditure is listed. It is, however, not always possible to separate administration costs from other payroll or running costs.

Calculation of Fixed Prices

The consumer price index from the [Nordic Statistic Yearbook](#) was used for the conversion into fixed prices.

Typical Cases

The calculations made in connection with typical cases aim at making the country-specific data as comparable as possible amongst the countries.

The calculations reflect the income levels for people receiving transfer incomes - typical cases I-VII - compared with a situation with incomes from work - typical case 0 - in the Nordic countries. On this basis, the compensation levels are calculated for different income levels from 67 per cent up to 150 per cent of the wages of an average wage earner (the so-called AW-wages; see below).

A special workgroup was set up to be in charge of and responsible for the calculations used in the typical cases and the income distribution.

The calculations of the typical cases which form the basis for tables and figures regarding compensation in the event of lapse of income are currently revised as regards the number of family types. In return, the calculation basis has remained unaltered in relation to the revision in 1998.

When calculating disposable incomes, both housing benefits and payment for day care of children have been taken into consideration. Since the amount of both housing benefits and payment for day care institutions depend on the household income, this plays a significant part as to compensation in connection with the social events in the calculations of the typical cases.

In the typical case concerning social assistance, the disposable income is also assessed after payment of rent.

Since 2004, the OECD has used the wages of an Average Wage Earner (AW), as the development in most of the OECD countries has entailed that the wages of an APW are no longer the best basis for comparative studies.

On the NOSOSCO homepage, there are compensation calculations for 2004 for both an AW and an APW.

The calculations must be made on as recent a set of rules and legislative basis as possible, for which reason the code of practise applying in 2010 was used. The OECD AW exists for 2009 only, and so the countries have updated the OECD 2009 AW to 2010 prices by using the national wage indexes, cf. the table below:

Construction of an AW for 2010

		AW 2009	Wage index 2010	AW 2010
Denmark	DKK	367 100	1.021	374 809
Faroe Islands	DKK	290 241	1.036	303 808
Finland	EURO	37 965	1.026	38 946
Iceland	ISK	4 209 404	1.034	4 353 083
Norway	NOK	438 000	1.039	455 000
Sweden	SEK	362 291	1.025	371 348

The most important factors in the calculations of typical cases are described below:

Employer's Costs

In order better to illustrate the overall taxation in the Nordic countries in terms of income tax and social contributions, employer costs, i.e. gross wages plus statutory social contributions, have been included. (The person concerned is assumed to work in the private sector). Consequently, two accounts of the net income (i.e. gross wages less income tax and social contributions payable by the employee) as to "gross income" were prepared: net income in relation to employer costs and net income in relation to gross wages. Employer contributions for Norway correspond to those payable in Oslo.

As a supplement, the net income after payment of rent has also been included in order to calculate the typical case concerning social assistance.

In respect of Denmark, employers' statutory social contributions cannot be calculated. It is, however, estimated that for an employee with a salary corresponding to that of an AW, the contributions constitute about 1.5 per cent of the salary. This estimate is only used in typical case 0 for single people earning wages corresponding to that of an AW. In the calculation of the lowest AW values, social assistance has not been included, even though people with such an income would be entitled to it.

Tax Payment

Average national rates of taxation have been used, i.e. the average municipal rates of taxation including the average church tax percentages as well as the state tax.

Gross Income

The gross income is the income from work and excludes, for instance, child allowance and housing benefit.

Disposable Income

The disposable income is calculated as gross income plus child allowance and housing benefit less income tax, social security contributions payable by employees and charges payable for day care institutions. In the case of Denmark, Finland and Sweden, the social security contributions payable by employees include contributions to the voluntary unemployment insurance scheme by way of membership fees to the unemployment funds. Union contributions have, however, not been included in the calculations.

Disposable incomes are calculated on a yearly basis, both for employees in work and for those receiving various social benefits. The calculations are based on the assumption that the people in question receive the social benefits throughout the year, even if this in some cases is not possible (e.g. maternity benefit). The listed incomes per month are the annual amounts divided by 12.

Equivalent Disposable Income

To make the disposable income comparable among households of different sizes, a household's disposable income is usually divided by an equivalent weight. In the present publication, the so-called modified OECD scale also used in EU-SILC has been applied.

On this scale, the first adult in the household is given the weight 1, and any other adults in the household are given the weight 0.5. Children between 0-13 years are given the weight 0.3, whereas older children are given the weight 0.5.

This entails that for a couple with two young children, the equivalent weight will be $1+0, 5+0, 3+0.3 = 2.1$.

If a household's annual disposable income is DKK 500 000, the equivalent disposable income will be:

$$500\,000/2.1 \approx \text{DKK } 238\,000.$$

Compensation Level

The compensation level conveys the income one has after a social incident (e.g. income in the form of unemployment benefits in the event of unemployment) in relation to the income one would have earned from work had the social incident not occurred. The income is measured as equivalent disposable income, and the compensation level is given in per cent.

Compensation level = $100 \star \text{Equivalent disposable income after the incident} / \text{equivalent disposable income before the incident}$.

Children's Ages and Use of Day Care Institutions

Child allowances and charges payable for day care institutions are calculated on the basis of the following family types:

- A single parent with an infant of 0 years, i.e. a new-born baby in typical case I.

- A single parent with a child of five, i.e. a child attending a day care institution.
- A couple with two children aged five and eight, i.e. a child attending a day care institution and a child attending school, still needing after-school care.

Charges payable for day care institutions are, where possible, calculated on the basis of average charges and national rules governing payments. For Norway, the rates applying in Oslo have been used; for the Faroe Islands, the rates applying in Torshavn have been used and for Iceland, the rates applying in Reykjavík have been used. As to Finland, it is assumed that also other children of preschool age make use of day care facilities on a part-time basis only.

In all the typical cases, it is assumed that the children are attending day care institutions, with the exception of the infant in typical case I.

As regards child allowances, child maintenance to single parents, corresponding to the amount of the contributions payable in advance by the public authorities have been included in addition to the actual child allowance to single parents and couples with children, cf. Chapter 3.

Housing Costs and Housing Benefits

In all the cases, the families are assumed to live in rented accommodation. The amount of the housing costs/rent depends solely on family type but is independent of the income level. Housing costs include rent proper and in the typical case concerning social assistance also heating costs.

It has not been possible to determine the amount of rent for the individual family types in a consistent way for all the countries. In some countries, rent is fixed on the basis of an estimate of the expenses for rented accommodation for the individual family types and calculations of the average rent per square meter at a national level, whereas it in other countries is based on rent surveys for various family types within certain municipal groups.

With the exception of the typical case concerning social assistance, the rent for the individual family types is merely used to calculate the amount of any housing benefits, whereas the rent itself has not been included in the calculation of the disposable income, with the exception of typical case 0 (as a supplement) and the typical case concerning social assistance. As far as Iceland and Norway are concerned, calculations of housing benefits have not been included. This is due partly to the housing benefit being of limited importance and partly to it being fixed on the basis of an assessment of the individual family's need.

Outline of Typical Cases

The various typical cases used in the present publication appear from the Table below.

	Single parent with one child	Single childless person	Couple with two children	Childless couple
Typical case 0 Income and tax in typical case for AW 2010	Single parent with one child. AW 67 per cent, AW 100 per cent and AW 150 per cent	Single childless person. AW 67 per cent, AW 100 per cent and AW 150 per cent	Couple with two children. AW 67/100 per cent and AW 100/100 per cent	Childless couple. AW 67/100 per cent and AW 100/100 per cent
Typical case I Compensation level concerning childbirth 2010	Single parent with a new-born child drawing daily cash benefits, in relation to a single childless person in work. AW 67 per cent, AW 100 per cent and AW 150 per cent	.	Couple with two children (5 and 8 years) apart from the new-born, where the person earning the <i>lowest</i> income draws daily cash benefits, in relation to a couple with two children (5 and 8 years), where both adults are in work. AW 67/100 per cent and AW 100/100 per cent	Couple with a new-born child where the person earning the <i>lowest</i> income draws daily cash benefits, in relation to a childless couple where both work. AW 67/100 per cent and AW 100/100 per cent
Typical case II Compensation level in typical case concerning unemployment for insured individuals 2010	Single parent with one child drawing unemployment benefits, in relation to a single parent in work with one child. AW 67 per cent and AW 100 per cent	Single childless person drawing unemployment benefits, in relation to a single childless person in work. AW 67 per cent, AW 100 per cent and AW 150 per cent	Couple with two children (5 and 8 years), where the person earning the <i>lowest</i> income draws unemployment benefits, in relation to a couple with two children (5 and 8 years), where both adults work. AW 67/100 per cent and AW 100/100 per cent	Childless couple, where the person earning the <i>lowest</i> income draws unemployment benefits, in relation to a childless couple, where both adults work. AW 67/100 per cent and AW 100/100 per cent

To be continued ...

METHOD

Table continued

	Single parent with one child	Single childless person	Couple with two children	Childless couple
Typical case III	.	Single childless	.	.
Compensation level in typical case concerning unemployment for non-insured individuals 2010		person drawing cash benefits in relation to a single childless person in work. AW 67 per cent, AW 100 per cent, and AW 150 per cent It is assumed that the person is at least 30 years of age.		
Typical case IV	.	Single childless	.	.
Compensation level in typical case concerning illness 2010		person drawing sickness benefits in relation to a single childless person in work. AW 67 per cent, AW 100 per cent and AW 150 per cent		
Typical case V	.	Single childless	.	.
Compensation level in typical case concerning retirement pen- sion 2010		person receiving retirement pension in relation to a single childless person in work. AW 0 (on the assumption that the person in question has never been in work), AW 67 per cent and AW 100 per cent (on the assumption that the person in question has been in work for 40 years)		

To be continued ...

Table continued

	Single parent with one child	Single childless person	Couple with two children	Childless couple
Typical case VI Compensation level in typical case concerning disability pension 2010	.	Single childless person receiving disability pension (pensionable age 50 years) in relation to a single childless person in work. AW 0 (on the assumption that the person concerned has never been in work), AW 67 per cent and AW 100 per cent (on the assumption that the person concerned has been in work for at least 25 years)	.	.
Typical case VII Compensation level in typical case concerning social assistance 2010	Single parent with one child drawing social assistance in relation to a single person with one child in work. AW 67 per cent, AW 100 per cent and AW 150 per cent	Single childless person drawing social assistance in relation to a single childless person in work. AW 67 per cent, AW 100 per cent and AW 150 per cent	Couple with two children (5 and 8 years), where the person earning the <i>lowest</i> income is drawing social assistance, in relation to a couple with two children (5 and 8 years), where both adults are in work. AW 67/100 per cent and AW 100/100 per cent. It is furthermore assumed that neither adult has paid work or any other income- substituting benefits.	Childless couple, where the person earning the <i>lowest</i> income draws social assistance, in relation to a childless couple, where both adults are in work. AW 67/100 per cent and AW 100/100 per cent. It is furthermore assumed that neither adult has paid work or any other income- substituting benefits.

Calculations of Income Distribution

The calculation basis for the tables on income distribution and poverty is as follows:

EU-SILC's definitions:

The first EU-SILC survey appeared in 2004 with income data for 2003, and data are now available for 2004-2009 for the income years 2003-2008.

Data relating to people aged 16 years and over living in private households are gathered by way of surveys.

People at risk of becoming poor² are defined as the percentage share of the population having an equivalent disposable income under 60 per cent of the median.

For each person, the equivalent disposable income is defined as his/her disposable household income divided by the equivalent weight of the household.

The total disposable household income was calculated by adding all personal incomes of the household members plus any other income at household level. The disposable household income is divided by members' equivalent weight, and a measure thus appears of the financial standard making households with different compositions of adults and children more comparable.

The disposable income is a household's total income after tax including social transfer incomes, and according to EUROSTAT's definitions, capital yield is not included in the disposable income.

Other income such as interest rates, dividends and yield on investments has been included. Capital income from i.a. sale of shares and bonds has not been included. Social income transfers cover disability, retirement and survivor's pensions and other family allowances, child allowances, daily cash benefits in relation to pregnancy and birth, advance payments of maintenance allowance, housing benefits and other social benefits. Computed interest income from housing was not included until 2007 for the income year 2006; in respect of Denmark it was, however, included earlier.

² Sometimes, the term relative poverty is used, but the EU uses "risk of becoming poor" to underline that it is not certain that the person is poor. Assets may for example entail that a person has a good financial standard.

Households

A household consists of individuals living together and sharing the household economy. EU-SILC does not include people in institutions/nursing homes, prisons, etc. A household may also consist of other family types (for example households with more than two adults or a couple with children + grandparents).

Single People

One-person households consist of one adult (over 17 years) and any children living at the same address, irrespective of the children's ages.

Cohabiting Couples

Cohabiting couples consist of 2 adults (over 17 years) and any children living at the same address, irrespective of the children's ages. Households with more than two adults have also been included in this group.

Children

The age limit for dependent children has been fixed at 16 years (0-16). People of the ages 17-24 years, who are financially inactive and who live in the same household as at least one parent, also count as dependent children.

Purchasing Power Parities

Purchasing power parities (PPP) are defined as the currency conversion factor corresponding to the purchasing power of the individual currencies. This means that a certain amount, when converted from different currencies by means of PPP factors, will buy the same amount ("basket") of goods and services in all the countries.

The PPP calculations have partly been used in the comparison of social expenditure, partly in the comparison of compensation levels in connection with various social events.

Purchasing power parities (PPP) for the Nordic countries, 2010

	PPP 2009	PPP 2010
Denmark	10.79	10.62
Faroe Islands	10.79	10.62
Finland	1.25	1.23
Iceland	170.11	179.73
Norway	11.85	11.79
Sweden	11.43	11.43

The PPP calculations in the present report are in PPP-Euro (EU27=1) as regards private consumption. 2010 estimates were used. As no separate PPP is calculated for the Faroe Islands, the Danish PPP has been used here.

Ways of Comparing the Nordic Countries with Other Countries

The introductions to the various chapters contain tables of the social expenditure in the respective fields in relation to GDP.

When comparing social expenditure in the Nordic countries with that of other EU Member States, one must bear in mind that social cash benefits are more often than not subject to tax in the Nordic countries, whereas part of these benefits are exempt from tax in the other EU countries. Furthermore, there is tax relief in several countries (tax reductions) for families with children, but such amounts are not included as social expenditure.

It should also be noted that the boundaries between the social and the education sectors vary from one country to another. There is, for instance, a very early school start in several of the European countries, for which reason it is difficult to compare the expenditure on the minding of preschool children.

The OECD and EUROSTAT are in the process of developing models for the calculation of the social net expenditure (after tax), cf. Figure 9.2.

It should be mentioned that the OECD calculations of expenditure on the health care sector differ considerably from the calculations in the ESSPROS system and in the present report. While efforts are made in the ESSPROS to obtain as exact data as possible on the expenditure on social services to the elderly and the disabled, the majority thereof in the OECD statements in *A System of Health Accounts* were included as health expenditure. Besides, the expenditure in the ESSPROS is based on net calculations, while the OECD statements are based on gross expenditure (i.e. including investments, user charges, etc.).

Other Factors

As from 2002 and 2007, respectively, Norway and Iceland use the national accounts as basis for the calculation of the social expenditure. This has implied that the social expenditure from 2001/2006 and earlier is not completely comparable with the data from 2002/2007 and later. A detailed description thereof for Norway can be found in the 2004 report.

Appendix 2

Basis for the Adjustment of Social Benefits

DENMARK: All transfer incomes and a number of other rates are adjusted annually as at 1 January by means of a rate adjustment percentage reflecting the development in the annual wages/salaries in the labour market, but with a reduction if the pay development exceeds 2 per cent. Consequently, the annual adjustment by means of the rate adjustment percentage comprises the rates for social pensions, sickness, maternity and unemployment benefits, voluntary early retirement benefits, cash benefits, rehabilitation allowances, child allowances and child supplements as well as housing subsidies. The various amounts that are included in the basis for the calculation of the various kinds of benefits and support are also adjusted by means of the rate adjustment percentage. The housing subsidy is adjusted with the increase in the consumer price index.

The maximum amount of the unemployment benefit is adjusted by means of the rate adjustment percentage. In respect of people receiving individual daily cash benefits below the maximum amount, the basis for calculation of the individual daily cash benefits (i.e. the previous earned income) shall be adjusted by means of the rate adjustment percentage. Daily cash benefits will then amount to 90 per cent of the new calculation basis. Recipients of individual daily cash benefits below the maximum amount consequently also have their benefits adjusted as per 1 January.

The maximum amount of sickness and maternity benefits is also adjusted by means of the rate adjustment percentage. In respect of people receiving less than the maximum amount, and whose daily cash benefits therefore amount to 100 per cent of their previous earnings, the benefit shall be adjusted to the extent that the wages payable by their employers are typically adjusted in accordance with the collective agreement.

The adjustment has been laid down in both an act on a rate adjustment percentage and in the individual acts on the various cash benefits, etc. The rate adjustment percentage is calculated on the basis of the adjustment of

the annual wages/salaries for workers and civil servants in the year lying two years before the year concerned by the rate adjustment percentage, seen in relation to the year three years previously. The rate adjustment percentage for 2010 was thus fixed on the basis of the adjustment of the annual wages/salaries from 2007 to 2008. If the change in the annual wages/salaries exceeds 2.3 per cent, the rate adjustment percentage shall be reduced by 0.3 per cent. If the change in the annual wages/salaries exceeds 2 per cent but not 2.3 per cent the rate adjustment percentage shall be reduced by the part exceeding 2 per cent (i.e. by between 0 and 0.3 per cent). An amount corresponding to the reduction will be transferred to the rate adjustment pool used for measures in the social, health and labour market areas with a view to improving the conditions for recipients of transfer incomes as well as groups at risk.

FAROE ISLANDS: The adjustment of the social benefits is based on special legislation laying down the annual adjustment at 1 per cent. The adjustment takes place on 1 January of the year. The legislation covers pensions, pension supplements, special supplements to pensioners and maintenance allowance, with the exception of the basic amount of the retirement pension which is not adjusted.

A few benefits are regulated on the basis thereof, as the benefit level corresponds to full or partial retirement pension.

Unemployment benefits, sickness benefits and benefits in connection with pregnancy are adjusted in relation to the wage development in the private labour market.

FINLAND: The social benefits are adjusted in the following way:

Unemployment benefits, social assistance and basic/minimum pension are adjusted once a year on the basis of the consumer price index of the previous year.

Employment pension is increased annually. In respect of 20 per cent, in relation to the wage/salary development, and in respect of 80 per cent, in relation to the consumer prices.

Sickness benefits and parental daily cash benefits shall not be adjusted at year-end as regards those who have already been awarded the benefit (if a person for example falls ill in December, the payment for January shall not be changed).

The income ceilings shall, however, increase annually on the basis of the APL index by 50 per cent in relation to the wage/salary development of the previous year, and as to 50 per cent, in relation to the consumer price index of the previous year.

BASIS FOR THE ADJUSTMENT OF SOCIAL BENEFITS

The child supplement is adjusted following a parliamentary decision.

As from 1 March 2011, the minimum benefits (sickness benefits, maternity, paternity and parental benefits and rehabilitation benefits) child supplement and support towards private child minding were linked to the retirement pension index.

ICELAND: All social benefits are adjusted annually as at 1 January in relation to the wage/salary and price developments of the adjustment percentage. The benefits in question are: basic pension to retirement and disability pensioners, unemployment benefits, public sickness benefits and maternity benefits to those not gainfully employed. Moreover, the income levels concerning basic and disability pensions are adjusted in relation to the wage/salary development as at 1 September each year.

The employment pension is adjusted in relation to the consumer price index.

NORWAY: The retirement pension payable by the Social Insurance Scheme is calculated on the basis of the basic amount of the Social Insurance Scheme. As part of the pension reform, new adjustment rules were introduced as from 2011 applying to the basic amount and pension payable by the Social Insurance Scheme. The basic amount is fixed by the King and is adjusted annually from 1 May in accordance with the growth rate of the income of those in active employment. The rules are based on the anticipated wage development in the adjustment year, adjusted for any deviations between anticipated and actual wage development in the previous year. Negotiations are carried out between the Government and the pensioners' organizations over the basis for the adjustment. Retirement pensions shall first be adjusted by the income development (basic amount), and from this sum 0.75 per cent is deducted. The levels of the lowest pension levels are adjusted in accordance with the income development and are then adjusted for the effect of the life expectancy adjustment concerning 67-year-olds in the adjustment year.

Disability pension is calculated on the basis of any previous pensionable income and the basic amount of the Social Insurance Scheme.

The temporary Social Insurance Scheme benefit, the work-clarification benefit, is calculated on the basis of a recipient's previous pensionable income. The benefit is adjusted annually in line with the changes in the basic amount from the Social Insurance Scheme.

Sickness benefits are not adjusted during a period of illness. Consequently, sickness benefits shall not be adjusted if changes occur in an ill person's wage/salary level or in the basic amount during his/her sickness benefit period.

The income basis for the fixation of daily cash benefits in case of unemployment is fixed for the entire period at the transition to unemployment benefits and shall not be changed, should changes occur in the general income level in society.

The government guidelines for calculation of support for maintenance (financial social assistance) are evaluated and revised annually by the ministry. There are no rules governing an annual adjustment of the child allowance. The Parliament determines the annual rates in connection with the annual budget negotiations. These rates have not been price-adjusted since 1995. Subsequent rate adjustments were a result of other conditions, such as the connection with the tax system, and that since 2000 the child allowance is payable until a child turns 18 years (previously 16 years).

SWEDEN: The benefits that are supplements to incomes from work or continuations thereof (such as pensions) are more often than not automatically adjusted on the basis of the price development. The price basic amount is used for the adjustment of the minimum pension amount. The pension level and the ceiling for the sickness and the parental insurance schemes (sickness and parental benefits) are important examples of benefits that are adjusted by the price basic amount.

Benefits that are means-tested are often adjusted in a different way.

In respect of the national standard of the social contribution (social assistance), the Government makes decisions every year as to an adjustment on the basis of price changes and the calculations of the National Consumer Agency on how large an amount different family types need for maintenance. The system makes it possible to take changed consumer patterns, etc., into account.

Housing benefits are fixed amounts and will be awarded on the basis of given incomes. They will only be altered following political decisions. The same applies to maintenance allowance advances.

Although the child supplement is a general allowance it is not adjusted on the basis of the price development but only following a political decision.

Appendix 3

The Nordic Social Policy

The Nordic Welfare Model

The Nordic welfare model may be characterized in the following way:

1. The public welfare policy is rather comprehensive and covers social security, social services, health, education and training, housing, employment, etc., with the purpose of meeting the most basic needs.
2. Government involvement has been strong in all fields of policy. The political measures to obtain full employment have been based on macroeconomic policy, social policy and an active labour market policy, in which the labour market parties play a significant role.
3. The Nordic welfare systems are based on high degrees of universalism, meaning that all citizens are entitled to basic social security and services irrespective of their position in the labour market. This universalism has contributed to broad public support to the welfare policy.
4. The income protection is based on two elements: In most schemes, there is an income-independent basic insurance and an income-dependent benefit to those who have been in the labour market. Compared with other industrialized countries, public income transfers play a significant part, for which reason the ratio of the social expenditure of GDP has been high. Public financing of transfer incomes has been considerable, and consequently the tax level has been high.
5. The Nordic countries may also be characterized as service states where local democracy plays a significant part. Social and health services are financed by way of taxes with no high user charges, and the aim is that all citizens have their needs met. Local and regional authorities (municipalities and counties) provide the services and more often than not they also produce them.

6. The income distribution is relatively levelled. The income disparities in the Nordic countries as to wage/salary distribution and disposable incomes are limited compared with other countries. There are no large gaps between the various income groups, and consequently poverty and differences in the standard of living have been relatively limited.
7. Equal opportunities are a basic principle in the Nordic welfare states. In the Nordic countries, women's participation rate is high, and in most families there are two providers. Social measures are based on individual rights so that women are not financially dependent on their spouses.¹

Although the basic principles of the Nordic welfare countries still apply, user charges are becoming more and more common instead of all welfare services being financed via taxes. The setting up of funds for pension financing also becomes increasingly significant.

Organization of the Nordic Social Policy

DENMARK: Denmark has a three-tiered administration system (State, regions and municipalities). The tax system is two-tiered as only the State and the local authorities can levy taxes.

The overall responsibility for the legislation and structure of the social policy rests with the Danish parliament and Central Government, whereas the municipal and regional authorities administer and pay the majority of the social benefits and services.

The municipal authorities are responsible for the main part of the social cash benefits, such as pensions, sickness benefits, rehabilitation, housing benefits, benefits to refugees and social assistance, and they meet the costs of those benefits in the first instance. The costs are subsequently reimbursed, fully or partly, by the State.

Administration and payment of unemployment benefits are, however, carried out by the voluntary unemployment insurance funds.

The local authorities are also responsible for and administer the main part of the social services, such as day care, residential institutions and preventive measures aimed at children and adolescents, housing for the disabled and the

¹ Items 1-7 from *Nordic Social Policy, Changing Welfare States*. Edited by Mikko Kautto, Matti Heikkilä, Björn Hvinden, Staffan Marklund and Niels Ploug.

socially vulnerable groups as well as care and nursing for the elderly and the disabled (home nursing, home help, nursing homes, etc.). The costs are financed by municipal taxation and block grants from the State.

The regional authorities bear the day-to-day responsibility for health services including the running of hospitals and the administration of services and benefits from the National Health Insurance Service, including payments to general practitioners and dentists as well as subsidies for medication. The regional authorities' expenditure is financed by block grants from the State and municipal contributions in the health care sector.

The local authorities are responsible for the employment measures aimed at enterprises, the insured unemployed and the remaining target groups (recipients of cash benefits, rehabilitation, sickness benefits, etc.).

FAROE ISLANDS: There is a two-tiered taxation and administration system in the Faroe Islands (Home Rule and municipalities). The overall responsibility for the legislation and the administration and payment of the majority of the social benefits as well as the majority of the social services rests with the Home Rule.

The municipal authorities are responsible for day care facilities for children and certain welfare services. Besides, they pay a small part of the expenditure on municipal doctors, school doctors, visiting nurses, home care nurses, etc.

The unemployment insurance scheme is financed by the labour market parties and administered by a board composed of representatives for the labour market.

In 1995, a framework law entered into force to the effect that social benefits be administered by the Faroese authorities. Social benefits were subsequently attached to the block grant instead of being based on reimbursement schemes. The subsequent Faroese social legislation could thus be adapted to special Faroese conditions, and the Danish authorities' supervisory obligations could be discontinued.

The block grant has since 2001 been earmarked, primarily to the financing of expenditure on the social and health area, which is a result of agreements according to the framework law.

A minor part of the retirement pensions is also administered and financed by the labour market parties, i.e. a labour market pension based on solidarity awarding a fixed monthly amount to everyone who has reached the age of 67 years and is payable to retirement pensioners with a registered address in the Faroe Islands. Foreigners can apply for this pension. The en-

titlement to the pension follows from the registered address and residence in the Faroe Islands throughout working life.

FINLAND: In Finland, Central Government has the overall responsibility for the legislation. The taxation system is a two-tiered system (State and municipalities) but the administrative system is three-tiered (State, regions and municipalities).

The pension system consists of two parts: an employment pension and a national retirement pension. The employment pension is a work-related and insurance-based pension, while the national retirement pension is awarded to all citizens in the country receiving only a small employment pension or none at all. The private sector's employment pension schemes are managed by private insurance companies.

The local authorities are responsible for both the health and social services provided to all residents in the municipalities. Public health care services are supplemented by private health care services, for which the expenses are partly reimbursed by the public Sickness Insurance Scheme.

Cash benefits in connection with unemployment consist of an earnings-related allowance and a basic allowance. Most employees are covered by the unemployment insurance fund and are entitled to the accrual-based benefit.

ICELAND: There is only a two-tiered taxation and administrative system in Iceland (State and municipalities). The State has the main responsibility for the legislation, including decision-making and responsibility for the social policy. It is also responsible for the majority of the social services, such as hospitals, health centres (primary health care) and home nursing.

Local authorities are responsible for home help, institutions and care of children and youth. Local authorities are in cooperation with the State also responsible for services to the elderly and the disabled.

As regards income transfers (social cash benefits and pensions), the State shares part of the responsibility with the labour market parties. Pensions are partly administered by the National Social Security Institution (basic pensions) and partly by an independent pension fund (labour market pensions) administered by the contributors (employees and employers).

The Unemployment Insurance Scheme is administrated by the State, while the majority of the sickness benefits come from salaries/wages payable during illness.

Local authorities are responsible for the social assistance.

NORWAY: There is a three-tiered administrative and political system in Norway (State, county and municipal authorities), and the same applies to the social sector.

Most of the social income transfers (unemployment benefits, sickness benefits, rehabilitation benefits (work clarification benefits) and pensions) are administered by Central Government through the National Insurance Scheme.

The National Insurance Scheme is financed by contributions from employers, employees and the State. The employers' contributions depend on the regional zone in which the enterprise is located (five different zones in all).

Local authorities administer and are responsible for the social assistance, primary health care, home help and home nursing, institutions for children, youth, the elderly and the disabled.

The State has taken over the responsibility for the hospital sector, which has left counties with only a minor responsibility.

SWEDEN: There is a three-tiered administrative system in Sweden (State, county and municipal authorities). The State is responsible for most income transfers, such as sickness benefits, parental benefits, unemployment benefits and the industrial injury insurance scheme administered by the Swedish Social Security Fund.

Appendix 4

Further Information

Further statistical information on the social security systems in the Nordic countries is obtainable from the individual statistical offices in the respective countries.

Further information is obtainable from the following:

DENMARK

Statistics Denmark
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