
Social Protection In the Nordic Countries 2010/11

Scope, Expenditure and Financing



NOSOSCO Nordic
Social Statistical
Committee 53:2013

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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 in such a way that each country has three representatives 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 this report are the most recent ones available in the spring of 2012, i.e. data are, where possible, from 2011 and otherwise from 2010. In respect of legislation and benefit rates, references are made to current legislation and the rates applying in 2011.

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 the NOSOSCO homepage together with supplementary information.

Jesper Munk Marcussen, Head of Secretariat, NOSOSCO's Secretariat, is the editor of *Social Protection in the Nordic Countries, 2010/11*.

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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)	-

Short Introduction to Concepts Used in This Book

This is meant as a short introduction to important concepts to facilitate use of this book. A detailed description of methods can be found in Appendix 1.

Social incidents

A large part of the book has been built around a number of social incidents - birth, unemployment, illness, incapacitation and old age. The individual chapters describe rules and social benefits in connection with such incidents.

Compensation rates in typical cases

For each of the social incidents, a compensation rate has been calculated for typical cases. The compensation rate is the income following the social incident as a percentage of the income prior to the social incident - for example, how much does one earn in case of unemployment in comparison with how much one earned prior to becoming unemployed.

The typical cases are named according to the size of the household. It may for example be the compensation level for a single person with no children in the event of unemployment, or a couple with two children in the event of illness.

In the event of childbirth, an equalised compensation rate is used - taking into account the size of the household as the household has grown larger after the childbirth.

AW

Besides, the typical cases are graduated according to earnings prior to the social incident. The concept Average Wage earner (AW) is used. AW is defined as the average income for a wage earner. Compensations are calculated in connection with earnings of different percentages of AW. Consequently, AW 67 per cent of earnings (prior to the social incident) is 67 per cent of AW.

Disposable income as PPP

The compensation rate can be used to compare social benefits in relation to income from work. But as the basic earned income level varies among the countries, also purchasing power parities, PPP, are used. PPP expresses the purchasing power of each individual currency. The disposable income converted into PPP can therefore be used to compare the purchasing power of the social benefits. We use the EU standard PPP-Euro in which the total purchasing power for the EU equals 1.

Also here, equivalent data are used in some cases taking into account the size of the household in order to compare conditions of the various types of households.

Chapter 1

Changes in the Nordic Social Policies in 2011 and 2012

DENMARK: Danish economy is still affected by the international recession. In 2010, growth was 1.3 per cent while it was 1.0 per cent in 2011. In 2012, GDP is expected to increase by 1.1 per cent, while it in 2013 is expected to increase by 1.5 per cent. The employment rate dropped from 2010 to 2011 by 10 000 people. In 2012 and 2013, the employment rate is expected to increase slightly by 3-4 000 people a year. The unemployment rate in per cent of the labour force (cf. the EU definition) increased from 7.6 per cent in 2010 to 7.7 per cent in 2011. The unemployment rate is expected to be largely unaltered in 2012, whereas a minor decrease to 7.5 per cent is expected in 2013. Inflation increased from 2.3 per cent in 2010 to 2.8 per cent in 2011. In 2012, an inflation of 2.5 per cent is expected after which inflation is expected to decline to 1.7 per cent in 2013.

The deficit in the Government funds decreased from DKK 46.5bn in 2010 to DKK 35bn in 2011. The deficit is expected to amount to DKK 70bn in 2012 and DKK 32.5bn in 2013. The increase in the deficit from 2011 to 2012 should be seen in connection with the payments of voluntary early retirement pensions that are estimated to increase the deficit by 1 per cent of GNP in 2012.

In the social protection area, the Danish Parliament (*Folketinget*) adopted a withdrawal reform on 12 December 2011. This reform implies that the already adopted increase of the pensionable ages of two years for voluntary early retirement and retirement pension is brought forward by five years. The voluntary early retirement age will then be increased by two years in the period 2014-2017, and the retirement pension age will be increased by two years in the period 2019-2022. Furthermore, the withdrawal reform implies that the voluntary early retirement period is reduced from five to three years by increasing the two ages by six months a year in 2018-2019 and 2022-2023. Besides, a senior disability pension is introduced for people who are worn out. The senior disability pension is to ensure a faster and simpler way to disability pension for people with a connection to the labour market reaching the pensionable age within the following five years. The criteria for the award of disability pension remain the same. The withdrawal reform also implies a simplification of the setting off of the retirement pension in case of earned income as well as a lower employment requirement in order to postpone taking out retirement pension.

In the period 1 October 2012 - 1 March 2013, a number of local authority tasks in the social area shall be combined administratively. *Act no. 324 of 11 April 2012 on Payment Denmark* laid down rules on future administration in the casework area where decisions are mainly made on the basis of objective criteria. The combination into Payment Denmark includes retirement pension, housing benefits, maternity benefits, child allowance, child and youth benefit as well as payment/recovery of advanced

child maintenance, etc. To these should be added payments of disability pensions, as award of disability pensions still rest with the local authorities. In future, local authorities have to perform the considerable task of assisting citizens who have no IT knowledge - or who find IT difficult when communicating with *Payment Denmark*.

On 1 January 2012, the lowest benefit amounts in the cash assistance system were abolished as part of the Government's objective to the effect that fewer people have to live in poverty. The amounts concerned were the start assistance, "the upper limit of the cash assistance", the so-called 500 Kroner reduction, the 225 hour rule and the introduction benefit.

As from 1 April 2012, recipients of cash assistance become entitled to holidays as part of the Budget agreement for 2012. Recipients of cash assistance shall be entitled to holidays for a total of five weeks after having received cash assistance for 12 continuous months. For those five weeks each year, recipients of cash assistance are exempt from the requirement of being available for the labour market. The holiday period must be agreed between the individual and the local authorities, and the individual is allowed to go abroad during his/her holiday.

On 1 June 2012, a job premium was introduced as part of the Budget agreement for 2012 as a 2-year trial scheme to reduce the risk of long-term unemployment among cash assistance recipients. The trial scheme is to run from 1 June 2012 to 31 May 2014. To be entitled to a job premium, a person must have drawn cash assistance, etc., for 329 out of 366 days during the calculation period and have drawn cash assistance or been employed in a wage-subsidized job on 29 February 2012. The job premium amounts to DKK 600 per month for people in the target group who earn an income from work, from self-employment, etc.

In respect of the elderly, a regulation of the local authorities' right to making decisions as to restriction of visits in sheltered housing, nursing homes or other housing forms with staff attached and common housing areas was implemented as per 1 July 2011. The purpose of the change was to make it clear to as well staff and the municipal board as residents and visitors which types and degree of behaviour that are considered so unacceptable that they can lead to regulation of the individual visitor's presence.

From 1 July 2011, local authorities have furthermore become obliged to prepare and publish a supervision policy containing clear guidelines and fixed procedures as to how the local authorities plan supervision and follow-up of the assistance to citizens receiving personal and practical assistance as well as meals-on-wheels in their own homes according to the rules on free choice of supplier. The supervision policy must be revised at least once a year.

On 5 January 2012, a simplification of the municipal council's pricing calculation of personal and practical assistance under the free choice of supplier entered into force. With this change, the statutory requirement was abolished as to the municipal council's calculation of the actual time spent in a citizen's home for the use of calculation of the hourly rate when the municipal council uses the so-called authorization model to ensure the free choice of personal and practical assistance. Instead, the municipal council may today choose to calculate the hourly rate on the basis of the likely hourly requirement.

In respect of social services, a number of editorial consequential changes were made in the Social Services Act as from the 16 June 2011 as a result of the legal package, the "Children's Reform". At the same time, the local authorities' equal access to stopping/disrupting contact and omit to inform parents and network of a

child's/youth's placement, as well as the local authorities' access to a more lenient regulation of a child's contact with parents and network during an investigation carried out outside of its home was safeguarded, corresponding to the rules applying to placements away from home.

Furthermore, a number of initiatives shall be implemented as from 1 July 2012 in order to enhance the local authorities' measures in relation to children and youth at risk. Local authorities will among other things get improved access to the homes of exposed families in case there is a serious suspicion about poor well-being with a view to ensuring that children and youth at risk get help in time. Besides, the rules governing inter-municipal information are improved; an enhancement is made of the "SSD cooperation" in which professionals across defined sectors can discuss concerns regarding a specific child; an enhancement is made of the spokes body function of the Danish Parliamentary Ombudsman as well as the National Council for Children, and an obligation to inform is introduced between Denmark and Greenland when exposed families with children move between the two countries.

Regarding escort of children and youth between 12 and 15 years suffering from reduced capacities, the Government's bill was passed in March 2012 with effect from 15 March 2012. The amendment entitles children and youth of the target group to be escorted for up to 15 hours a month to self-selected activities outside of their homes. This increases their possibilities of living a life on equal terms with other children and youth.

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.

THE FAROE ISLANDS: In 2011, the Faroese GDP was DKK 13.1bn, which is an increase of almost DKK 1bn since the emergence of the financial crisis in 2008. At the beginning of the crisis in 2008, the Faroe Islands had a very low unemployment rate. Following a rapid increase, first to 6 per cent in 2010 and then to 8 per cent in 2011, the unemployment rate has dropped to about 5.5 per cent in the spring of 2012. The unemployment rate is equally divided between men and women, and the youth unemployment rate is at the same level as the general unemployment rate.

One of the largest challenges facing the Faroe Islands at present is the prospect of especially young women and men moving away from the Islands. For many years, there has been a deficit of women in the population in relation to men, and since 2005 the total population has remained stable at about 48 300 people. This development does, however, cover an increase in the number of elderly over 67 years, offset by a decrease in the share of the other age groups. After the election to the *Lagting* in the autumn of 2011, the development has been given special political attention.

In the spring, the *Lagting* adopted a labour market reform including a number of initiatives to help people get a foothold in the labour market. The objective is to obtain an inclusive labour market which also leaves room for people with disabilities, illness or social challenges. Subsequently, it is the intention to implement changes to medical certificates so that they to a higher degree become certificates of capabilities.

The Faroese social administration has in this relation initiated a process in which professional skills must be evaluated and credited to ease a return to the labour market in connection with rehabilitation.

A project derived from this reform is an amendment to the Welfare Act to the effect that benefits in future must consist of fixed rates and taxable benefits. The rates will follow the level of sickness benefits.

A development can also be seen in the services area where the number of places in nursing homes has been extended by the construction of four new nursing homes at different places in the country. At the same time, legislation was amended to the effect that pensioners as from 2012 receive full pension and must pay rent and nursing charges. The old scheme of reduced pension has thus been abolished.

A decentralize of the elderly sector has been initiated to the effect that it is taken over by the local authorities. Consequently, a framework Act governing the elderly sector must be drawn up. At the same time, initiatives have been taken in the prevention and rehabilitation area, just as focus has been placed on dementia. Focus has therefore been placed on the establishment of day care measures, and letting the elderly stay in their own homes for as long as possible.

The law governing the Housing Loan Fund (*Huslånsfonden*) has been amended to the effect that it shall become possible to establish cooperative housing, social housing units, housing for young people and sheltered housing.

The legislation on children's welfare has also been amended which means that the regional child welfare authorities will be combined into larger units. Also politically, efforts are being made to establish housing for children where measures aimed at exposed children can be gathered. At the same time, there is a political desire to set up an ombudsman for children.

A 5-year project has been initiated focusing on violence in close relationships. The project is based on an action plan with a number of proposals for specific actions.

As to structural changes, an amalgamation of the Social Services Administration and the Home Nursing Scheme has been initiated. It will be an amalgamation of the two largest public institutions. The amalgamation is expected to be implemented by the end of 2012.

An election to the *Lagting* was held in the autumn of 2011. The Faroese Government consists of a cooperation of *Samhørighedspartiet* (the liberals), *Folkepartiet* (the conservatives), *Centerpartiet* (a Christian centrist party) and *Selvstyrepartiet* (the social liberals). The public office of Minister for Social Affairs was transferred from the *Samhørighedsparti* to the *Folkeparti*.

One of the first changes made by the new Government was an alteration of the fiscal policy with an increase of the basic tax allowance and a reduction of the taxation levels. At the same time, a change has been made to the effect that taxation of pensions is made by payment into savings accounts. This caused quite some discussion in the Faroese society as to the consequences to the relation between present and future tax receipts.

FINLAND: GDP increased according to preliminary data by 2.9 per cent in 2011. The relatively large annual increase is mainly due to a low starting level in the first quarter of 2010. In 2011, the seasonally adjusted volume of GDP reached the same level as at the beginning of 2007, but it is still considerably lower than in 2008. GDP is ex-

pected to increase by just under 1 per cent in 2012 and then on average just under 2 per cent a year.

The unemployment rate decreased in 2011. The unemployment rate was 7.8 per cent compared with 8.4 per cent the previous year. The unemployment rate declined and the employment rate increased in all age groups. The youth unemployment rate, i.e. the 15-24-year-olds, dropped to 20.1 per cent. It is, however, much higher than in the best years of the 2000s, 2007 and 2008, when the youth unemployment rate was under 17 per cent. The number of long-term unemployed people continued to increase, but the increase was clearly smaller than in 2010.

The expenditure on social protection was an estimated EUR 57bn in 2011, i.e. half a per cent higher than the previous year as regards inflation. Also in relation to GDP, the expenditure remained almost the same, i.e. 30 per cent.

The conditions of pensioners with low incomes have been improved by the implementation of a statutory guaranteed pension on 1 March 2011. The full amount of the guaranteed pension is about EUR 714 per month as from 1 January 2012. The guaranteed pension increased the pension income of particularly women with low incomes. At the end of 2011, 104 649 people drew guaranteed pensions.

As part of the improvement of the basic security scheme, the unemployment benefits and the social assistance amount were increased by the beginning of 2012. The basic amount of the unemployment benefits and the labour market support increased by EUR 100 per month. In relation to the index increase, the basic amount of daily cash benefits and the labour market support increased by EUR 120 per month from the beginning of 2012. The increase of the basic amount of daily cash benefits also improves the income-related unemployment benefits.

The basic amount of unemployment benefits increased as from 1 January 2012 by 6 per cent and the basic amount payable to single providers by another 10 per cent. The amounts of unemployment benefits are index-adjusted according to law as from the same time. The income ceilings in relation to housing benefits are increased so that they correspond to the increase in the labour market support, and the contribution is increased so that it corresponds to the wage increases.

The Health Care Act entered into force on 1 May 2011 as part of a total reform of the organization and financing of the social and health care scheme. The purpose of the Act is to increase the focus on clients in the service and to improve the cooperation among actors when it comes to improving health and welfare and to organize the social and health care services. The preparation of the reform of the service structure in the social and health sector and the revision of the legislation regarding the organization, development and monitoring of the health care continues.

In connection with a total reform of the social welfare legislation, the preparation of the Social Welfare Act and the Act on Services for the elderly is continued. The most important task in the second phase of the coordination of the disability services legislation is to draw up a plan concerning the protection of individually accommodated people with developmental disabilities.

In the autumn of 2011, the implementation of the new government programme was initiated. One of the three priority areas of the government programme is the combating of poverty, inequality and exclusion. A cross-sector action programme to reduce exclusion, poverty and health problems has been initiated. The preparation of the KASTE programme (a national development programme for social welfare and health care) for 2012-2015 was initiated by a broad collaboration. The programme is

prepared as the main programme of the administrative area and consists of six sub-programmes and comprises the key objectives of the development of the social and health care area and the means to obtain these objectives.

ICELAND: In 2011, the economic growth rate increased in Iceland compared with 2010, and at the same time, inflation decreased. There has been a recession in Iceland from the beginning of the financial crisis in October 2008, but in 2011 economic growth was 3.1 per cent compared with -4 per cent in 2010 and -6.8 per cent in 2009. Inflation also decreased in 2011. It was 4 per cent on average compared with 5.4 per cent in 2010 and 12 per cent in 2009.

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 changed immensely following the financial crisis when it went from 1 per cent and lower to 2.5 per cent in the last ten years before the crisis and to 8 per cent and a little higher in 2009 and 2010. In 2011, the unemployment rate declined to 7.4 per cent and in April 2012, it had dropped to 6.5 per cent. So it seems that the unemployment rate is on its way down although it is extremely high in relation to what Iceland is accustomed to. The unemployment rate has decreased in all age groups in 2011 with the exception of the oldest age group, 65-69 years, for which it increased slightly. Although the unemployment rate is still highest in the age group 24 years and younger, the difference is smaller in 2011 between the youngest and the oldest age groups than it was in 2009 and 2010. Men have to a higher degree been unemployed than have women after the beginning of the crisis but in 2011, there is not a large gender difference in the unemployment rate. The unemployment rate is higher in Reykjanes and the capital region than in other parts of the country, and it is mostly people with a low education level who are unemployed. This has not changed after the crisis. In order to counter unemployment, many projects and programmes have been initiated under the auspices of the Government, local authorities, unions, wage earners' associations and the labour market parties. These were programmes aimed at the long-term unemployed; projects aimed at supporting people in returning to the labour market by way of education and training, "From Education to Work" (*Í Nám - Til Vinnu*) and "Education is the Road to Work" (*Nám er vinnandi vegur*), as well as projects aimed at countering youth unemployment, such as "Young People in Action" (*Ungir til Athafna*) and "Job market" (*Atvinnutorg*).

The Welfare Watch was set up after the financial crisis to observe the welfare and the consequences of the crisis to families and individuals. It especially focuses on children and families as well as on the protection of the most vulnerable people in society. It also, and it functions as a counsellor to the Government and municipalities. The Welfare Watch published "Social Indicators" in 2011 which is to inform about the social and health status in the country and function as an Icelandic welfare barometer. Statistics Iceland (*Hagstofa Íslands*) shall be responsible for the control and updating of the indicators whereas the Ministry of Welfare shall publish the indicators annually and more often where possible. "Social Indicators" are considered an important socio-political tool that is to be published regularly just as the financial indicators.

The Government action plan for initiatives to ease the debt burden for individuals and families after the financial crisis and to reschedule their debts consists of a combination of general guidelines and new special solutions. A special office: Ombudsman for the Indebted (*Umboðsmaður skuldara*) works especially with individuals and

families with large debts. Numerous initiatives have been initiated to help individuals and families who are suffering debt and financial problems. Such initiatives include improved legislation concerning debt-rescheduling and initiatives concerning housing.

The Centre for Social Research at the University of Iceland published in 2012 the results of a survey of the Effects of the Financial Crisis on Living Conditions in the Country (*Áhrif fjármálakreppunnar á lífskjör þjóðarinnar*) which was carried out on behalf of the Ministry of Welfare. Results show that the Government's measures to support and protect low and medium income groups have led to an 8 per cent income decrease in low income groups compared with 38 per cent in the high income groups.

According to the EU-SILC surveys, the share of the total population living in households with an income of less than 60 per cent of the median of the equivalent disposable income is 9.2 per cent in 2011 and has not previously been lower. The share has been about 10 per cent from the beginning of the measuring in 2004. Those in the worst positions are the unemployed, single parents with one child or several children as well as those who do not own their accommodation but live in rented housing.

The Government has focused much on preventive measures aimed at children and young people, especially with a view to drug and alcohol abuse. Results from the ESPAD survey that is carried out in 36 European countries show that smoking has decreased among young people in Iceland and is the lowest in Europe in 2011. The Government has in 2012 earmarked a considerable amount towards improving treatment options for children and youth out in society, emphasizing that support is provided in society instead of at an institution.

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 varied housing market with different solutions, not least in respect of young families and low-income families. A work group on housing policies has continued the work after 2011 and recommends that at all times a four-year housing plan be drawn up under the Social Welfare Department but carried out in a collaboration of state, municipalities and private enterprises.

A work group on behalf of the Minister for Social Welfare is working with proposals for a reform of the social insurance scheme and consequently the entire Social Welfare Department. The purpose is among other things to simplify the system and to make it more transparent. This concerns welfare for the elderly, the disabled and children.

The Government decided in accordance with a wage agreement with the labour market in December 2010 that retirement pensioners drawing their pensions from the Social Welfare Department should gradually be equalized with disability pensioners when it comes to the income earned from work or from pension funds without it affecting payments from the Social Welfare Department. In September 2011, a new Act was passed defining how much retirement pensioners are allowed to earn before it affects payments from the Social Welfare Department.

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, 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 2014. 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 legislation, rights, complaints and supervision, rests with the State.

NORWAY: In the past 40 years, the activity in the Norwegian mainland economy has increased by 2.75 per cent on average per year. This is in line with the growth rate in the USA and somewhat above the results of the Western European EU countries. Growth in the oil industry has contributed to GDP having increased even faster in total in that period. After the recession at the end of the 1980s, the growth rate of the mainland economy has been more even and inflation low and stable.

The Norwegian mainland economy has increased continuously since the fourth quarter of 2009, and the value added is now higher than before the financial crisis. Consumption growth slowed down somewhat in the first six months of this year, but increased housing and oil investments have sustained growth in the mainland economy.

Also in the years prior to the financial crisis, Norway differed from many other industrial countries in having steep growth rates in revenue, production and employment. Growth in the Norwegian economy has been supported by an increasing participation rate, and the demand for labour is on its way up after the recession at the end of 2008.

The labour force counted in 2011 2.629m people, i.e. an increase of 27 000 people since 2010. The participation rate among those aged 15-74 years changed from 71.9 per cent in 2010 to 71.4 per cent in 2011. The unemployment rate as it is measured in Statistics Norway's labour survey has on average been reduced from 3.6 in 2011 to 3.3 per cent in 2010. The unemployment rate changed only slightly in 2011 and until the second quarter of 2012.

The participation in working life of some groups is to a higher degree determined by health reasons than by economic trends. Of people with disabilities, the share that is in work has been relatively stable over time. According to Statistics Norway, the share of employed disabled people was about 43.2 per cent in the second quarter of 2012. 28.1 per cent of the population of the age group 15-74 years, i.e. 1.051m people, were not part of the labour force in 2011. That is a slight increase from the year before. People outside the labour force fell into the following categories: 36 per cent disability pensioners, 28 per cent receiving education or training, 24 per cent retirement pensioners, 5 per cent working from home and 7 per cent miscellaneous.

A key objective of the authorities is to facilitate an inclusive working life of which everyone can be part. From 2012, a job strategy was initiated for people with reduced capacities in order to help more people to get ordinary paid employment. The target group for this job strategy is mainly people under 30 years. The job strategy forms part of the measures taken concerning a more inclusive working life (IA).

The collaboration on a more inclusive working life is an important instrument to reach overall goals in the employment, work environment and inclusion policies. On 24 February 2010, the Government and the parties agreed on an enhanced agreement of intent concerning a more inclusive working life in the period 1 March 2010 - 31 December 2013, as well as a protocol on joint efforts to prevent and reduce absence from work due to illness and enhance inclusion. The new IA agreement will be followed up more closely and more broadly than the two previous agreements. The work has become more goal-oriented and sets clearer requirements to activity and reporting. The agreement is based on what is known to work: close follow-up of the ill person by the physician, the Labour and Welfare Administration and the employer as well as increased facilitation of presence. Furthermore, the significance of preventive measures and systematic HMS efforts in the enterprises is emphasized to a higher degree. By way of the collaboration, the various parties shall participate ac-

tively to the individual work place participating in a committed boost to achieve the common goals.

The Labour and Welfare Administration was reorganized in the years 2006-2007 by way of the so-called NAV reform. 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 key objective of the reform. The establishment of the Labour and Welfare Administration has been completed and the Administration is currently consolidating itself. 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.

On 1 February 2010, a new work methodology was introduced in the Labour and Welfare Administration, i.e. employability assessment. An employability assessment must be made of users seeking assistance at NAV to get in work. The new way of working provides a more structured and closer and early follow-up.

In January 2010, a public committee was set up, the Committee for Vocational Measures (*the Brofoss Committee*), to evaluate the part that sheltered work places are playing in the assistance provided to people with reduced capacities. The work of the Committee is to recommend changes with a view to improving the measures aimed at getting people in ordinary work.

The Committee is also to evaluate the distribution of participants in measures in sheltered and ordinary enterprises and to propose changes with a view to improving the measures aimed at users with a need for a permanent, adapted work place. The Committee's tasks have now been completed. A follow-up on the proposals in the recommendation has now been initiated.

A good achievement of objectives and an efficient operation of the activities of the Labour and Welfare Department is a decisive contribution to the creation of a well-functioning labour market, an inclusive working life and an inclusive community. The Labour and Welfare Administration has many and partly old ICT solutions. Considerable improvement of the efficiency and quality of the proceedings in the Labour and Welfare Department requires comprehensive modernization of the ICT systems in the Administration. Consequently, an extensive programme for the modernization of the ICT in the Administration has been initiated. The recommended programme will include new solutions as to disability pension and sickness benefits, self-service solutions, increased automation of the adoption procedures and integration with joint key solutions. The implementation of the programme shall run for six years in three steps.

There are large long-term challenges in the financial policy as a result of an ageing population. The ageing will result in a considerable increase in the expenditure on pensions, health and care for several decades in the future.

A new pension system came into force in 2011. The new system shall secure future pensions and contribute to ensuring the sustainability of the Norwegian welfare state. The reform provides for an individually adapted transition from work to pension. It is possible to draw a full pension or part of a pension from 62 years to 75 years. Moreover, a proposal was presented in May 2011 for a new disability pension and retirement pension system for disabled people. The proposal was adopted by the

Starting in December 2011. The new system is scheduled to be initiated in 2015. The proposal ensures new disabled people a disability pension of about the same amount as today's disability pension, and it will be easier to combine disability pension and work. Besides, the disabled are ensured a good retirement pension.

The education level of the labour force continues to increase. In the period 2006-2011, the number of people in the labour force with higher education increased by 20 per cent, and in 2011, 36.4 per cent of the labour force had completed an education at university or college level.

The share of young people who do not complete further education is relatively high compared to other OECD countries. It is a key objective that as many as possible complete further education. In order to make learning more practical, varied and challenging, it has been suggested that optional courses be introduced at the 8th grade in schooling as from the autumn of 2012.

Children and youth. The objective of full kindergarten coverage has been reached, and the responsibility for the financing of kindergartens has been transferred to the local authorities. The cash benefits for one-year-olds between 13 and 18 months has been increased from 1 August 2012, while the cash benefits for two-year-olds will be phased out from that date. Parental charges payable for places in kindergartens will actually be reduced in that the maximum price is kept nominally unaltered. In addition, the municipal child welfare system in Norway has been strengthened with funds in 2011.

SWEDEN: In 2010, the Swedish economy saw a record recovery after a weak year in 2009. The recovery has now stopped and the economic trends are again declining due to the debt crisis in the Euro zone. GDP increased, however, by 3.9 per cent in 2011 compared with the previous year. The development is sustained by solid gross investments and a strong business production. Growth is, however, expected to slow down considerably in 2012 as a result of weak economic signals from the USA and the large emerging economies, and GDP is estimated to end at 0.7 per cent. GDP is estimated to increase by 2.3 per cent in 2013.

The employment rate increased by 2.1 per cent in 2011, and the number of people aged 15-74 years in employment was 4,642m. The number of people in employment has increased by almost 100 000, and the increase is basically equal among men and women. Despite a poor number of order bookings as well as a subdued production development, the employment rate is not expected to decrease in 2012. Enterprises keep on their staff while waiting for better times. If the recession lasts longer than anticipated, it will be necessary for the enterprises to get rid of staff quickly, and the employment rate is then expected to decrease. The employment forecasts indicate an increasing employment rate of 0.3 and 0.4 per cent in 2012 and 2013, respectively.

In 2011, the number of unemployed increased on average to 378 000 people, 200 000 men and 178 000 women. That corresponds to 7.5 per cent of the labour force, which is a decrease of 1.1 per cent compared with 2010. The number of long-term unemployed decreased in 2011 to 113 000 people which was a decrease of 19 000 people compared with 2010. The unemployment rate was estimated to increase to 7.6 per cent in 2012 and then to decrease to 7.3 per cent in 2013.

After many years of a decreasing number of sickness benefit days, the number of benefit days increased 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.

The increase continued in 2010, and the deteriorating labour market was the largest contributor to the development in the number of whole-year equivalents receiving social benefits.

In 2011-2012, the number of whole-year equivalents is expected to decrease by 132 000, and the decrease is explained by the number of people receiving sickness and activity allowance as well as the number of people receiving labour market benefits decreasing.

The total number of transfers to households has decreased since 2009 but is expected to increase again in 2012 by just over 4.5 per cent. Pension payments account for the steepest increase due to high inflation and a high income index at the same time as the number of pensioners increases. The expenditure on unemployment increases somewhat as the labour market measures are increased. The number of people receiving sickness and activity allowances has decreased since 2008 and continues to do so. Transfers to households are expected to continue increasing also in 2013.

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 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 10bn and 15bn, respectively, and in 2010 by another SKK 10bn. The fourth step in the income tax deduction involved that the income tax deduction increased for those under the age of 65 years whose earned incomes from work exceeded 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 deduction entered into force on 1 January 2010. The Government planned a fifth income tax deduction for 1 January 2012 but it has not yet been introduced.

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. The income tax deduction was made by further increasing the basic deduction for the pensioners in question. The deduction was made in such a way that those earning the least benefit the most. Furthermore, housing benefits for people drawing sickness and activity allowances were increased in 2010.

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, 2010

Denmark	1.87	Austria	1.44	Hungary	1.25	Portugal	1.36
The Faroe Islands	2.50	Belgium	..	Ireland	2.07	Romania	..
Finland	1.87	Bulgaria	1.49	Italy	1.41	Slovakia	1.40
Iceland	2.20	Cyprus	..	Latvia	1.17	Slovenia	1.57
Norway	1.95	Estonia	1.63	Lithuania	1.55	Spain	1.38
Sweden	1.98	France	2.03	Luxembourg	1.63	The Czech Republic	1.49
		Germany	1.39	Malta	1.38	The Netherlands	1.79
		Greece	1.51	Poland	1.38	United Kingdom	..

Source: EUROSTAT; Statistics Faroe Islands 5-yearly average

Population

The demographic composition of the populations varies somewhat from one country to another, which is significant in relation to the need for childminding facilities, activities for children and youth, 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, which appears from Table 2.1 above, 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 the fertility rate, 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. Fig-

ure 2.1 shows the development of the Nordic populations until 2050 based on the national population projections.

Table 2.2 Mean population by gender and age, 2011

	Denmark		The Faroe Islands		Finland		Iceland		Norway		Sweden	
	1 000	P.c.	1 000	P.c.	1 000	P.c.	1 000	P.c.	1 000	P.c.	1 000	P.c.
<i>Men</i>												
0-6 years	233	8	2	10	206	8	17	10	221	9	379	8
7-17 "	385	14	4	16	323	12	24	15	352	14	554	12
18-24 "	246	9	3	10	229	8	17	11	233	9	440	9
25-49 "	933	34	8	32	842	31	55	35	878	35	1.521	32
50-64 "	537	19	5	18	581	21	28	18	464	19	878	19
65-79 "	344	12	3	11	390	14	14	9	254	10	655	14
80- "	83	3	1	3	178	6	4	3	79	3	313	7
In total	2 760	100	25	100	2 749	100	160	100	2 480	100	4 740	100
<i>Women</i>												
0-6 years	221	8	2	10	216	8	16	10	210	8	400	9
7-17 "	367	13	4	16	337	13	23	15	334	14	585	12
18-24 "	235	8	2	9	239	9	16	10	223	9	462	10
25-49 "	919	33	7	30	880	33	54	34	835	34	1.583	34
50-64 "	538	19	4	18	570	21	28	17	450	18	885	19
65-79 "	379	14	3	11	327	12	15	9	280	11	608	13
80- "	147	5	1	5	85	3	7	4	142	6	185	4
In total	2 807	100	23	100	2 653	100	159	100	2 473	100	4 708	100
<i>Men and Women</i>												
0-6 years	454	8	5	10	422	8	32	10	431	9	779	8
7-17 "	752	14	8	16	660	12	48	15	686	14	1.140	12
18-24 "	481	9	5	10	468	9	33	10	455	9	902	10
25-49 "	1 852	33	15	31	1 721	32	110	34	1 713	35	3 103	33
50-64 "	1 075	19	9	18	1 151	21	56	18	913	18	1 763	19
65-79 "	723	13	5	11	716	13	29	9	534	11	1 263	13
80- "	230	4	2	4	263	5	11	3	221	4	498	5
In total	5 567	100	49	100	5 401	100	319	100	4 953	100	9 448	100

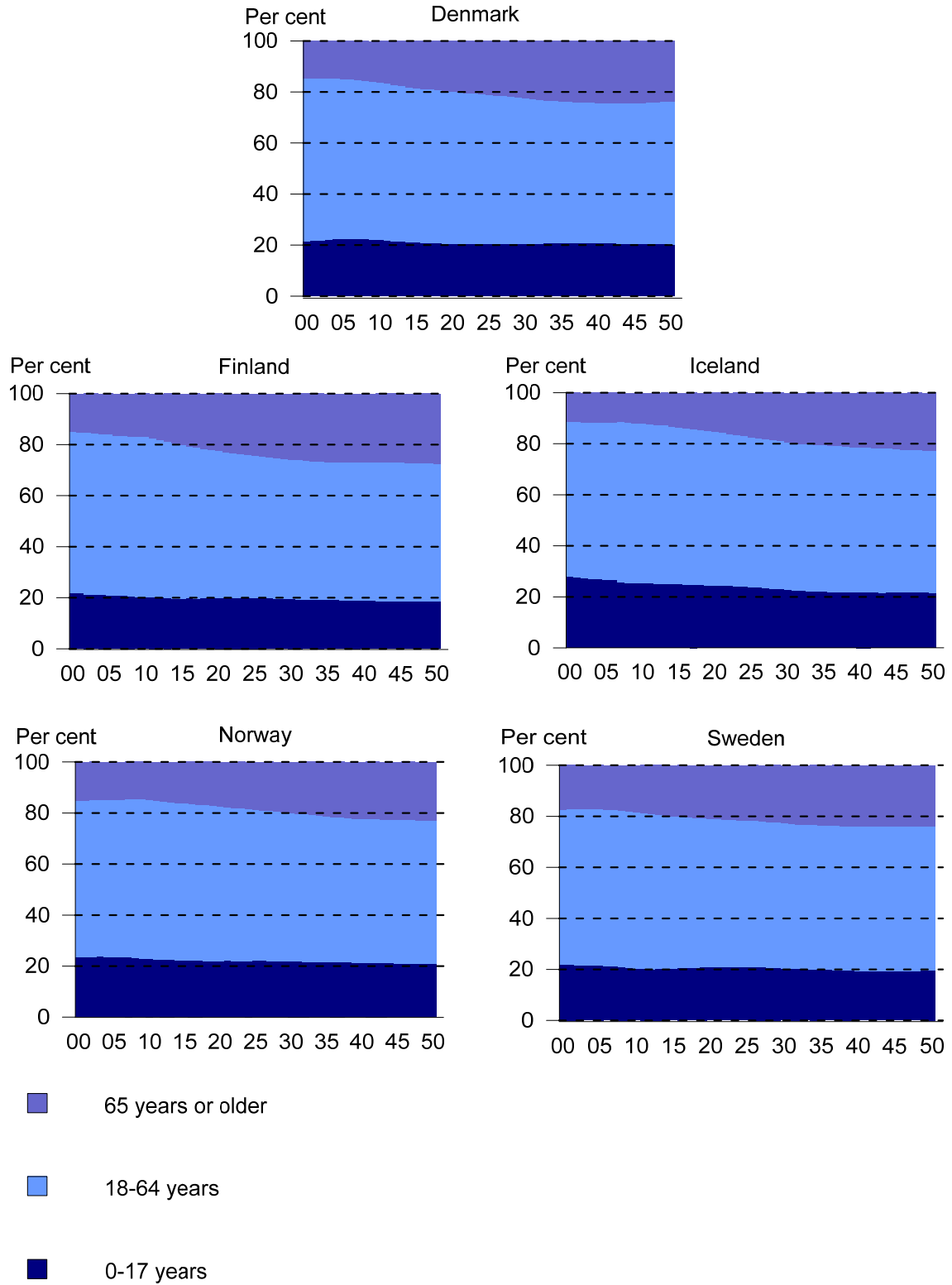
Table 2.3 Outline of the background for the population projections in the Nordic countries

	Denmark ¹⁾		The Faroe Islands		Finland		Iceland		Norway		Sweden	
	2011	2050	2011	2050 ²⁾	2011	2050	2011	2050	2011	2050	2011	2050
<i>Average life expectancy</i>												
- Men	77.1	84.9	79.1	..	77.2	86.2	80.6	84.6	79.0	84.8	79.6	85.7
- Women	81.2	87.1	84.9	..	83.5	90.3	84.0	86.9	83.5	88.1	83.5	87.9
Fertility rate	1.9	1.9	2.3	..	1.8	1.9	2.2	2.0	1.9	1.9	2.0	1.9
Number of children born, 1 000	62.7	69.2	0.6	..	60.0	62.5	4.8	5.0	60.0	77.2	111.8	106.3
Net migration, 1 000	10.4	9.1	-0.4	..	16.8	15.0	-1.6	0.8	47.0	8.9	38.1	17.0

1 Fertility in respect of people of Danish origin only

2 Data basis for population projections not available for the Faroe Islands

Figure 2.1 Mean populations in percentages broken down by age groups 2000-2011 and projections 2012-2050



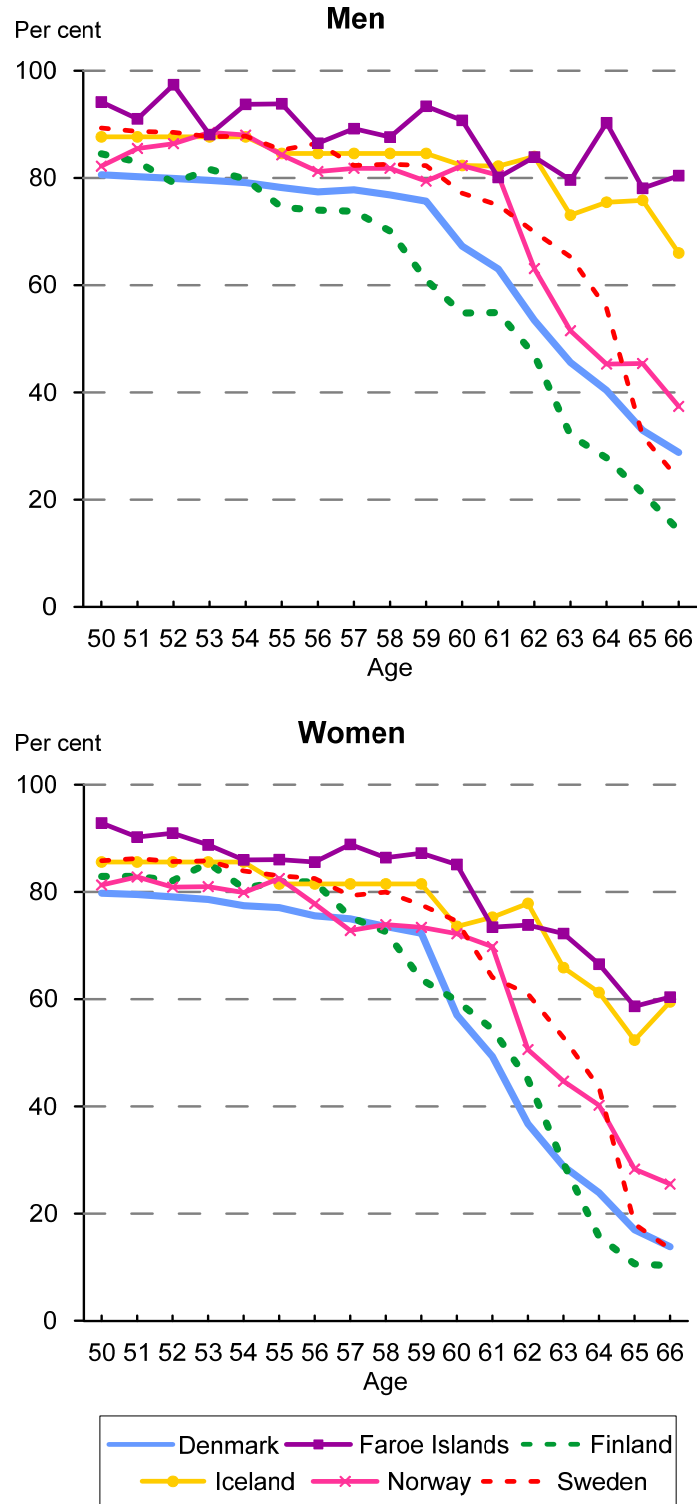
Early Retirement from the Labour Market

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 2011, 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 2000-2011.

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. Significant are also differences in the options of retiring early from work with public income-substituting benefits, including the current pensionable age in the various countries.

Figure 2.2 People in employment as percentages of the population, broken down by age and gender 2011¹⁾



1) Denmark and the Faroe Islands 2010

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 2000-2011 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 Men of the ages 60 and 64 years in employment, per cent, 2000-2011

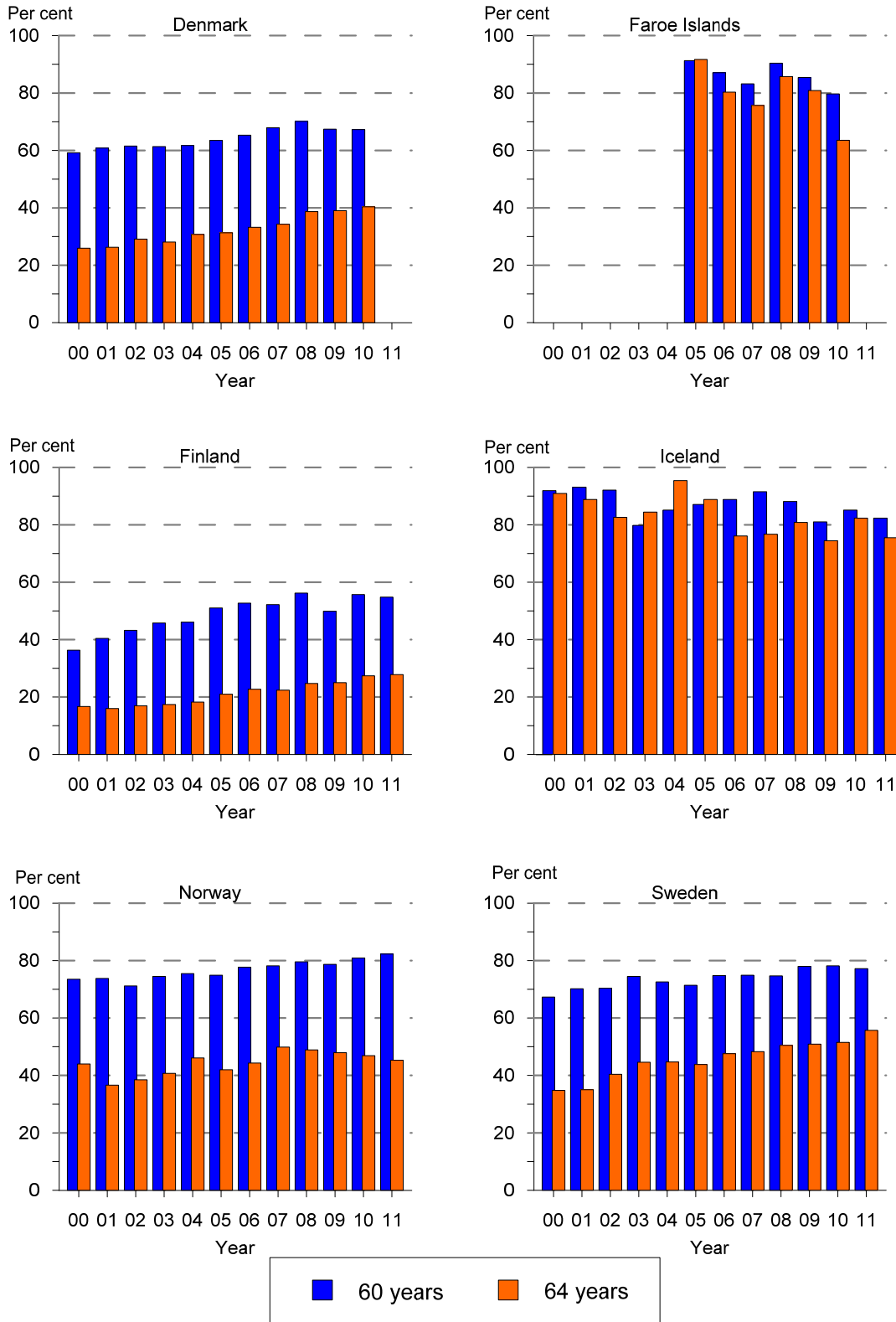
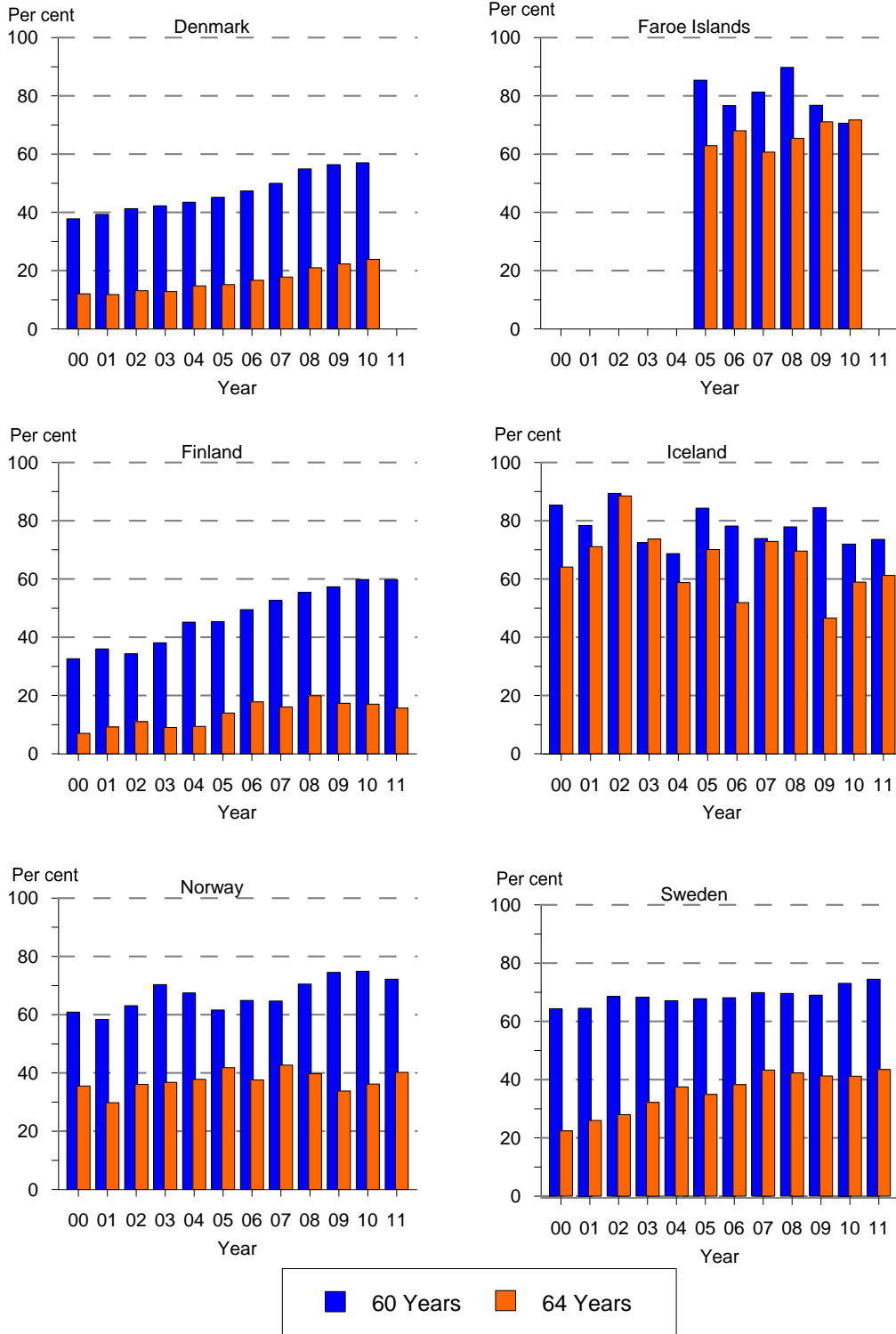


Figure 2.4 Women of the ages 60 and 64 years in employment, per cent, 2000-2011



Income Distribution

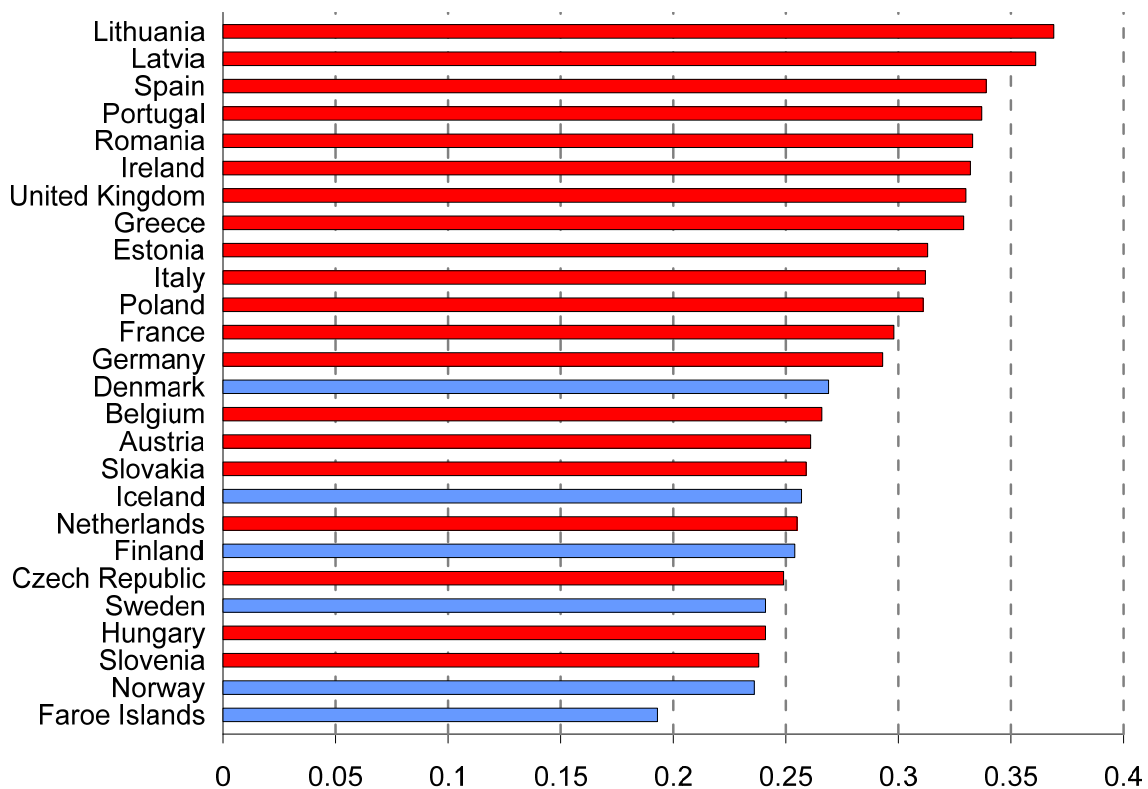
Figure 2.5 shows income distribution expressed by way of Gini coefficients for the Nordic countries and selected EU countries in 2010 (the Gini coefficient is a measure of dispersion for the degree of inequality in for example income distribution. In case of a completely equal distribution, the value 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 the Faroe Islands, 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 many 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 2010¹⁾



Source: EU-SILC, Statistics Faroe Islands

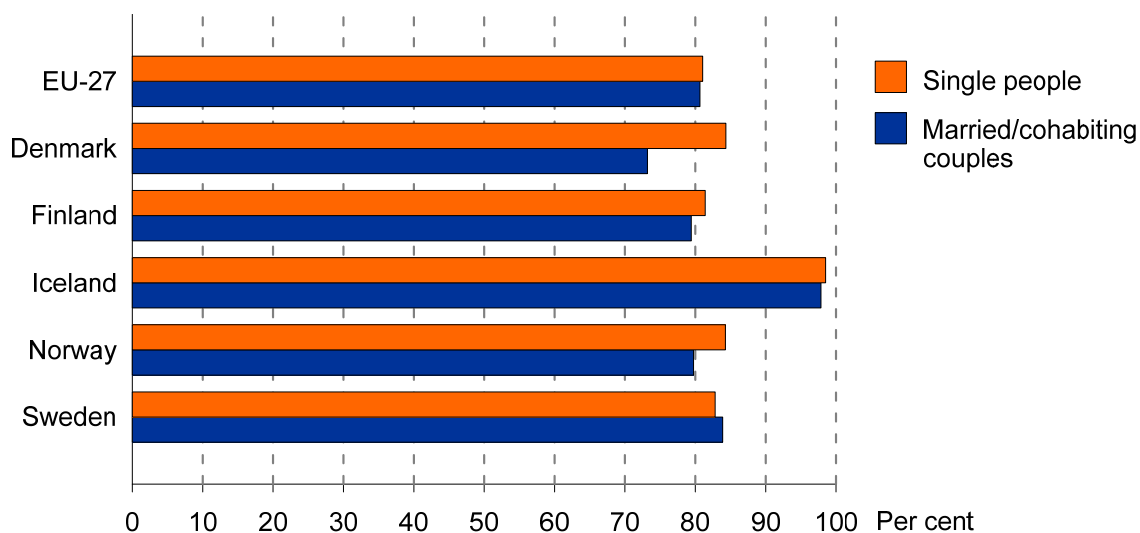
1 The actual income is from 2009, as data from 2010 are based on incomes from 2009

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 Sweden where the figures are almost identical.

Figure 2.6 Incomes for single people/couples 65+ years as percentages of incomes for single people/couples younger than 65 years, 2010¹⁾



Source: EU-SILC

1 The actual income is from 2009, as data from 2010 are based on incomes from 2009

Risk of Poverty

Tables 2.4 and 2.5 show the ratio of the population living in households earning an income of less than 50 and 60 per cent, respectively, of the equivalent disposable income median in 2009.

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 earning an income of less than 50 per cent of the median equivalent disposable income, per cent 2010¹⁾

	Denmark	Finland	Iceland	Norway	Sweden	EU27
Single parents	8.7	8.5	18.3	15.3	19.4	21.2
Single people younger than 65 years	21.5	17.7	14.8	18.3	18.9	18.2
Couples younger than 65 years	4.3	4.0	4.7	3.5	5.1	6.8
<i>Couples with children:</i>						
- couples with one child	3.3	2.7	2.6	1.6	3.3	7.6
- couples with two children	4.0	2.9	3.7	1.9	3.7	9.0
Single people 65+	7.4	10.6	4.9	5.7	9.3	11.6
Couples, of whom at least one is 65+ years	4.6	0.6	0.9	0.1	1.3	5.8
All households	8.0	5.5	5.4	6.0	7.0	9.9

Source: EU-SILC

1 The actual income is from 2009, as data from 2010 are based on incomes from 2009

Table 2.5 Ratio of the total population living in households earning an income of less than 60 per cent of the median equivalent disposable income, per cent 2010¹⁾

	Denmark	Finland	Iceland	Norway	Sweden	EU27
Single parents	20.0	22.0	30.1	28.7	33.1	36.8
Single people younger than 65 years	29.1	28.1	23.2	26.3	26.7	25.9
Couples younger than 65 years	6.0	8.2	6.8	5.0	7.1	10.4
<i>Couples with children:</i>						
- couples with one child	6.0	6.8	5.8	4.1	6.0	11.9
- couples with two children	5.1	7.4	5.8	3.2	6.9	14.9
Single people 65+	22.7	37.8	12.7	29.6	31.3	23.7
Couples, of whom at least one is 65+ years	13.1	5.2	1.1	0.8	4.9	12.4
All households	13.3	13.1	9.8	11.1	12.9	16.4

Source: EU-SILC

1 The actual income is from 2009, as data from 2010 are based on incomes from 2009

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 GDP in the EU, Faroe Islands, Iceland and Norway, 2009

Denmark	4.2	Austria	3.1	Hungary	3.0	Portugal	1.5
Faroe Islands	6.1	Belgium	2.2	Ireland	3.7	Romania	1.7
Finland	3.3	Bulgaria	2.0	Italy	1.4 ^p	Slovakia	1.7 ^p
Iceland	3.2	Cyprus	2.2	Latvia	1.7 ^p	Slovenia	2.1 ^p
Norway	3.3	Estonia	2.3	Lithuania	2.8 ^p	Spain	1.5 ^p
Sweden	3.2 ^p	France	2.7 ^p	Luxembourg	4.0	The Czech Republic	1.4
		Germany	3.2 ^p	Malta	1.3	The Netherlands	1.3 ^p
		Greece	1.8	Poland	0.8	United Kingdom	1.8 ^p

^p Preliminary data

Note: The source is EUROSTAT: Database for Social Protection Expenditure and Receipts. The source for the Faroe Islands is the *Almannamálaráðið*

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 childminding options during parents' working hours. Moreover, childminding 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 households by family type, 2011

	Denmark ⁴⁾	Finland	Iceland ¹⁾	Norway	Sweden ^{2,3)}
<i>Number of household with children aged 0-17 years (1 000)</i>	771	581	51	629	1.110
- in per cent of all families	27.1	19.6	41.2	27.5	19.7
<i>Of whom (per cent):</i>					
- Married	60.5	61.1	57.4	54.4	77.0
- Cohabiting	16.8	18.6	22.8	23.9	
- Single	22.7	20.3	19.9	21.7	23.0
Total	100.0	100.0	100.0	100.0	100.0
<i>Distribution of children (per cent)</i>					
- 1 child	41.2	43.8	45.6	44.8	44.5
- 2 children	42.6	38.2	33.3	39.0	41.4
- 3 or more children	16.2	18.1	21.1	16.2	14.1
Average number of children per household	1.8	1.8	1.6	1.8	1.7
Number of childless households (1 000)	2 080	2 387	73	1 657	4 522
<i>Of whom (per cent)</i>					
- Married	27.2	25.5	42.5	30.3	27.0
- Cohabiting	8.4	8.8	4.5	6.9	
- Single	64.4	65.7	53.0	62.8	73.0
Total	100.0	100.0	100.0	100.0	100.0
<i>Single parents (p.c.)</i>					
Men	17.6	13.5	8.6	19.2	77.6
Women	82.4	86.5	91.4	80.8	22.4
Total	100.0	100.0	100.0	100.0	100.0
<i>Single people with no children (p.c.)</i>					
Men	50.2	48.7	51.3	49.7	49.1
Women	49.8	51.3	48.7	50.3	50.9
Total	100.0	100.0	100.0	100.0	100.0
Average number of people per household	1.9	1.8	2.4	2.2	1.7

1 Figures taken from Statistics Iceland's committee survey of 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

4 Furthermore, 16 545 families consist of children under the age of 18 living away from home. Children of the ages of 0-24 years living at home

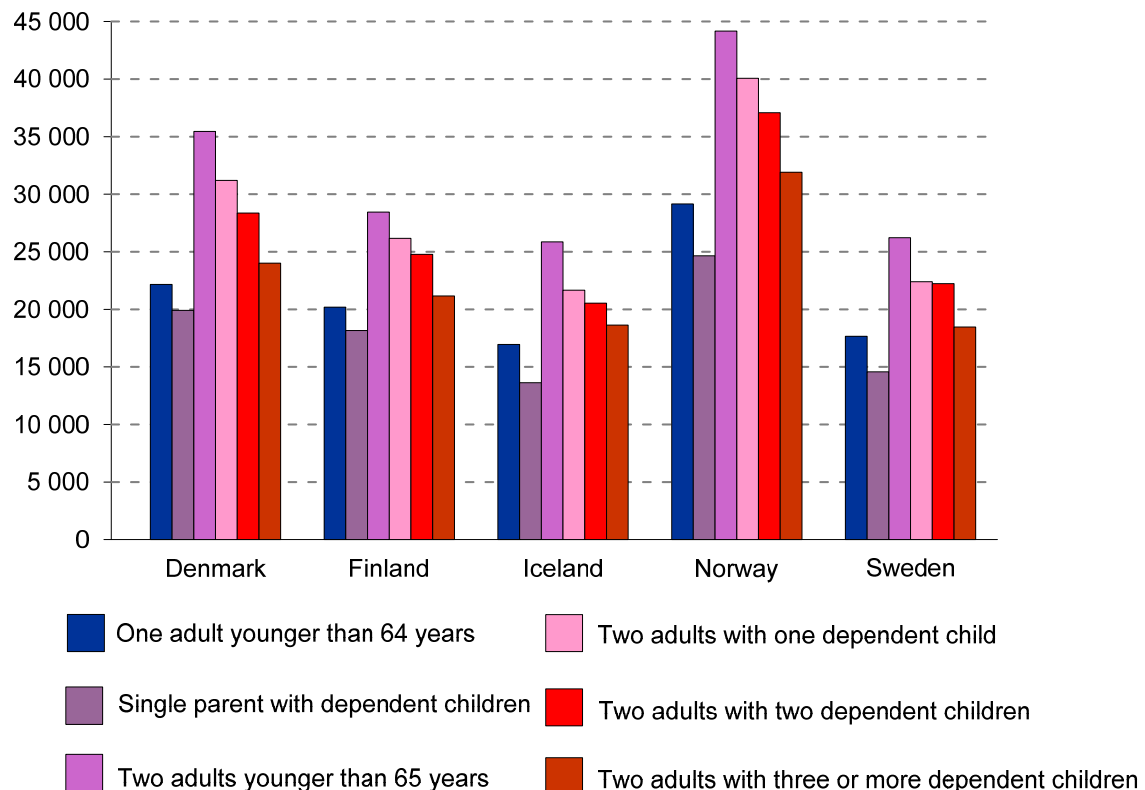
Figure 3.1 shows the average disposable incomes broken down by family types and measured in PPP-Euro in 2010. The incomes have been adjusted (equivalent incomes) in relation to household size and composition in order to make household sizes more comparable (see Appendix 1).

The purpose of Figure 3.1 is to compare different households according to family types, and the Figure thus shows the disposable incomes of 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 the equivalent income.

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

Figure 3.1 Equivalent average disposable incomes broken down by family types, PPP Euro 2010¹⁾



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

1 The actual income is from 2009, as data from 2010 are based on incomes from 2009

Cash Benefits to Families and Children ¹

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 couple of 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 being awarded the benefit is that one complies with the employment requirement, i.e. either by having worked for 120 hours within the past 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 which is mainly payable to mothers. In 2011, 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 granted as supplemented 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, 2011

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Gainfully employed (employees)</i>						
Maximum period (weeks) in which maternity benefit shall be payable	50 ¹⁾	52	44 (48) ²⁾	39	47/57 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	12	8
- Either mother or father	32 ¹⁾	30	26 ³⁾	13	26/36	52
Additionally:				-		
Father together with mother	2	2	3	Yes	2 ⁵⁾	2 ⁷⁾
Benefits subject to tax?	Yes	Yes	Yes		Yes	Yes
<i>Not gainfully employed</i>						
Maximum period (weeks) in which maternity benefit shall be payable	..	..	44	39	Non-recurrent amount ⁶⁾	69
Benefits subject to tax?	..	..	Yes	Yes	No	Yes
Leave period sharable with father?	..	..	Yes, for a maximum 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 joint 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. The non-recurrent payment is payable to mothers. 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 the father, or in some cases 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 child-birth, 2011

	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	Usually 70-90 ⁴⁾	75-80 ⁵⁾	80/100	77.6/80 ¹⁰⁾
Income ceiling per week for full compensation, national currency ¹⁾	3 830	6 250	No Maximum	89 147		8 208
Income ceiling per week for full compensation in PPP-Euro ¹⁾	376	613	.	483		709
Minimum amount per week, national currency	3 140	.	132.78	20 016 ⁶⁾	⁸⁾	1 260 ¹¹⁾
Minimum amount per week, in PPP Euro	308	.	109	108		109
Maximum amount per week, national currency	3 830	5 850 ³⁾	No Maximum	69 767	⁹⁾	6 370
Maximum amount per week, in PPP Euro	376	574	.	378	.	551
<i>Not gainfully employed</i>						
Maximum amount per week, national currency	Same as daily cash benefits		132.78	11 559 ⁷⁾	⁸⁾	1 260
Amount of daily cash benefits per week, in PPP Euro	.	.	109	63	.	109

- 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 minus contribution of 12 per cent payable to the holiday account.
- 4 90 per cent of an earned income up to a maximum of EUR 51 510 per year for the first 56 days of the maternal leave period. For incomes exceeding EUR 51 510, it is 32.5 per cent. For the following 49 days, it is 70 per cent of an earned income of up to EUR 33 479 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 27 740 per week. ISK 27 740 per week is payable to full-time students
- 7 Shall also be payable when the employment is less than 25 per cent.
- 8 For mothers 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 a 100 per cent compensation for 46 weeks, or NOK 6 982 at an 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 benefits. 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, 12 weeks are reserved for fathers.

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 Rates 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.

Figures 3.4 and 3.5 show the development in the compensation rates in recent years.

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 benefits being higher for families with children than they are for childless families.

Figure 3.2 Equivalent disposable income for a single parent drawing maternity benefits, per month (December) 2011 in PPP-Euro

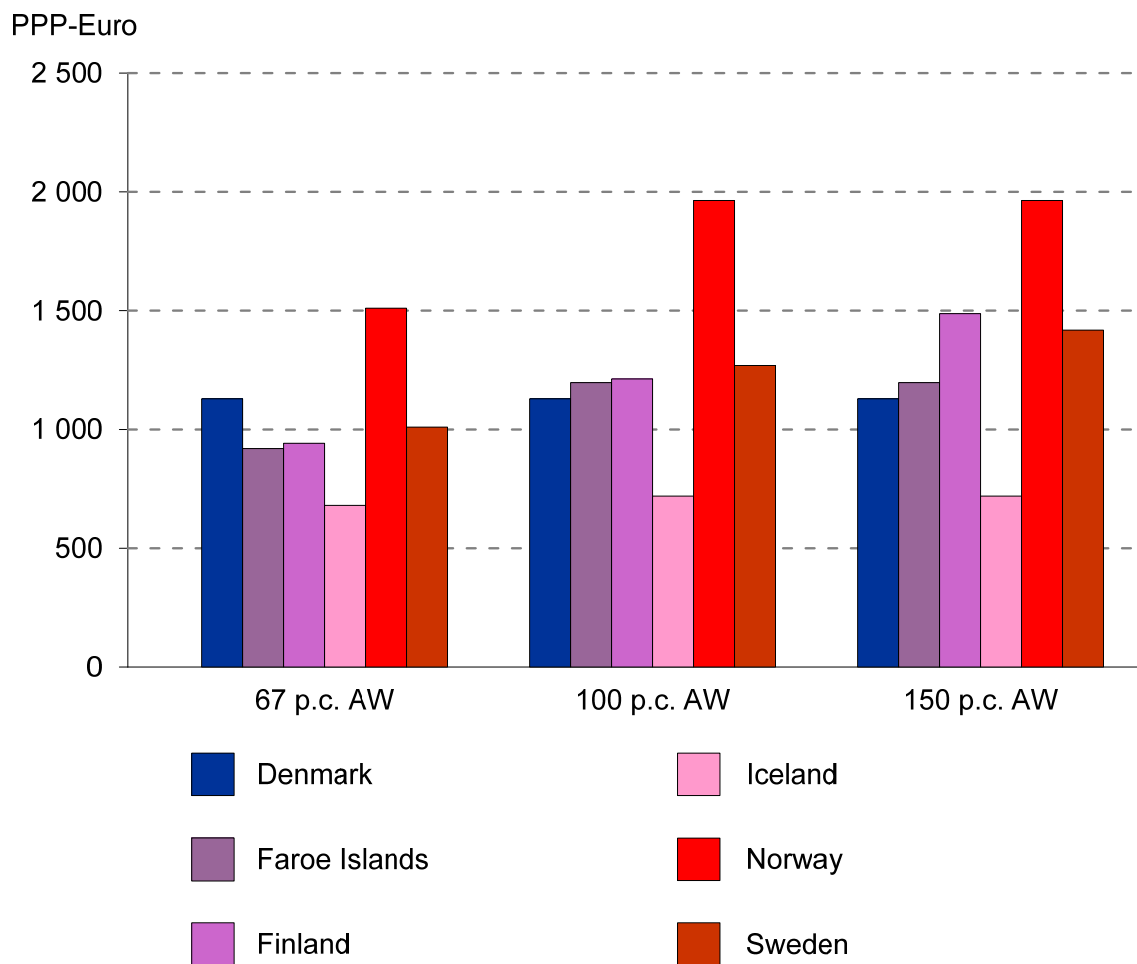


Figure 3.3 Equivalent disposable incomes for a couple where the one earning the least before the childbirth draws parental benefits per month (December) 2011 in PPP-Euro

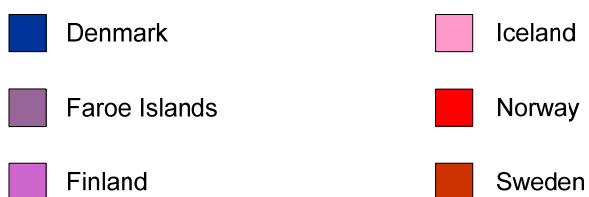
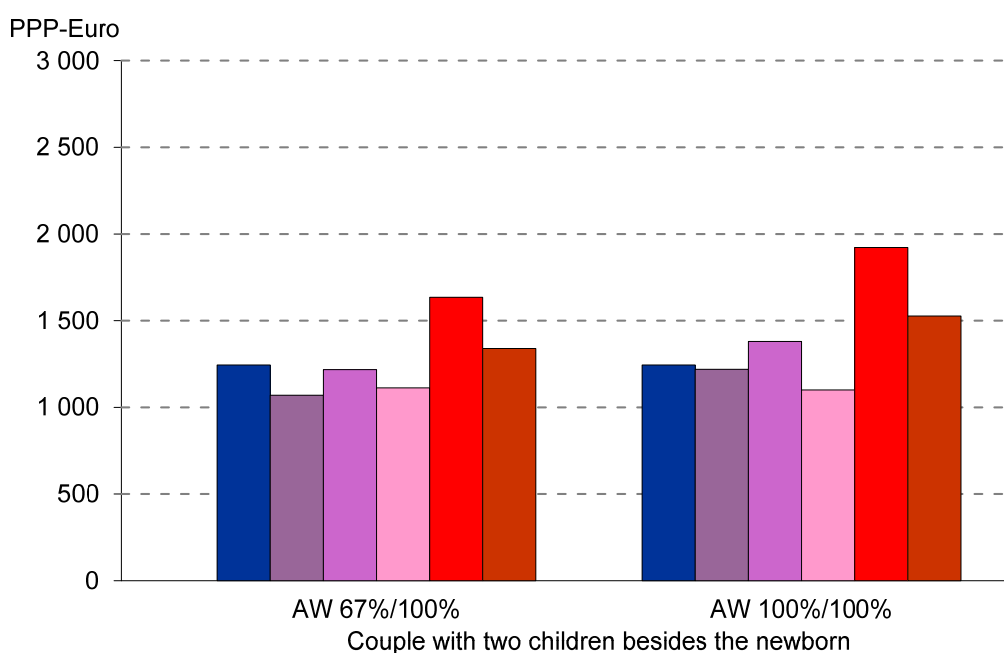
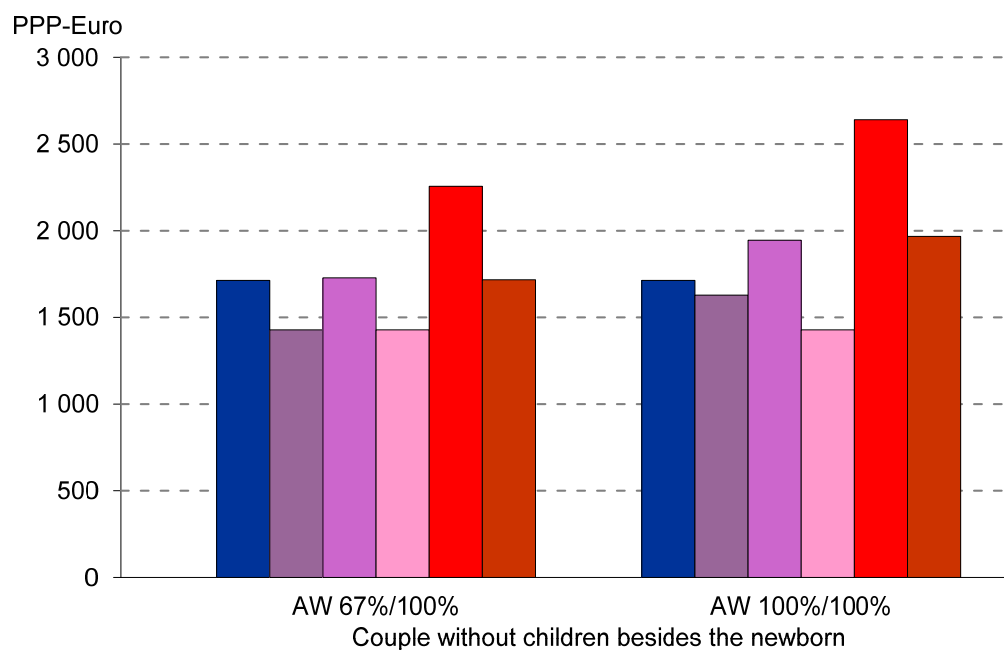


Figure 3.4 Equivalent compensation rate for a single parent with a newborn when drawing parental benefits, AW 100 per cent 2007-2011

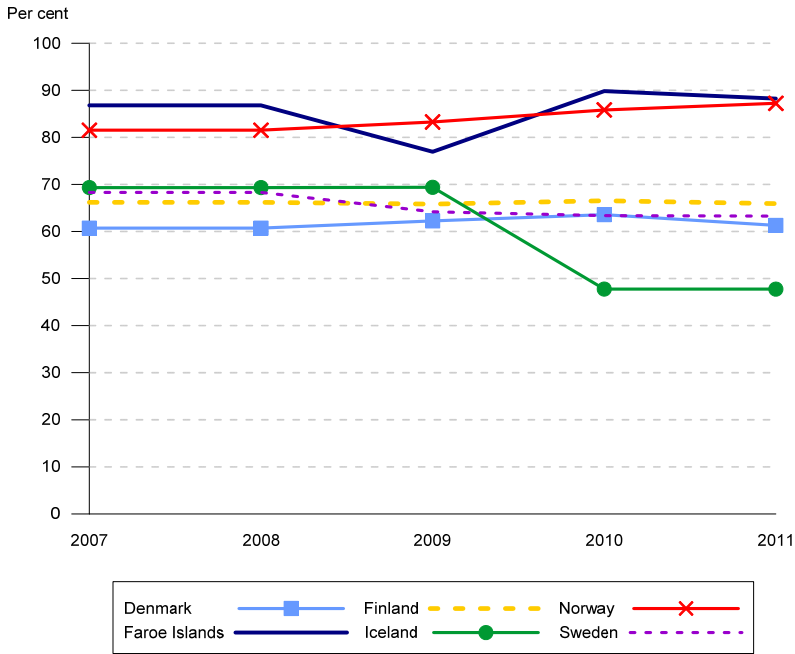
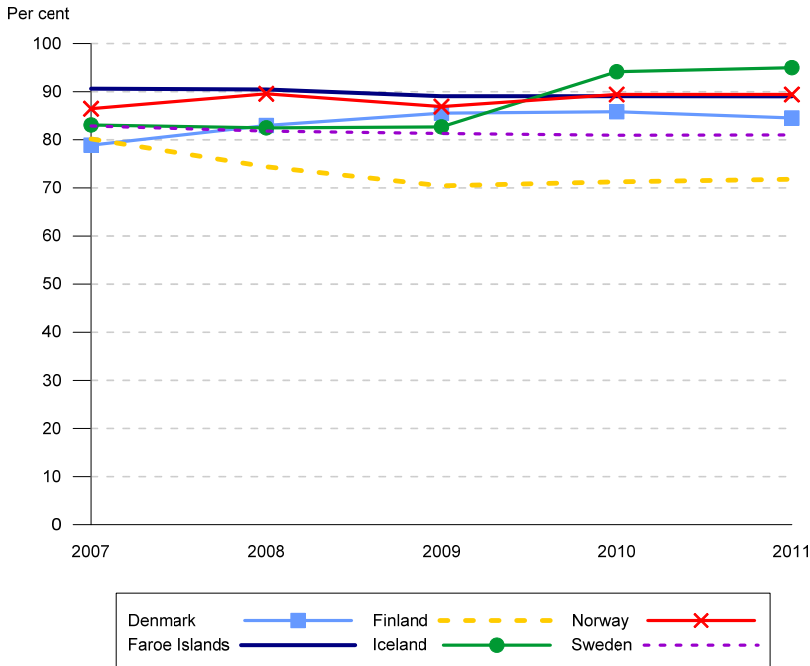


Figure 3.5 Equivalent compensation rate for a couple with two children apart from the newborn when drawing parental benefits, AW 67/100 per cent 2007-2011



For couples with two children besides the newborn, the lower compensation rates in relation to a single parent with no other children in the Faroe Islands and Norway 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 rate for a single person is highest in the Faroe Islands and in Norway, while Iceland has the lowest compensation rate. The compensation rates appear from Tables 3.5 and 3.6.

Table 3.5 Equivalent compensation rates per month for a single parent with no other children than the newborn drawing maternity benefits, as percentages of disposable income from work (December) 2011

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
67 p.c. AW	86	95	69	62	94	72
100 p.c. AW	61	88	66	48	87	63
150 p.c. AW	45	65	59	34	64	52

Table 3.6 Equivalent compensation rates for a couple drawing parental benefits as percentages of disposable incomes from work, when the partner earning the least before the childbirth draws daily cash benefits, 2011

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Couple with no other children than the newborn</i>						
67/100 p.c. AW	81	86	76	88	85	76
100/100 p.c. AW	69	85	74	76	85	74
<i>Couple with two children apart from the newborn</i>						
67/100 AW	85	89	72	95	89	81
100/100 AW	71	88	72	84	89	78

The compensation rate is generally high in the Faroe Islands and in Norway, also in respect of the upper income brackets. In Sweden and Finland, the compensation rates are also relatively high for the upper income brackets, whereas the rates in Denmark and Iceland are 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, 2000-2011

	Denmark ¹⁾	Finland	Iceland	Norway ²⁾	Sweden ³⁾
<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
2010	22 913	16 668	1 236	12 755	51 451
2011	22 055	16 760	1 129	..	51 947
<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
2010	7.1	7.1	31.7	14.7	23.9
2011	7.4	8.3	29.0	17.8	24.5

1 The calculation method was revised in 2002

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

3 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 extended from four to five weeks in 2005, six weeks in July 2006 and 10 weeks in July 2009. The latest extension concerns children born after 1 July 2011. The quota is now 12 weeks. So far, the extension 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.

Adoption Allowance

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 the Faroe Islands, the High Commissioner (the Rigsombudsman) is responsible for adoption cases. The adoption allowance is payable by the Faroese social administration when documentation for the child's arrival is available.

In Sweden, it is a precondition that the child has been born by foreign citizens who are not residing 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, 2005-2011

	Denmark	The Faroe Islands	Finland	Iceland	Norway	Sweden
2005	625	9	..	..	607	976
2010	397	7	161	31	344	692
2011	358	9	170	37	180	543

Table 3.9 The amount of the adoption allowance 2011

Denmark	Faroe Islands	Finland ¹⁾	Iceland ²⁾	Norway	Sweden
DKK	DKK	EUR	ISK	NOK	SEK
		1 900 / 4 500			
47 092	75 000	3 800 / 3 000	550 937	..	40 000

1 In Finland, the adoption allowance depends on the country of origin of the child. Parents adopting children from Estonia get EUR 1 900; from China, Colombia, South Africa and Kenya EUR 4 500; from Ethiopia, the Philippines and Russia EUR 3 800, and parents adopting children from any other country get EUR 3 000 in adoption allowance

2 In Iceland, adoption allowance, which is a non-recurrent payment, is payable upon application. Where more than one child is adopted at the same time, an adoption allowance of 20 per cent of the allowance shall be payable for each additional child

Cash Benefits to Parents Minding Children

Table 3.10 390 days of the basic amount of sickness benefits and 90 days of the minimum amount

	Leave schemes for people in gainful employment?	Length of leave period	Amount of the allowance	Number of children covered by the scheme
Denmark	No	-	-	-
Faroe Islands	No	-	-	-
Finland	Yes	Until the child turns 3 years	EUR 315.54 per month + EUR 94.47 for additional children under 3 years + EUR 60.70 for each additional child under 7 years + income-tested supplement of a max of EUR 168.86	94 571
Iceland	No	-	-	-
Norway	Yes	¹⁾	Graduated parental benefits	..
Sweden	Yes	480 days ²⁾	390 days of the basic amount of sickness benefits and 90 days of the minimum amount	227 597 ³⁾

1 The parental benefits period may be extended till the child has turned three years in combination with part-time work

2 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

3 The number of children for whom parental benefits are payable in December 2011

In Denmark, the rules applying to childminding 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 childminding.

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 childminding in the home or as a supplement towards payment for private childminding. The allowance towards childminding 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. On 1 August 2012, payment of cash benefits for two-year-old children lapses. 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 childminding 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 just under 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 3.11 Rules applying to child allowance, 2011

	Denmark	The 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 3 840 per child in 2011

In all the countries, an allowance is payable for children. The allowance is 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 just under half 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 deductible amount shall be paid to the parent in question.

Table 3.12 The annual amount of the child allowance, 2011

	Denmark	The Faroe Islands	Finland	Iceland	Norway	Sweden
	DKK ¹⁾	DKK	EUR	ISK ²⁾	NOK ³⁾	SEK
<i>Couples with:</i>						
1 child	13 452	9 852	1 205	-	11 640	12 600
2 children	26 904	19 704	2 536	27 737	23 280	27 000
3 children	40 356	29 556	4 235	86 693	34 920	45 048
<i>Single parent with:</i>						
1 child	23 464	16 272	1 766	221 360	23 280	12 600
2 children	41 876	32 544	3 659	450 440	34 920	27 000
3 children	60 288	48 816	5 919	679 520	46 560	45 048
<i>Allowance in PPP-EURO</i>						
<i>Couples with:</i>						
1 child	1 320	967	990	-	1 006	1 081
2 children	2 640	1 933	2 084	150	2 012	2 316
3 children	3 960	2 900	3 480	470	3 018	3 864
<i>Single parent with:</i>						
1 child	2 302	1 597	1 451	1 199	2 012	1 081
2 children	4 109	3 193	3 007	2 441	3 018	2 316
3 children	5 915	4 790	4 864	3 682	4 024	3 864

1 Calculations were made on the basis of a family allowance for 3-6-year-olds of DKK 3 363 per quarter to both single parents and couples. The allowance payable for 0-2-year-olds amounted to DKK 4 248 per quarter, for the 7-14-year-olds DKK 2 646 per quarter and for the 15-17-year-olds DKK 882 per month

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 1-18 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 2010) exceeds ISK 3 600 000 and that of a single parent ISK 1 800 000, the allowance will be reduced by 3 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. The reduction of the allowance for children aged 1-6 years is 3 per cent for one child; 6 per cent for two children and 9 per cent for three or more children. All calculations in the Table were made based on 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 Troms, the Finnmark 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 3.13 The amount of the maintenance allowance advances, 2011

	Denmark	The Faroe Islands	Finland	Iceland	Norway ¹⁾	Sweden
	DKK	DKK	EUR	ISK	NOK	SEK
Maximum amount per child per year, national currency	14 316	12 672	1 714	272 162	16 740	15 276
Maximum amount per child per year in PPP Euro	1 405	1 243	1 408	1 475	1 447	1 310

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

Table 3.14 Number of children receiving maintenance allowance advances as percentages of the population under 18 years, 2000-2011

	Denmark ¹⁾	The Faroe Islands	Finland	Iceland	Norway	Sweden ²⁾
2000	14	9	10	19	18	16
2005	13	9	9	19	14	13
2010	11	8	9	18	11	12
2011	15	8	9	18	11	11

1 The statistics include only the number of children under 18 years

2 Number of children under 19 years

Other Social 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 childminding 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, childminding 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 youth 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 childminding 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 in family day care, 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. within 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 three (the so-called ordinary pre-school). 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 childminding options are not included in the Nordic social statistics.

Pre-school classes

In several of the countries, special classes preparing young children for school have been established but 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 a pre-school class. In the autumn 2011, 96 per cent of all 6-year-olds attended pre-school classes, whereas 1 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

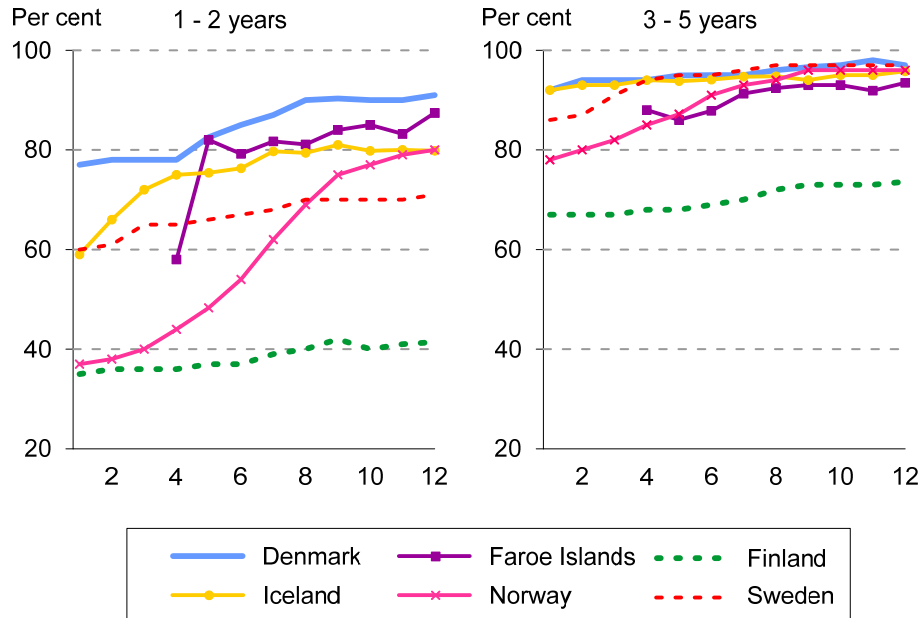
In all the countries, there are day care options for children of school age. Minding may either take place in special youth centres for children of school age or be integrated in the minding of pre-school children in day care institutions. In Norway, the responsibility for the development of after-school 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 principle, a Danish after-school club scheme may include children of all age groups at the school in question, i.e. also club-like activities for the older pupils. In the Faroe Islands, the largest municipalities provide after-school clubs up to and including 2nd grade. In smaller municipalities, day care schemes are applied until the corresponding 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 grade.

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 the youngest pupils in pre-school classes in Denmark also spend time in youth centres and after-school club schemes and in many places also before the start of the school education. 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.

Figure 3.6 Children 1-5 years enrolled in day care institutions and publicly financed family day care as percentages of the age group, 2000-2011



Cf. notes to Table 3.15

Table 3.15 Rules applying to childminding in public day care institutions and family day care, 2011

	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	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, the amount must not exceed the actual municipal average expenditure per child in the day care institution	NOK 2 330 per month	Yes, the upper limit is SEK 1 260 per month for the oldest child
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 a youth club/after-school club scheme?	Yes ¹⁾	No	No, but mind-ing facilities must be provided either mornings or afternoons for children in the first or second grade	Yes, depending on municipality, however, but only for children in the age group 6-9 years	No	Yes ³⁾⁴⁾
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	Decided by the local authorities	Yes, the upper limit is SEK 840 per month for the oldest child

The table continues...

Table 3.15 Rules applying to childminding in public day care institutions and family day care, 2011, continued

Option of full-time or part-time places free of charge?	Yes	Yes	..	Decided by the local authorities	Decided by the local authorities	Yes
Age limit to the minding of children of school age	Until 14 years	None	..	6-9 years	Up to and including 10 years and 12 years for children with special needs	6-12 years

- 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 aged 0-6 years
- 2 From the age of 12 months, pre-school must be provided for children whose parents work, study, are on parental leave, unemployed, or if the child otherwise has a need due to the family situation. Children who for physical, mental or other reasons are in need of special support in their development must be offered places in pre-school
- 3 From the age of 6 years and up to and including the spring term of the year in which the pupil turns 13, if the parents work, study, are on parental leave, unemployed, or if the child otherwise has a need due to the family situation
- 4 Pupils/Children who for physical, mental or other reasons are in need of special support in their development must be offered places in pre-school/youth centre

Table 3.16 Children enrolled in day care institutions and publicly financed family day care in percentages of the respective age groups, 2000-2011

	Denmark ¹⁾	The Faroe Islands	Finland ¹⁾	Iceland ¹⁾	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>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
<i>2011</i>						
< 1 year	19	16	1	8	4	.
1-2 years	91	87	41	80	80	71
3-5 years	97	93	74	96	96	97
0-5 years total	83	79	51	76	76	74
6 years	93	96	70	.	.	86
0-6 years total	84	82	53	.	.	76
7-10 years	77	37	2	.	.	70

1 Figures are including children in publicly subsidised private day care

2 Includes children in public and private kindergartens

Table 3.17 Children enrolled in day care institutions and publicly financed family day care (1 000) by age, 2000-2011

	Denmark ¹⁾	Faroe Islands	Finland ¹⁾	Iceland ¹⁾	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	0	1	6	2	-
1-2 years	110	1	41	76	62	136
3-5 years	189	2	117	94	159	271
0-5 years, total	310	3	159	73	223	407
6 years	60	1	38	.	.	76
0 - 6 years, total	369	4	197	.	.	484
7-10 years	176	1	3	.	.	238
<i>2010</i>						
< 1 year	11	0	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
<i>2011</i>						
< 1 year	12	0	1	0	3	.
1-2 years	117	1	51	8	100	164
3-5 years	192	2	131	13	179	324
0-5 years, total	321	3	184	21	282	489
6 years	61	1	41	.	.	92
0 - 6 years, total	382	4	226	.	.	581
7-10 years	202	1	1	.	.	290

1 Cf. Table 3.16

2 Cf. Table 3.16

Child and Youth Welfare

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

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 3.18 Children, youth and families receiving support measures during the year

	Denmark ¹⁾	Faroe Islands	Finland	Iceland	Norway ²⁾	Sweden ³⁾
	2010	2010	2011	2011	2010	2011
0-17 years	24 527	234	72 236	4 116	32 556	19 600
18-22 years	3 368	99	9 223	131	1 964	6 600
Families	30 996	5	-	3 195	..	..

1 Children and youth between 0 and 17 years and 18-22 years were calculated as at 31 December. Number of families calculated during the year

2 Figures for Norway show support measures for children not placed in care

3 Year: 0-17, 18-20

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', 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 is also included.

Table 3.19 Children and youth placed away from their homes, by age and per 1 000 inhabitants in the respective age groups, 2000-2010

	2000	2005	2009	2010		
				Total	Boys	Girls
<i>Denmark¹⁾</i>						
0-6 years	..	..	3.7	3.9	4.0	3.9
7-14 years	..	..	11.3	10.2	11.0	9.3
15-17 years	..	..	26.7	24.5	25.7	23.3
18-20 years	..	..	..	5.9	6.7	5.0
0-17 years	..	..	11.2	9.7	10.4	9.0
<i>Faroe Islands</i>						
0-6 years	..	..	1.6	2.0	2.0	2.0
7-14 years	..	..	5.3	5.1	7.1	3.1
15-17 years	..	..	5.0	7.7	8.1	7.2
18-20 years	..	..	3.3	3.1	2.9	3
0-20 years	..	..	3.8	..	..	..
<i>Finland</i>						
0-6 years	5.7	6.7	7.3	7.2	7.4	7.3
7-14 years	9.6	11.1	13.9	11.8	14.4	13.1
15-17 years	16.1	20.9	23.5	25.8	26.1	25.9
18-20 years	11.7	14.4	15.1	14.0	14.0	14.0
0-20 years	9.7	11.7	13.5	12.8	13.8	13.3
<i>Iceland²⁾</i>						
0-6 years	2.5	0.6	0.5	0.5	0.4	0.7
7-14 years	4.5	2.9	2.9	3.0	3.0	2.8
15-17 years	8.3	12.5	14.9	15.7	15.3	15.3
18-20 years	.	.	1.4	1.4	1.9	0.8
0-20 years	4.9	4.2	3.7	3.8	3.8	3.7
<i>Norway</i>						
0-6 years	3.6	4.1	4.8	4.8	5.1	4.5
7-14 years	7.9	8.8	10.5	10.5	10.9	10.1
15-17 years	17.4	18.0	21.5	22.5	24.0	20.9
18-19 years	11.0	16.6	18.7	20.0	21.7	18.3
0-19 years	7.9	9.3	11.1	11.4	12.1	10.7
<i>Sweden³⁾</i>						
0-6 years	3.6	3.9	4.2	4.1	4.2	4.0
7-14 years	7.1	7.7	8.7	8.4	8.8	8.0
15-17 years	16.8	17.1	23.7	24.6	28.2	21.0
18-20 years	11.8	13.5	15.7	14.2	16.1	12.2
0-20 years	8.0	8.9	10.8	10.4	11.5	9.4

1 Including children and youth with reduced physical and/or mental abilities. The figures have been calculated on the basis of the number of children and youth 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 the use of a different calculation method

2 Before 2008, the age groups are 0-6 years, 7-14 years, 15-17 years and 0-18 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 3.7 Children and youth aged 0-20 years placed away from their homes per thousand of total number, 2000-2010

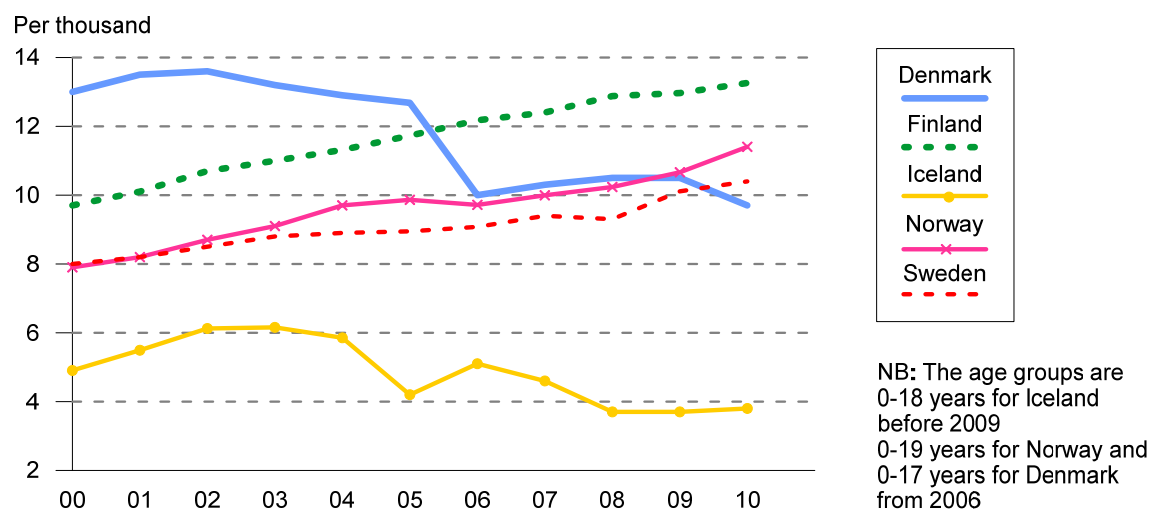


Table 3.20 Children and youth in placements per 31 December in the year, broken down by placement facility as percentages

	Denmark	The Faroe Islands	Finland	Iceland ¹⁾	Norway ^{2,3)}	Sweden ⁴⁾
	2010	2010	2011	2011	2010	2011
Family care	51	90	59	47	70	67
Residential institution	38	10	31	32	15	30
Other place	11	0	10	21	15	3
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 place'

3 Norway 0-22 years

4 1 November 2011

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, Iceland and Sweden 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

childminding; in Finland, allowances for minding children in the home. In Norway, the amount covers expenditure on a childminding scheme. This is a scheme aimed at granting single providers a subsidy towards childminding 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 2009 to 2010

In Denmark, the expenditure on both cash benefits and services decreased from 2009 to 2010. The total decrease was a little less than DKK 530m, corresponding to a decrease of 0.7 per cent. The highest decrease took place in the expenditure on services which decreased by just over DKK 370m, corresponding to a decrease of 0.9 per cent. The expenditure on cash benefits decreased by little less than DKK 160m, corresponding to a decrease of 0.6 per cent.

In the Faroe Islands, the social expenditure on families and children decreased from 2009 to 2010 by 2 per cent, corresponding to a decrease of DKK 15m. This decrease in the expenditure concerned daily cash benefits and allowances connected with child maintenance. As to services, there was a decrease in the expenditure on day care institutions and family day care, while there was an increase in the expenditure on child and youth welfare.

In Finland, the expenditure increased by 1.5 per cent at constant prices. The expenditure on day care institutions and family day care increased by 2.0 per cent, whereas the expenditure on residential institutions for children and youth increased by 1.7 per cent at constant prices.

In Iceland, the social expenditure on families and children decreased by 4.1 per cent from 2009 to 2010 at constant prices. The expenditure on cash benefits decreased by 8.9 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 14.8 per cent at constant prices. The expenditure on services increased by 0.6 per cent at constant prices.

In Norway, the expenditure on families and children increased by 2.4 per cent from 2009 to 2010 at constant prices. Cash benefits increased by 0.4 per cent, while the expenditure on services increased by 3.9 per cent. Cash benefits amounted to 43.4 per cent of the total expenditure on families and children in 2010. The expenditure on daily cash benefits in connection with childbirth and adoption increased by

4.7 per cent. The increase in the expenditure on services (day care institutions and family day care) was 5.4 per cent. In 2010, 282 000 children were enrolled in kindergartens which was an increase of 5 000 children since 2009.

In Sweden, the expenditure on families and children increased by 3.1 per cent at constant prices. The expenditure on parental benefits in connection with childbirth and adoption increased by 5.1 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 2010 than in 2009. 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.

Table 3.21 Expenditure on and financing of cash benefits and services to families and children, 2010

	Denmark	The Faroe Islands	Finland	Iceland	Norway	Sweden
	DKK	DKK	EUR	ISK	NOK	SEK
<i>Cash benefits, million</i>						
A. Daily cash benefits in connection with childbirth and adoption	10 055	167	1 028	9 230	14 426	24 789
B. Birth allowances	0	1	12	.	403	28
C. Parental benefits when minding children (leave schemes, etc.)	85	-	384	.	1 401	154
D. Family or child allowances	16 942	147	1 433	10 661	14 849	23 731
E. Supplements	0	-	0			
F. Other	516	17	95	2 820	3 431	2 051
a. of which advances on maintenance allowances to children	516	2	95	1 191	454	2 051
Cash benefits, total	27 598	332	2 957	22 711	34 511	50 753
<i>Services, million</i>						
A. Day care Institutions and family day care	28 811	312	1 935	14 518	31 302	34 936
B. Residential institutions (child and youth welfare)	10 010	81	573	5 000	7 304	10 103
C. Home help to families	15	-	21	379	1 284	2 900
D. Other	4 214	7	360	5 415	5 032	5 085
Services, total	43 050	400	2 888	25 312	44 922	53 024
Total expenditure, million	70 648	732	5 845	48 023	79 433	103 777
Expenditure as percentage of GDP	4.1	5.7	3.3	3.1	3.1	3.1
<i>Financed by (per cent)</i>						
- Public authorities	85.0	88.1	82.6	83.4	83.5	78.1
- Employers	0.2	6.1	12.3	16.6	9.7	21.3
- The insured (contributions and special taxes)	14.8	5.8	5.1	0.0	6.8	0.6
<i>Changes 2009-2010 in terms of 2010 prices</i>						
- Million	-530	-15	85	-2 062	1 838	3 158
- Per cent	-0.7	-2.0	1.5	-4.1	2.4	3.1

Table 3.22 Expenditure on cash benefits and services to families and children, PPP 2010

	Denmark	The Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Cash benefits, total per capita</i>	481	668	463	404	610	460
- Per child 0-17 years	2 294	2 544	2 287	1 589	2 831	2 255
<i>Services, total per capita</i>	751	806	452	450	793	480
- Per child 0-17 years	3 578	3 068	2 233	1 771	3 685	2 356
<i>Families and children, total per capita</i>	1 232	1 473	916	854	1 403	940
- Per child 0-17 years, total	5 872	5 612	4 520	3 359	6 515	4 612

User charges payable for childminding

In all the Nordic countries, parents pay part of the costs for having their children minded in day care institutions and day care. When parental charges are calculated, a family's income is normally taken into account, and discounts are given for siblings if parents have several children in day care, youth club or after-school club. Children of parents who have a very low income may in all the countries, with the exception of Sweden, be granted a place free of charge, so that the place in a day care institution or day care is free of charge. In none of the countries may payment exceed the actual costs of a place.

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

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 14.3 per cent of the total running costs, and user payment for after-school clubs amounted to about 27 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 3.23 Rules and amounts applying to user payment, 2011

	Denmark	Faroe Islands	Finland	Iceland ³⁾	Norway	Sweden
Laid down centrally or locally?	Centrally	Centrally	Centrally	Local authorities	Centrally	Centrally
Amount of maximum user payment	In day care institutions and day care, a maximum of 25 per cent of the budgeted gross running costs. For children in youth clubs, parental charges are max. 30 per cent of the budgeted gross running costs ¹⁾	.	EUR 254 per month for the family's first child and for subsequent children EUR 229 per child per month in municipal day care	.	NOK 2 330 per month	SEK 1 260 per month for the family's first child in pre-school and SEK 840 per month for the family's first child in a youth centre
Amount means-tested?	No. Yes for a partly or wholly free place	.	Yes	.	No ⁴⁾	Yes
Reduction for siblings?	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 costs	20 p.c. ²⁾	25 p.c.	14 p.c.	14 p.c.	15-19 p.c.	9 p.c. ⁵⁾

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 The share of parental charges of the total expenditure in 2010

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

5 Except 2010

Chapter 4

Unemployment

Links to supplementary information:

[EUROSTAT - database](#)

[Typical cases](#)

[Social Expenditure](#)

The rules applying to both income-substituting benefits for 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, 2009

Denmark	2.2	Austria	1.8	Hungary	1.0	Portugal	1.4
The Faroe Islands	1.5	Belgium	3.8	Ireland	3.1	Romania	0.4
Finland	2.4	Bulgaria	0.5	Italy	0.8 ^p	Slovakia	1.0 ^p
Iceland	1.7	Cyprus	1.0	Latvia	1.6 ^p	Slovenia	0.6 ^p
Norway	0.7	Estonia	1.2	Lithuania	0.9 ^p	Spain	3.7 ^p
Sweden	1.3 ^p	France	1.9 ^p	Luxembourg	1.3	The Czech Republic	1.1
		Germany	1.9 ^p	Malta	0.6	The Netherlands	1.5 ^p
		Greece	1.6	Poland	0.4	United Kingdom	0.8 ^p

p Preliminary data

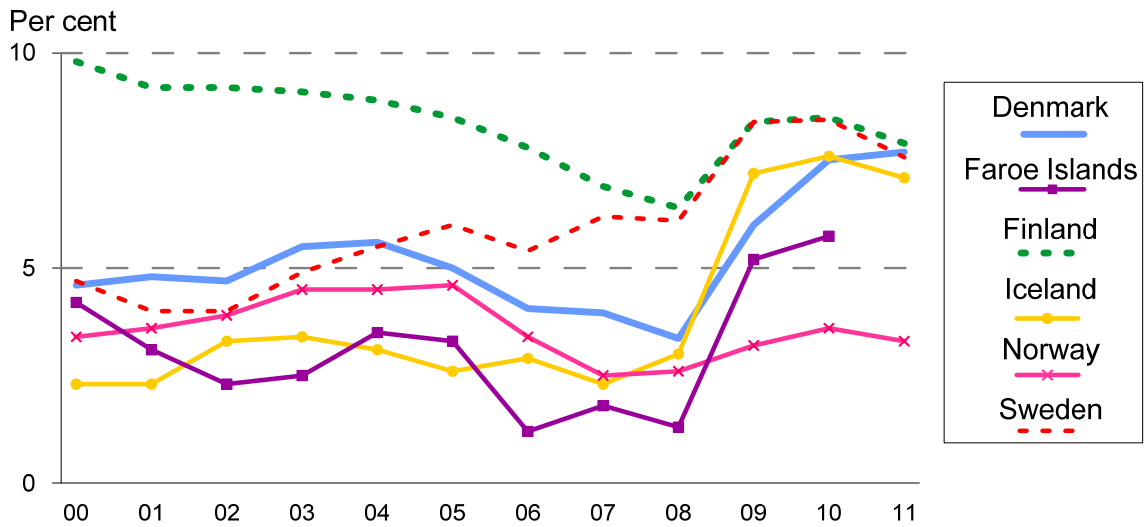
Note: The source is EUROSTAT: Database for Social Protection Expenditure and Receipts. The source for the Faroe Islands is the *Almannáttálaráðið*

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

After a decline in the unemployment rates in most countries, the unemployment rate rapidly increased from 2008. From 2010 to 2011, the unemployment rate seemed to stabilize or decline. Finland and Sweden has a high unemployment rate. In all the countries, with the exception of the Faroe Islands, 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, 2000-2011



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, 2011

	Denmark	The Faroe Islands ¹⁾	Finland ¹⁾	Iceland	Norway ¹⁾	Sweden ²⁾
<i>Men</i>						
aged 16-64 years (1 000)	1 822	..	1 790	102	1 675	3 052
<i>Of whom in per cent:</i>						
Employed, total	76	..	70	81	77	78
- Full-time	65	..	63	71	68	68
- Part-time	11	..	7	10	10	9
Unemployed	6	..	7	8	3	6
Not gainfully employed	18	..	24	12	20	16
Total	100	..	100	100	100	
<i>Women</i>						
aged 16-64 years (1 000)	1 794	..	1 749	101	1 601	2 954
<i>Of whom in per cent:</i>						
Employed, total	70	..	67	77	73	73
- Full-time	45	..	55	50	44	45
- Part-time	26	..	13	27	29	28
Unemployed	6	..	5	6	2	6
Not gainfully employed	24	..	27	17	24	21
Total	100	..	100	100	100	100
<i>Men and Women</i>						
aged 16-64 years (1 000)	3 615	..	3 539	203	3 276	6 006
<i>Of whom in per cent:</i>						
Employed, total	73	..	69	78	75	75
- Full-time	55	..	59	60	56	57
- Part-time	18	..	10	18	19	19
Unemployed	6	..	6	7	3	6
Not gainfully employed	21	..	26	15	22	19
Total	100	..	100	100	100	100

1 Population 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'

Table 4.3 Development in the unemployment rate by gender, 2000-2011

	Average number of unemployed	Expenditure as percentage of the labour force					
		Total	Men	Women	16-24-years-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
2010	218 347	7.5	8.3	6.6	13.7	15.7	11.6
2011	221 000	7.7	7.8	7.6	14.2	15.6	12.7
<i>The 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
2010	1 562	5.7	5.7	5.6	6.1	6.6	5.5
2011	..	..	..	..	..	..	..
<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
2010	224 000	8.5	9.3	7.7	21.4	23.8	19.0
2011	208 000	7.9	8.6	7.2	20.1	21.8	18.4
<i>Iceland⁶⁾</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
2010	13 700	7.6	8.3	6.7	16.2	18.4	14.1
2011	12 700	7.1	7.8	6.2	14.6	18.4	10.7
<i>Norway⁴⁾</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
2010	94 000	3.6	4.1	3.0	9.3	10.8	7.7
2011	86 000	3.3	3.5	3.1	8.6	9.3	7.9
<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
2010	408 800	8.4	8.6	8.3	25.0	26.4	23.4
2011	370 633	7.6	7.5	7.7	22.6	21.5	23.6

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'

6 Data based on the labour market surveys (AKU)

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 Iceland, the unemployment insurance scheme is administered by the Ministry of Labour. There is a fixed basic amount based on previous labour market participation, everything from 25 per cent to 100 per cent work participation. Those who are not insured are not entitled to unemployment benefits. Unemployment benefits are based on previous pay in a certain period of time prior to the unemployment, but unemployment benefits shall never exceed 70 per cent of any previous income from work. In Iceland, self-employed people are entitled to unemployment benefits if they have wound up their businesses, paid tax of their incomes and comply with other requirements which unemployed people must comply with to get unemployment benefits.

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 prerequisites for being awarded 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. The first time, a full-time ensured member applies for benefits, he/she must have worked as an employee for 1 924 hours (corresponding to 52 weeks of full-time employment) within the past three years prior to becoming unemployed, or for a similar period have run his/her own business to a considerable extent. The benefit period is two years in a period of three years. A member shall be entitled to a new

benefit period when he/she has accumulated a new period of 1 924 hours of work within the unemployment benefit period. At the expiry of the benefit period, a member obtains entitlement when he/she has accumulated another 962 hours of employment within three years, or in a similar period has run his/her own business to a considerable extent. From 2 July 2012, the accumulation requirement is at the expiry of the daily cash benefit period the same as for the continuous accumulation - 1 924 hours in a period of 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, unemployment benefits are payable to employees who have worked for at least 34 weeks during the past 28 months and for at least 18 hours a week. The same applies if one has been self-employed for at least 18 months during the past 48 months. In order to get earnings-related unemployment benefits, the unemployed must be a member of an unemployment fund. Benefits are payable for a maximum of 500 calendar days.

Unemployed people born in 1950-1954 are eligible for an extension until the age of 65 years if they reach the age of 59 years before their entitlement runs out and they have completed at least 5 years of employment during the previous 20 years. Unemployed people born in 1955 or later are eligible for an extension until the age of 65 years if they reach the age of 60 years before their entitlement runs out and they have completed at least 5 years of employment during the previous 20 years.

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, with the exception of 2010 and 2011 in which benefits shall also be payable for the fourth year. 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 123 183 in the past calendar year, or at least NOK 246 366 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 164 244 results in a benefit period of 104 weeks, whereas an earned income of less than NOK 164 244 results in a bene-

fit period of 52 weeks. 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.

Table 4.4 Rules applying to payment of cash benefits in the event of unemployment as per December 2011

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Insured individuals</i>						
Necessary conditions of award of unemployment benefits	Employment for at least 1 924 hours within the past 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 p.c. for at least 3 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	A decrease in working hours of at least 50 p.c. and an annual income of at least NOK 123 183 for the past calendar years or at least NOK 246 366 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
Age limit for entitlement to unemployment benefit	19-65 years ¹⁾	16-66 years	17-67 years ²⁾	16-69 years	16-67 years	16-64 years ³⁾
Waiting period (days)	-	1-10	7	-	3	7 days
Maximum number of unemployment benefit days	104 weeks of 5 days within 3 years.	648 within the past 3 years (5 benefit days per week)	500 (5 benefit days per week)	260 days per year for 4 years	52/104 weeks of 5 days	300/450 ⁴⁾
Benefit reobtainable?	Yes	Yes	Yes	Yes	Yes	Yes
On which conditions?	By complying with the requirement of 962 hours of work within the past 3 years; after 1 July 2012 1924 hours 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	Reobtained when the insured again comply with the requirement of minimum income	By complying with the new rules (cf. above) during the present benefit period
Benefits subject to tax?	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 older	67 years	20-64 years ³⁾
Maximum benefit period	2 years in a period of 3 years	.	.	.	.	300/450 ⁴⁾

- 1 Individuals between the ages of 18 and 63 years are entitled to join an unemployment insurance fund, but entitlement to unemployment benefits applies to people between 19 and 65 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 people with children under 18 years

Table 4.5 Amount of cash benefits in connection with unemployment as per December 2011

	Denmark	The 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 128.70 + child supplement: EUR 24.40-46.15 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 ²⁾	62.4 per cent of the income from work	80 per cent of income from work ³⁾ for the first 200 days, then 70 per cent/day 5 days per week
Income ceiling per week for full compensation, national currency ¹⁾	4 254	6 250	No maximum	58 362	9 476	
Income ceiling per week for full compensation in PPP-Euro ¹⁾	418	613		316	811	EUR 372 per week for the first 200 days, then EUR 425 per week
Minimum amount per week, national currency	3 140	.	.	8 625	985	1 600 ⁴⁾
Minimum amount per week, in PPP Euro	308	.	.	49	84	140 ⁵⁾
Maximum amount per week, national currency	3 830	4 743	.	ISK 34 500 fixed amount	5 913	3 400
<i>Non-insured individuals</i>						
Unemployment benefit amount (per week)	Young people younger than 25 years: DKK 1 466 Others: DKK 2 275/3 022 (providers)	Needs-tested social assistance	EUR 128.70 + child supplement EUR 24.40-46.15 per week	Income-tested social assistance	.	1.600 SEK ^{4,5,6)}

- 1 The income ceiling is the income maximum (previous income) in relation to which unemployment benefits are calculated. The calculation of the income ceiling is made according to different principles in the various countries
- 2 Cash assistance increases by 4 per cent for each 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 calendar 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 Income and Compensation Rates when Receiving Unemployment Benefits

Figure 4.2 shows the equivalent disposable incomes at two different income levels for a couple when the one earning the least 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. Figures 4.4, 4.5 and 4.6 show the development in the compensation levels in recent years. In Figure 4.6, the disposable incomes for non-insured individuals are shown. Tables 4.6, 4.7 and 4.8 show the compensation rates as percentages of previous earnings from work. As can be seen from the figures and tables, the compensation for insured unemployed individuals is considerably higher 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 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 amount 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, amount to only 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 Compensation rates (December) for an insured couple of whom the lowest AW draws unemployment benefits, as percentages of disposable income from work, 2011

	Denmark	The Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Couples with no children</i>						
67/100 p.c. AW	93	93	73	66	80	86
100/100 p.c. AW	79	92	77	79	83	73
<i>Couples with two children</i>						
67/100 AW	93	91	69	70	81	86
100/100 AW	78	90	72	84	84	73

Table 4.7 Compensation rates for a single person drawing unemployment benefits (December), as percentages of disposable income from work, 2011

	Denmark	The Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Single person with no children</i>						
67 p.c. AW	83	83	64	67	75	66
100 p.c. AW	59	83	53	65	66	45
150 p.c. AW	43	61	46	46	49	34
<i>Single parent with one child</i>						
67 p.c. AW	87	86	84	76	88	78
100 p.c. AW	70	91	70	72	73	57
150 p.c. AW	54	68	53	54	55	44

Table 4.8 Compensation rates for a non-insured single childless person in the event of unemployment, per month (December) 2011

	Denmark	The Faroe Islands	Finland	Iceland	Norway
67 p.c. AW	69	94	49	72	52
100 p.c. AW	49	68	36	53	36
150 p.c. AW	36	50	26	37	27

Figure 4.2 Equivalent disposable incomes per month for an insured couple when the partner earning the least draws unemployment benefits in 2011

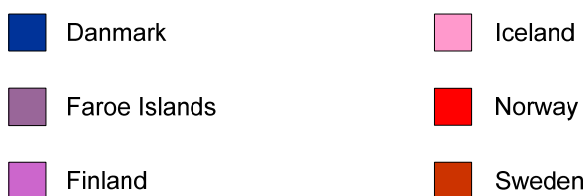
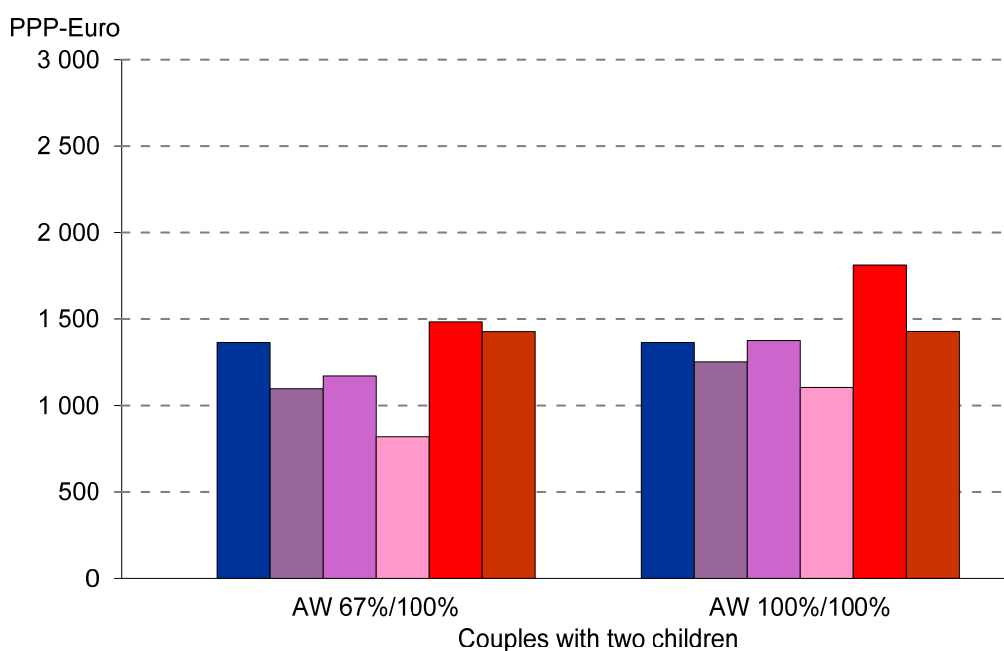
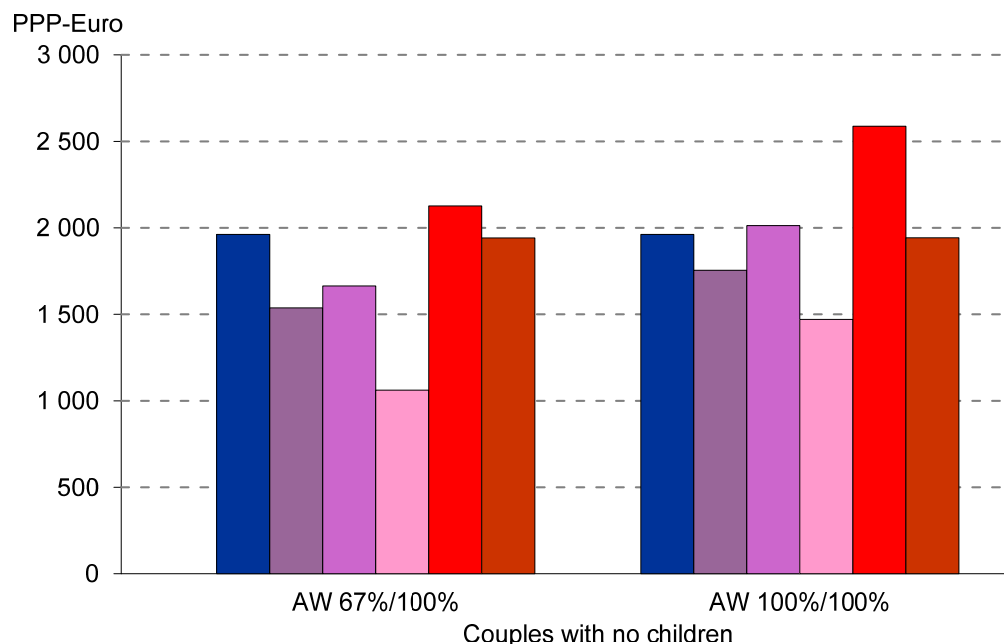


Figure 4.3 Equivalent disposable income for a single parent drawing unemployment benefit, per month (December) 2011 in PPP-Euro

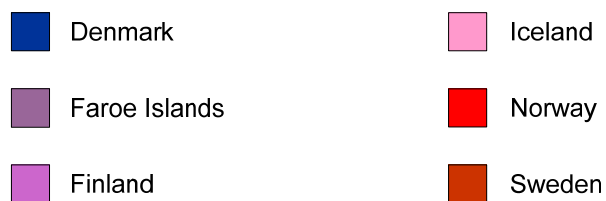
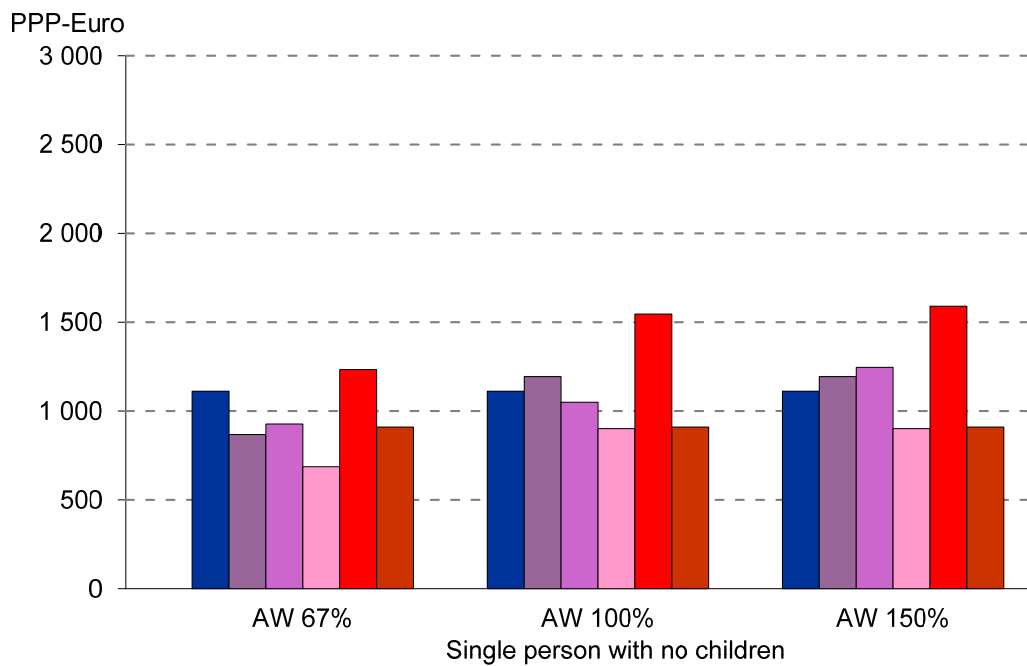
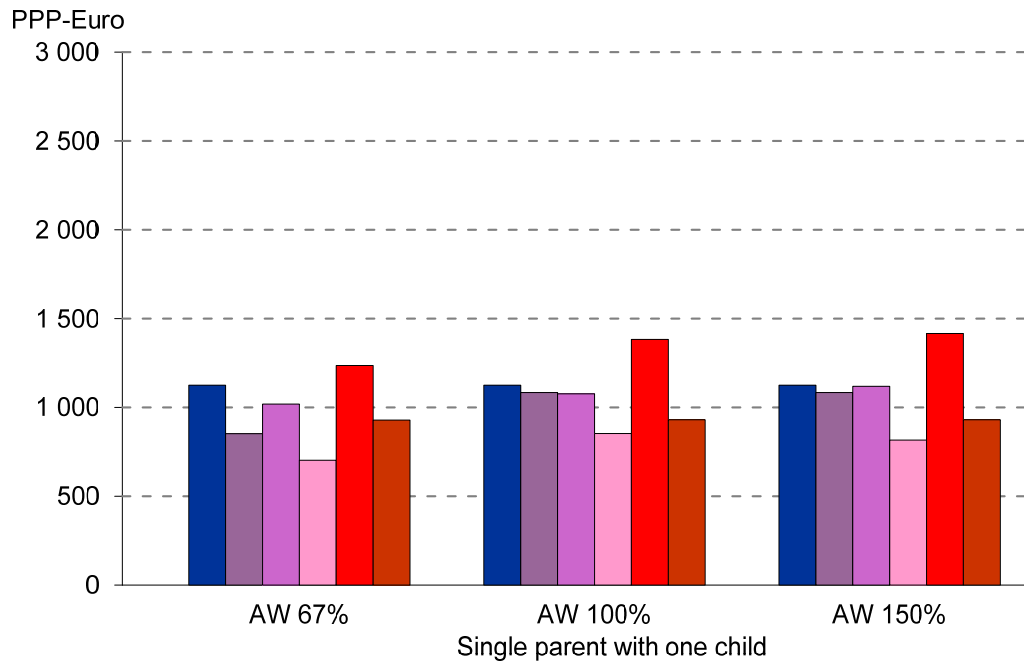


Figure 4.4 Compensation rate for a single parent with one child when drawing unemployment benefits, AW 100 per cent, 2007-2011

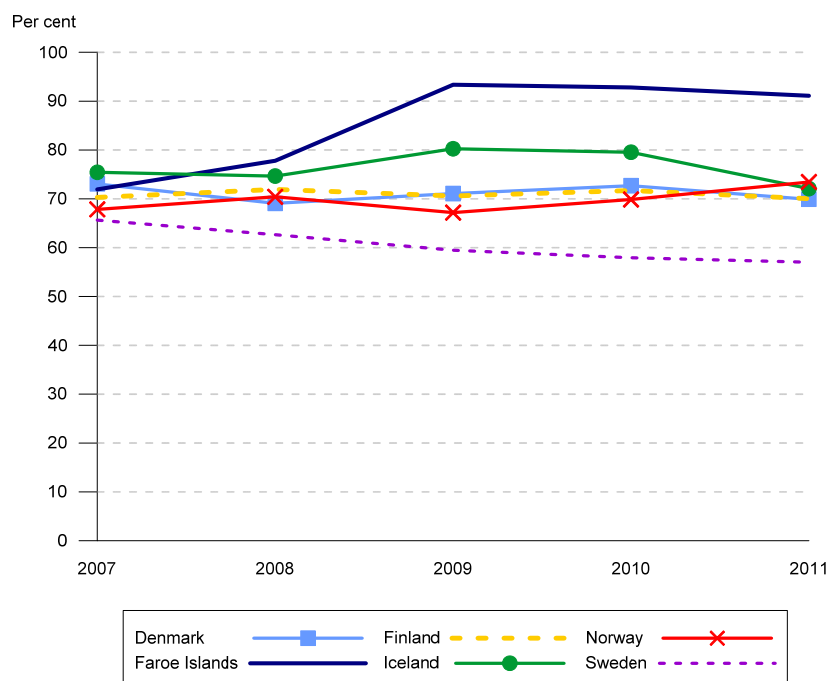


Figure 4.5 Compensation rates for a couple with two children where the parent earning the least draws unemployment benefits, AW 67/100 per cent, 2007-2011

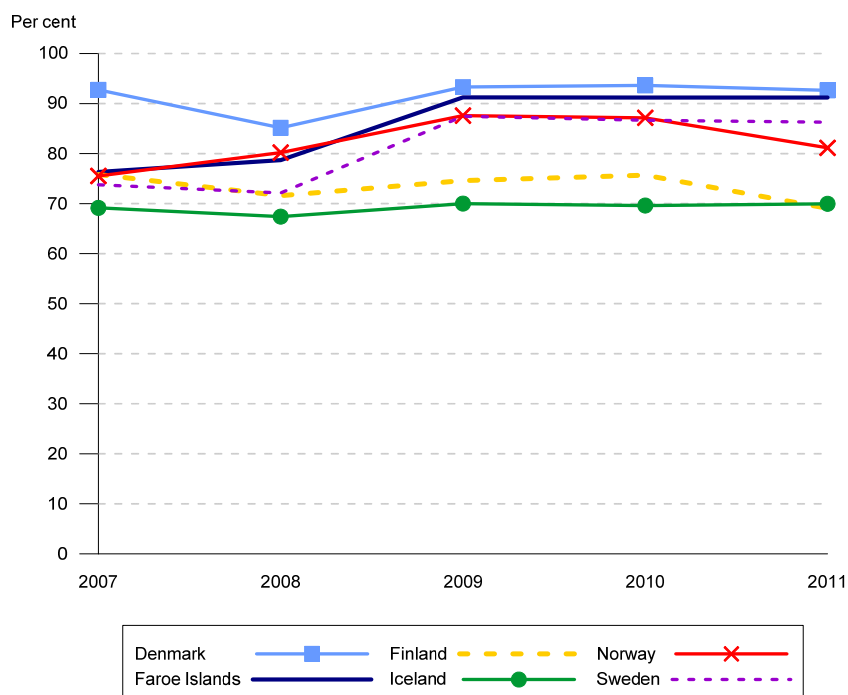


Figure 4.6 Compensation rate for a non-insured single childless person when unemployed, AW 100 p.c., 2007-2011

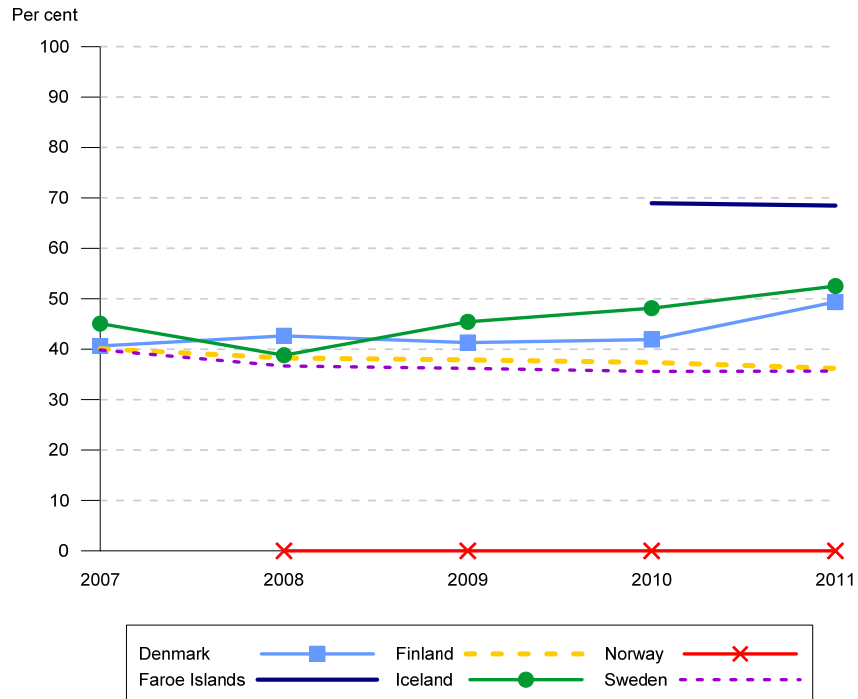


Table 4.9 shows the number of people affected by unemployment for at least one day of the respective years. A comparison of the data in Tables 4.3 and 4.9 consequently indicates that a relatively large number of unemployed individuals find work again in less than a year, but there are also differences 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, 2000-2011

	Denmark	The Faroe Islands	Finland ¹⁾	Iceland ²⁾	Norway ³⁾	Sweden ⁴⁾
<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	0	241	.	.	92
Total	543	3	549	10	172	601
Total as percentage of the labour force	20	10	21	6	7	13
<i>2010</i>						
Insured individuals	330	1	408	27	170	327
Non-insured individuals	95	0	199	.	.	38
Total	421	2	580	27	170	259
Total as percentage of the labour force	16	7	22	15	7	7
<i>2011</i>						
Insured individuals	324	..	333	25	152	256
Non-insured individuals	92	..	208	.	.	36
Total	411	..	508	25	152	286
Total as percentage of the labour force	16	..	19	14	6	6

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 Calculated on the basis of the number of approved unemployment benefit applications. There is a new group of measures applying from January 2009 with further changes from March 2010

4 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 2010, 5 000 individuals were counted as being both insured and non-insured. In 2011, about 6 000 individuals drew income-related and basic amount

Job Training and Activation

In all the Nordic countries, activation is in focus. The lower age limit for the implementation 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 on 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 activity. 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, drawing 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 re-

gional 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 grants, apart from performing its main task of paying out unemployment benefits, subsidies towards payment for various courses for unemployed people, activation programmes and special 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 potential for 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.

Table 4.10 Number of people in activation, 2000-2011

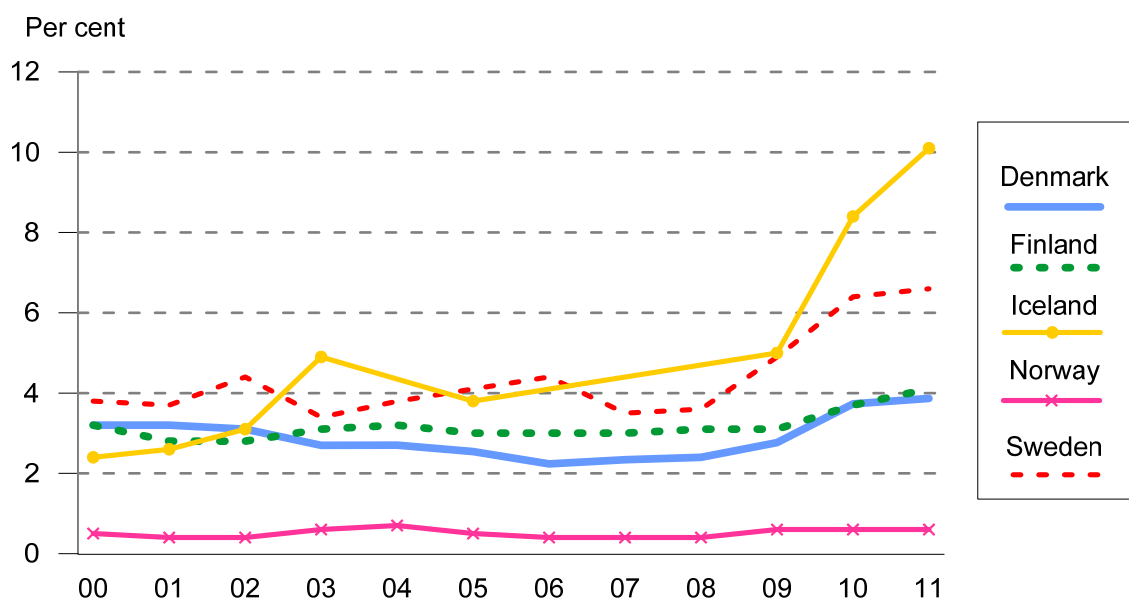
	Number of people in activation during the year		Number of people in activation at the time of calculation/average number of people in activation		People in activation as percentages of the labour force at the time of calculation	
	Total	16-24-year-olds	Total	16-24-year-olds	Total	16-24-year-olds
<i>Denmark</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 2010	392 036	67 607	101 999	16 192	3.7	4.1
Total 2011	394 762	70 698	101 327	17 101	3.9	4.8
Of whom:						
- Subsidized employment	195 305	27 017	47 828	5 515	1.8	1.6
- Education/training	317 374	63 506	53 500	11 586	2.0	3.3
- 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 2010	263 249	63 534	100 146	18 118	3.7	5.7
Total 2011	267 927	61 151	109 133	17 747	4.1	5.5
Of whom:						
- Subsidized employment	82 500	13 537	35 488	5 753	1.3	1.8
- Education/training	63 965	10 621	30 197	5 130	1.1	1.6
- Other	121 462	36 993	43 448	6 864	1.6	2.1
<i>Iceland</i>						
Total 2000	3 811	764	..	..	2.4	2.6
Total 2005	6 325	1 271	..	..	3.8	4.5
Total 2010	15 208	4 095	..	..	8.4	13.6
Total 2011	18 233	3 104	..	..	10.1	10.2
Of whom:						
- Subsidized employment	1 433	280	..	..	0.8	0.9
- Education/training	13 955	2 322	..	..	7.8	7.6
- Other	2 845	502	..	..	1.6	1.7
<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 2010	63 555	..	16 119	5 162	0.6	1.4
Total 2011	64 226	..	15 636	4 952	0.6	1.4
Of whom:						
- Subsidized employment	..	..	1 388	..	0.1	..
- Education/training	..	..	5 463	..	0.2	..
- Other	..	..	8 785	..	0.3	..
<i>Sweden</i>						
Total 2000	470 970	..	166 159	..	3.8	..
Total 2005	595 138	..	185 986	..	4.1	..
Total 2010	..	..	309 679	..	6.4	..
Total 2011	..	..	300 855	..	6.6	..
Of whom:						
- Subsidized employment	..	..	..	..	..	..
- Education/training	..	..	..	..	..	..
- Other	..	..	..	..	..	..

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. There is a new group of measures applying from January 2009 with further changes from March 2010

Figure 4.7 Development in the activation as percentages of the labour force at the time of calculation, 2000-2011



Cash Benefits in the Event of 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 uphold 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 2009 to 2010

In Denmark, the expenditure increased from 2009 to 2010 by DKK 6.2bn, corresponding to a growth rate of 17.1 per cent. The increase was due to increased expenditure

on the 'daily cash benefit scheme' of DKK 3.2bn and the 'cash benefits in connection with job training' of DKK 1.4bn as a result of the increasing unemployment rate.

In the Faroe Islands, the expenditure increased from 2009 to 2010 by 61.7 per cent, corresponding to an increase of DKK 109m. 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 4.0 per cent, and the expenditure on cash benefits increased by 2.5 per cent at constant prices. The unemployment rate was 8.2 per cent in 2009 and 8.4 per cent in 2010.

In Iceland, the expenditure on unemployment decreased in total by 6.5 per cent from 2009 to 2010 at constant prices as a result of a slight decrease in the unemployment rate after a steep increase in the unemployment rate in the autumn of 2008. The number of days for which unemployment benefits were payable decreased by 1.9 per cent from 2009 to 2010. The expenditure on cash benefits decreased by 8.3 per cent at constant prices, which was essentially a result of a decrease in the daily cash benefits payable in connection with unemployment of 11.0 per cent at constant prices. The expenditure on services increased by 71.4 per cent at constant prices, which was mainly due to increased expenditure on activation measures for the unemployed.

In Norway, the expenditure on unemployment increased by 17.7 per cent from 2009 to 2010 at constant prices. The expenditure on cash benefits increased by 17.3 per cent, while the expenditure on services increased by 11.5 per cent. Cash benefits made up 67.1 per cent of the total expenditure on unemployment in 2010 as against 65.3 per cent in 2009. The expenditure on daily cash benefits increased by 22.2 per cent from 2009 to 2010, and in that period the unemployment rate increased from 3.2 per cent of the labour force to 3.3 per cent (the labour market survey AKU).

In Sweden, the expenditure in connection with unemployment increased in 2010. At constant prices, the expenditure increased by 10.4 per cent. The expenditure increase is mainly a result of increased allowances in connection with job training. The daily cash benefits decreased by 8.6 per cent. This was due to the number of unemployed increasing in 2010 since the drop in 2009.

Table 4.11 Expenditure on and financing of unemployment benefits, 2010

	Denmark	The Faroe Islands	Finland	Iceland	Norway ¹⁾	Sweden
	DKK	DKK	EUR	ISK	NOK	SEK
<i>Cash benefits, million</i>						
A. Unemployment benefits	18 839	260	3 014	23 305	12 366	19 163
B. Partial unemployment benefits	-		86	-		-
C. Pension for labour market reasons	-		531	-	285	-
D. Cash benefits payable during vocational training	20 583	21	208	-	1 171	15 319
E. Compensating benefits	-		-	-		1 338
F. Other	-	260	-	972		-
Cash benefits, total	39 422	280	3 838	24 276	13 822	35 820
<i>Services, million</i>						
A. Mobility and resettlement	-		5	-	-	91
B. Services in connection with vocational training	-	5	364	-	817	6 463
C. Other	3 140		163	1 027	5 960	2 923
a. Of which employment services	3 042		163	1 027	5 960	2 881
Services, total	3 140	5	532	1 027	6 777	9 477
Total expenditure, million	42 562	285	4 370	25 303	20 599	45 297
Expenditure as percentage of GDP	2.4	2.2	2.4	1.6	0.8	1.4
<i>Financed by (per cent)</i>						
- Public authorities	29.2	12.9	57.1	0.4	56.0	4.3
- Employers	0.0	43.5	32.1	99.6	26.2	85.4
- The insured (contributions and special taxes)	70.8	43.5	10.8	0.0	17.9	10.3
<i>Changes 2009-2010 in terms of 2010 prices</i>						
- Million	6 211	109	169	-1 772	3 099	4 285
- Per cent	17.1	61.7	4.0	-6.5	17.7	10.4

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'

Table 4.12 Expenditure on cash benefits in connection with unemployment in PPP, 2010

	Denmark	The Faroe Islands	Finland	Iceland	Norway	Sweden
Cash benefits, total per capita	687	564	601	423	244	324
- Per person aged 16-64 years	1 085	912	924	656	373	510
Services, total per capita	55	9	83	18	120	86
- Per person aged 16-64 years	86	15	128	28	183	135
Expenditure on unemployment, total per capita	742	574	685	450	364	410
- Per person aged 16-64 years	1 172	927	1 052	683	555	645

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 the GDP in the EU, Faroe Islands, Iceland and Norway, 2009

Denmark	7.6	Austria	7.6	Hungary	5.7	Portugal	7.3
The Faroe Islands	7.3	Belgium	8.2	Ireland	10.7	Romania	4.2
Finland	7.5	Bulgaria	3.9	Italy	7.3 ^p	Slovakia	5.7 ^p
Iceland	9.0	Cyprus	5.1	Latvia	3.9 ^p	Slovenia	7.8 ^p
Norway	8.5	Estonia	5.4	Lithuania	5.4 ^p	Spain	7.3 ^p
Sweden	8.0 ^p	France	9.4 ^p	Luxembourg	5.8	The Czech Republic	6.4
		Germany	9.7 ^p	Malta	6.1	The Netherlands	10.3 ^p
		Greece	8.0	Poland	4.8	United Kingdom	8.7 ^p

^p Preliminary data

Note: The source is EUROSTAT: Database for Social Protection Expenditure and Receipts. The source for The Faroe Islands is the Almannamálaráðið

Paid Absence Due to Illness

The structures of the wage and daily cash benefit schemes in the event of 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 2011

	Denmark	The 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 shall be payable 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 10 272.
Self-employed people qualify for sickness benefits on the following conditions:	Self-employment to a considerable extent for 6 months within the past 12 months entitles to sickness benefits after 2 weeks of illness.	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 2 years ³⁾	52 weeks within 2 years	52 weeks within 3 years	Usually 364 days in a period of 15 months ⁹⁾
Waiting period?	No	No	No ⁴⁾	Yes ⁶⁾	No	Yes
Length of waiting period:	-	-	-	..	-	1 day (7, 14, 30, 60 or 90 days for self-employed people)

To be continued...

Table 5.2 Rules governing payment of cash assistance* to employees and self-employed people in case of illness as per December 2011, continued

	Denmark	The Faroe Islands	Finland	Iceland	Norway	Sweden
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 ⁵⁾	Yes	Yes	Yes
Rules applying to part-time absence due to illness?	Yes	No	Yes	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. The requirement of the local authorities as to sickness benefits shall be changed as per 2 July 2012 to employment for 26 weeks of at least 240 hours
- 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 self-employed people who have already drawn sickness benefits for the maximum period (52 weeks) may be awarded another 50 days of daily cash benefits due to the same illness after having been back at work for at least 30 consecutive days
- 4 Employees and self-employed people who have already drawn sickness benefits for the maximum period (52 weeks) may be awarded another 50 days of daily cash benefits due to the same illness after having been back at work for at least 30 consecutive days
- 5 In the public sickness insurance scheme
- 6 According to law, wages/salaries shall be payable during illness depending on the length of the employment period. After 1 year of employment, salary/ wage shall be payable for 1 month, increasing to 3 months after 5 years of employment. Most collective agreements contain agreements on pay during illness exceeding those three months
- 7 Besides, there are a number of special provisions for self-employed people
- 8 People suffering from serious illness are exempt from any limitation of time
- 9 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 2011

	Denmark	The Faroe Islands	Finland	Iceland	Norway	Sweden
Amount of benefits as percentages of income from work	100	100	70 usually ²⁾	100 ⁴⁾	100	80/77.6 ⁵⁾
Income ceiling per week for full compensation, national currency ¹⁾	3 830	4 783	No maximum	No maximum	9 140	6 152
Income ceiling per week for full compensation in PPP-Euro ¹⁾	376	469			790	528
Minimum amount per week in national currency	3 140	.	132.78 ³⁾	.	762	153
Minimum amount per week, in PPP Euro	308	.	109		66	13
Maximum amount per week, national currency	3 830	4 186	.	.	9 140	4 774
Maximum amount per week, in PPP Euro	376	411			790	409
Benefits subject to tax?	Yes	Yes	Yes	Yes	Yes	Yes
Supplement for children?	No	No	No	No	No	No

- 1 The income ceiling is the income maximum (previous income) in relation to which sickness benefits are calculated. The calculation of the income ceiling is made according to different principles in the various countries
- 2 70 per cent of the income from work up to EUR 33 479 per year; then 40 per cent of the income between EUR 33 480 and EUR 51 510 per year and after that 25 per cent. Partial sickness benefits amount to 50 per cent of the 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 Pay during illness depends on period of employment
- 5 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 the State and the municipalities 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 maximum 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 maximum 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

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. Individuals who qualify for unemployment benefits or 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 from the local authorities. Self-employed people 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. For self-employed people, sickness benefits are calculated on the basis of income from work in their own businesses.

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 1 285. 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 might 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 precondition 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 39 608 per 1 May 2011. This income limit does not apply to sickness benefits payable in the employer period. The maximum amount of sickness benefits payable is NOK 475 296 annually per 1 May 2011.

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 2011 was SEK 42 800. 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 can 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 who have pension insurance are entitled to sickness benefits according to the same principles as apply to wage earners. There is, however, a waiting period of the day on which a person falls ill and the following three 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. 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 as from the first day of illness or 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, 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 shall be made in relation to normal work. After 90 days, entitlement to sickness benefits shall be 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 shall be evaluated in respect of the ordinary labour market. As to unemployed individuals, the capacity for work shall be 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 a single childless person who draws sickness benefits. Figure 5.2 shows the development in the compensation rate for AW 100 per cent in recent years. Table 5.4 shows the compensation rates at three different income levels for a single childless person.

As can be seen from Table 5.4, there are considerable differences in the compensation rates in case of illness. In the lowest income brackets, there is full compensation in case of illness both in the Faroe Islands and in Norway. The differences are

partly subject to the amount of 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 amount of the maximum amount which is relatively low in Denmark in relation to Sweden and - especially - Norway. Finally, it is significant that there in Finland is no upper limit to the amount of the daily cash benefits. There is, however, a compensation of only 25 per cent if the annual pay exceeds EUR 51 510

Figure 5.1 Disposable incomes per month for a single childless person when drawing sickness benefits, 2011, in PPP Euro

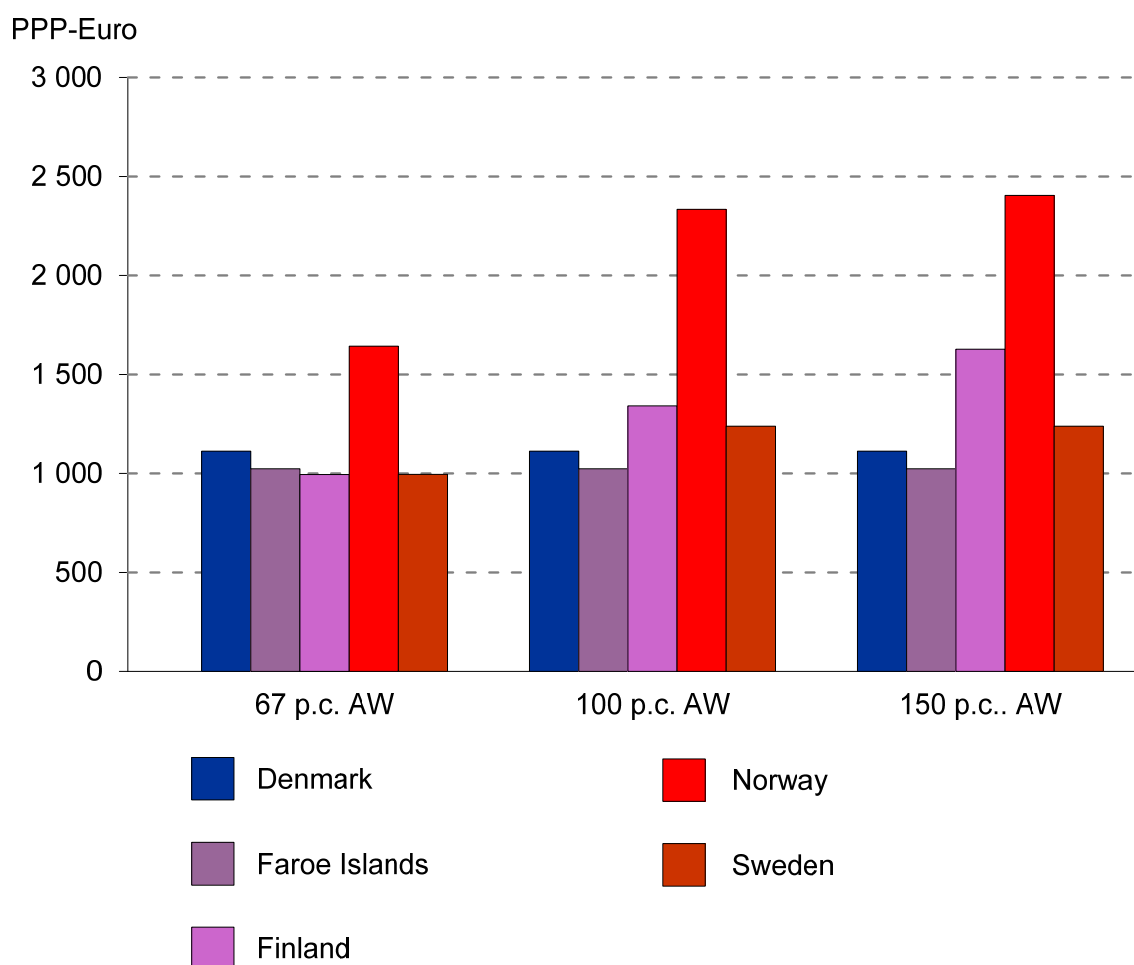


Figure 5.2 Compensation rate for a single childless person when drawing sickness benefits, AW 100 per cent 2007-2011

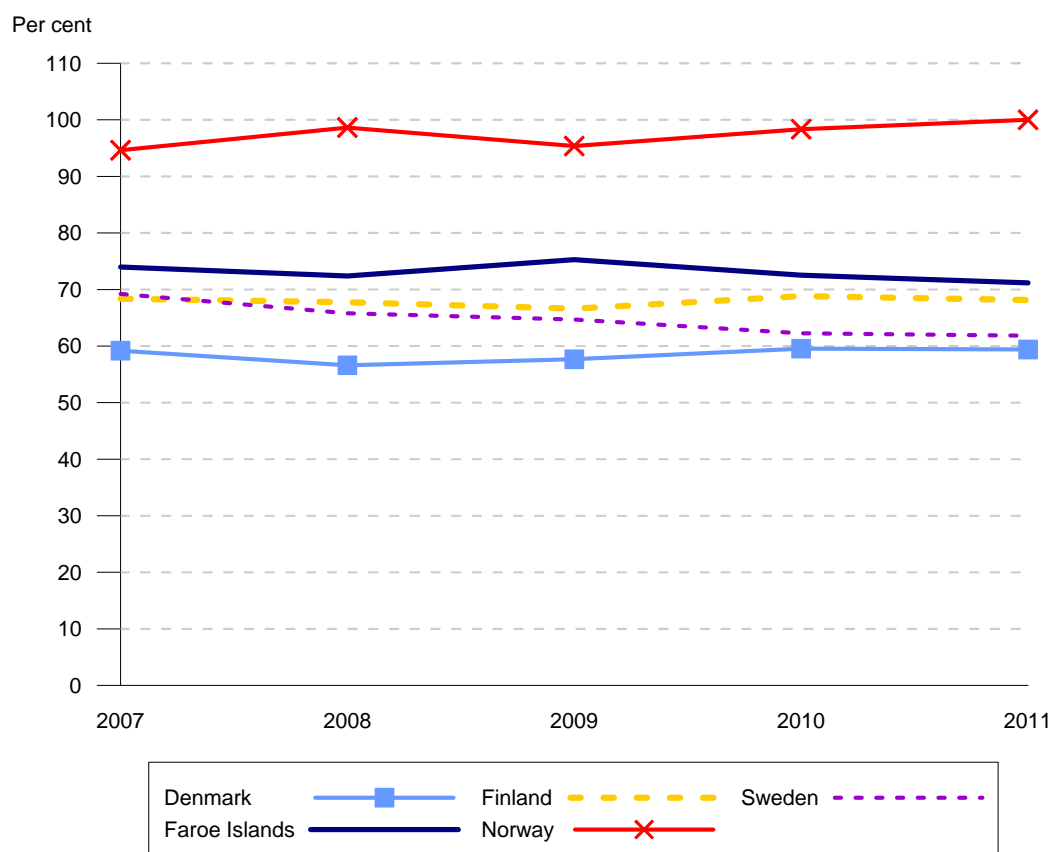


Table 5.4 Compensation rate for a single childless person drawing sickness benefits as percentages of disposable income from work, (December) 2011

	Denmark	The Faroe Islands	Finland	Norway	Sweden
67 p.c. AW	83	98	69	100	72
100 p.c. AW	59	71	68	100	62
150 p.c. AW	43	52	60	74	46

Length of Absence Periods

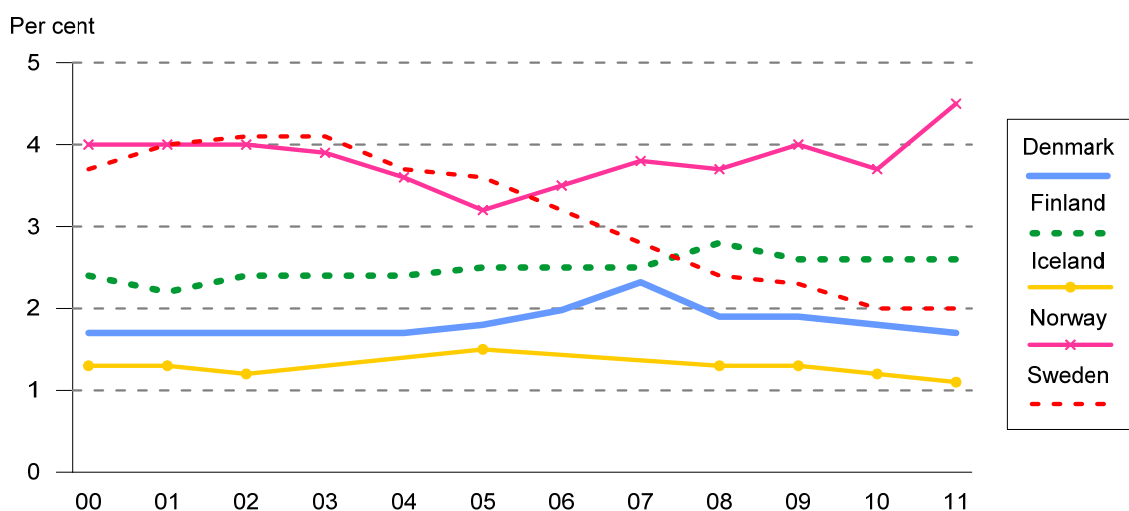
Table 5.5 Calculated absences due to illness for at least one week as percentages of all employees, 2000-2011¹⁾

	Denmark ²⁾	Finland ²⁾	Iceland	Norway	Sweden
<i>2000</i>					
Men	1.4	2.2	1.1	3.4	2.6
Women	2.0	2.5	1.5	4.7	4.9
Total	1.7	2.4	1.3	4.0	3.7
<i>2005</i>					
Men	1.5	2.1	1.2	2.6	2.8
Women	2.2	2.8	1.9	3.9	4.4
Total	1.8	2.5	1.5	3.2	3.6
<i>2010</i>					
Men	1.4	2.4	1.0	3.0	1.5
Women	2.3	2.8	1.5	4.4	2.5
Total	1.8	2.6	1.2	3.7	2.0
<i>2011</i>					
Men	1.5	2.5	0.8	3.4	1.5
Women	2.0	2.8	1.4	5.8	2.5
Total	1.7	2.6	1.1	4.5	2.0

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

2 15-64-year-olds

Figure 5.3 Development in employees' calculated absences due to illness for at least one week as percentages of all employed, 2000-2011



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. Figure 5.4 shows the development over time. 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. 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, 33.2 per cent of all concluded sickness benefit payments from the National Insurance Scheme in 2011 related to part-time absence. In Sweden, the absence is calculated as net days. In the other countries, it is not possible to be absent due to illness on a part-time basis.

Figure 5.4 Number of recipients of sickness benefits converted into full-time equivalents as percentages of the labour force, 2002-2011

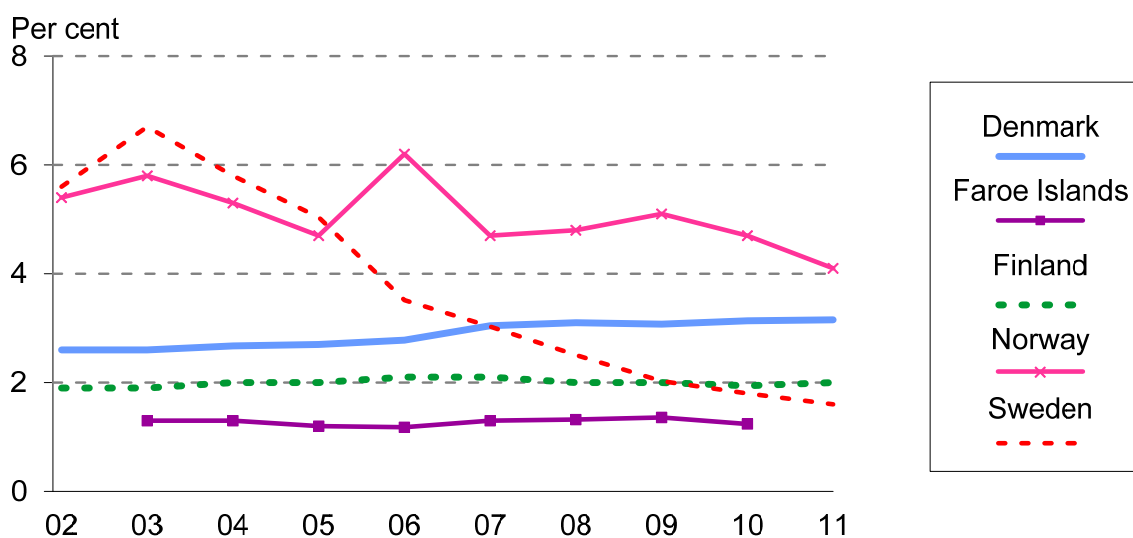


Table 5.6 Number of recipients of sickness benefits converted into full-time equivalents as percentages of the labour force broken down by gender, 2011

	Denmark	The Faroe Islands	Finland	Norway	Sweden
Men	35 550	..	24 157	47 354	37 863
Women	47 078	..	28 173	72 364	60 765
Men and Women	82 628	..	52 330	107 210	98 628
<i>The Faroe Islands</i>					
Men	2.6	..	1.8	3.4	1.2
Women	3.7	..	2.3	5.8	2.1
Men and Women	3.2	..	2.0	4.1	1.6

Table 5.7 Number of concluded sickness benefit periods of at least 15 days (per cent), 2011

	Denmark	The Faroe Islands	Finland	Norway ¹⁾	Sweden
<i>Men</i>					
<i>Duration (days)</i>					
15-29	15	..	37	34	31
30-89	40	..	39	33	39
90-179	20	..	11	14	14
180-359	13	..	11	12	9
360+	12	..	3	7	7
Total	100	..	100	100	100
<i>Women</i>					
<i>Duration (days)</i>					
15-29	12	..	41	36	33
30-89	40	..	39	33	39
90-179	21	..	9	14	13
180-359	14	..	8	12	8
360+	12	..	2	6	7
Total	100	..	100	100	100
<i>Men and Women</i>					
<i>Duration (days)</i>					
15-29	14	..	39		32
30-89	40	..	39	37	39
90-179	21	..	10	32	14
180-359	14	..	9	14	8
360+	12	..	2	11	7
Total	100	..	100	6	100

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 serious illness are exempt from 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 11 per cent in Norway of more than 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 may instead qualify for a "work clarification" allowance.

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 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 recovered.

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 hospitals), whereas local authorities are responsible for the primary health sector. In the present system within the primary health sector, practically everyone is registered with 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 the home page (www.nom-nos.dk).

Hospitals

In all the Nordic countries, there are general hospitals with outpatient clinics/polyclinics 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 rendered.

In Norway, about 95 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 youth 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 Benefits 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 2009 to 2010

In Denmark, the expenditure decreased from 2009 to 2010 by DKK 215m, corresponding to a decrease of 0.2 per cent. The decrease concerned services that declined by DKK 415m, corresponding to a decrease of 0.4 per cent, whereas the expenditure on cash benefits increased by just under DKK 200m, corresponding to 1.0 per cent.

In the Faroe Islands, there was an increase of 18.7 per cent of the total expenditure on illness from 2009 to 2010. The expenditure on cash benefits increased slightly, mainly due to the expenditure on sickness benefits. The largest increase of DKK 166m appears, however, in respect of the expenditure on services. This was mainly due to a reorganization of the health insurance system.

In Finland, the expenditure on cash benefits increased by 1.5 per cent at constant prices. The expenditure on primary health care increased by 0.2 per cent, whereas the expenditure on specialised health care increased by 3.2 per cent at constant prices. The expenditure on insurance reimbursements increased by 1.7 per cent at constant prices.

In Iceland, social expenditure on illness decreased by 7.8 per cent in terms of 2010 prices. The expenditure on services declined by 4.6 per cent, while the expenditure on cash benefits declined by 8.4 per cent at constant prices. The main reason for the decrease in the expenditure on cash benefits is a decline in real earnings from 2009 to 2010 resulting in lower costs for daily cash benefits in the employer period. The reason for the decrease of 8.4 per cent in the expenditure on services is a continued budget cut between 2009 and 2010 due to the financial crisis.

In Norway, the expenditure on illness decreased by 0.8 per cent from 2009 to 2010 at constant prices. Cash benefits were reduced by 7.0 per cent, while the expenditure on services increased by 2.6 per cent. Cash benefits amounted to 32.8 per cent of the total expenditure on health care and illness in 2010. Expenditure on general daily cash benefits and daily cash benefits in the employer period declined by 6.9 and 7.4 per cent, respectively.

In Sweden, the expenditure on illness decreased by 0.3 per cent from 2009 to 2010 at constant prices. The absence due to illness decreased in 2010 which resulted in a decrease in the expenditure on cash benefits by 6.7 per cent. The expenditure on services increased by 0.3 per cent in 2010. Apart from treatment of illness, also the expenditure on medication is included.

Table 5.8 Expenditure on and financing of benefits in connection with illness, 2010

	Denmark	The Faroe Islands	Finland	Iceland	Norway	Sweden
	DKK	DKK	EUR	ISK	NOK	SEK
<i>Cash benefits, million</i>						
A. Paid Absence Due to Illness	19 098	68	2 305	21 503	65 122	34 615
Of which:						
a. Ordinary sickness benefits	15 415	59	813	1 170	34 392	21 513
b. Daily cash benefits in employer period	3 683	4	1 102	-	30 730	12 300
c. Sick pay	-		198	19 974	-	-
d. Special daily cash benefits in the event of industrial injury or work-related illness	-	5	143	358		802
B. Other	697	68	-	199	791	114
Cash benefits, total	19 795	68	2 305	21 702	65 914	34 729
<i>Services, million</i>						
Services, total	108 252	990	11 163	109 950	134 740	213 487
Total expenditure, million	128 047	1 058	13 468	131 651	200 653	248 216
Expenditure as percentage of GDP	7.3	8.2	7.5	8.6	8.0	7.5
<i>Financed by (per cent)</i>						
- Public authorities	91.4	89.8	68.1	84.0	64.2	84.8
- Employers	3.1	0.3	20.1	16.0	27.3	14.9
- The insured (contributions and special taxes)	5.5	9.9	11.8	0.0	8.5	0.3
<i>Changes 2009-2010 in terms of 2010 prices</i>						
- Million	-215	166	220	-11 086	-1 572	-659
- Per cent	-0.2	18.7	1.7	-7.8	-0.8	-0.3

Table 5.9 Expenditure on cash benefits in connection with illness in PPP, 2010

	Denmark	The Faroe Islands	Finland	Iceland	Norway	Sweden
Cash benefits, total per capita	345	136	361	386	1164	315
Cash benefits per person of the ages 16-64 years	545	220	555	586	1 777	494
Services, total per capita	1 887	1 992	1 749	1 954	2 380	1 934
Expenditure on illness, total per capita	2 232	2 128	2 110	2 340	3 544	2 248

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 in which the subsidy granted depends on an individual's consumption of subsidized medicine. In 2011, subsidies to a consumption of medicine of less than DKK 865 per year

shall not be granted, after which the subsidy shall gradually increase to 85 per cent of expenses exceeding DKK 3 045 per year. For children under 18 years, a subsidy of 60 per cent shall, however, be granted towards expenditure on medicine of less than DKK 865. For the chronically ill, a 100 per cent subsidy is given to the part of the user charges exceeding DKK 3 555 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 which kind of disease the medicine has been subscribed for.

In Finland, there is a so-called expenditure ceiling of EUR 633 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 29 500 per year in 2011 for people in the age group 18-66 years and ISK 8 900 for children 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 7 400. 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 1 880 in 2011. Expenses above that amount shall be covered by Central Government. People younger than 16 years are exempt from paying user charges. 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 2011 NOK 2 560.

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 2011**

	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	-
The Faroe Islands	Yes	None		-
Finland	Yes	Public: EUR 13 701 ¹⁾ . EUR 18.80 for visits between 8 pm and 8 am on weekdays and Saturdays, Sundays and Holidays. Private: at least 40 per cent.	No payment for children under 18 years	About 5 p.c.
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 7 000 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).	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 youth under 18 years and in connection with dangerous, contagious diseases	About 44 p.c.
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 in the daytime hours NOK 136 or NOK 180 depending on whether or not the doctor has specialized in general medicine. For treatment outside the daytime hours and by the emergency medical service, user payment is NOK 229 or NOK 269. 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 Finland, adults' payment of user charges for municipal dental treatment made up 22 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 61-65 per cent of the expenditure.

The sickness insurance scheme in Iceland pays a rate for dental treatment which has been laid down by the Ministry of Welfare. 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 2011**

	Uniform rules in the entire country?	Amount of user charges	Exceptions	The share of user charges of the total expenditure on pharmaceuticals
Denmark	Yes	Subsidy depends on the amount of the individual patient's consumption of medicine in the primary sector	No	25 p.c.
The Faroe Islands	Yes	..	No	About 25 p.c.
Finland ¹⁾	Yes	58 per cent of the amount, maximum EUR 675.39 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 p.c.
Iceland	Yes	ISK 2 200 + 65/80 per cent of the rest of the price, but no more than ISK 4 200/6 200	Pensioners and disabled people: ISK 880 + 50 per cent of the rest of the price, but no more than ISK 1 350/1 700	About 31 p.c.
Norway	Yes	36 per cent maximum per prescription	For children under 16 years and people who only receive minimum pension: no user charges	36 p.c.
Sweden	Yes	SEK 0-1 800 per year	-	25 p.c.

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 2011 EUR 675.39

Hospitalization

Table 5.12 User charges payable for hospitalization as at 1 January 2011

	Uniform rules in the entire country?	Amount of user charges	Exceptions	Ratio of user charges of the total expenditure on hospitalization
Denmark	Yes	-	No	-
The 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 5 p.c.
Iceland	Yes	-	No	-
Norway	Yes	-	No	-
Sweden	No	SEK 0-80 per day	..	..

With the exception of Finland and Sweden, no user charges are payable for hospitalization.

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 Relative

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 GDP in the EU, Faroe Icelands, Iceland and Norway, 2009

Denmark	17.0	Austria	17.0	Hungary	12.5	Portugal	15.1
The Faroe Islands	13.1	Belgium	13.7	Ireland	8.0	Romania	10.4
Finland	14.9	Bulgaria	10.0	Italy	18.8 ^p	Slovakia	9.4 ^p
Iceland	9.5	Cyprus	9.8	Latvia	9.1 ^p	Slovenia	12.7 ^p
Norway	12.5	Estonia	10.0	Lithuania	11.1 ^p	Spain	11.5 ^p
Sweden	17.8 ^p	France	16.3 ^p	Luxembourg	10.8	The Czech Republic	10.6
		Germany	14.5 ^p	Malta	11.3	The Netherlands	14.2 ^p
		Greece	14.8	Poland	13.3	United Kingdom	15.1 ^p

p Preliminary data

Note: The source is EUROSTAT: Database for Social Protection Expenditure and Receipts. The source for the Faroe Islands is the Almannálaráðið

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 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 27 521 people in December 2011 aged 59-68 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 men and women who are pensioned in Denmark and Finland than is the case in Iceland, Norway and Sweden.

Taxation of Pensions

In Denmark and Iceland, pensioners are taxed according to the same rules as apply to other incomes. Pensioners do not, however, pay labour market contributions of their pension amounts. Besides, part of the disability pension amount is tax free in Denmark.

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.

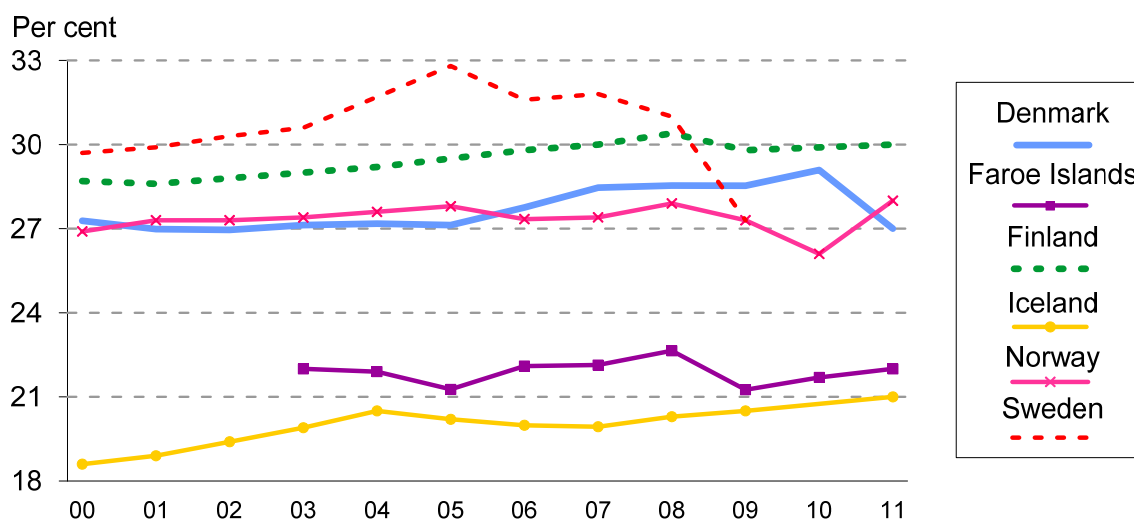
In Finland, no unemployment benefits or sickness insurance contribution is payable of the pension income.

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 when tax relief was introduced in the form of an in-

creased 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 were 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 resident in the country as percentages of the age group 16-18 years or older, 2000-2011^{1,2)}



1 From 2009, only pension recipients resident in the country. Before that, all pension recipients
 2 Data from Norway include pensioners both resident and non-resident in the country

Table 6.1.2 Pension recipients resident in the country by age, in thousands and as percentages of the age group at the time of census, 2011

	Denmark ¹⁾		The Faroe Islands ²⁾		Finland		Iceland ³⁾		Norway ⁴⁾		Sweden ^{4,5)}	
	1 000	As per-cent-ages of each age group	1 000	As per-cent-ages of each age group	1 000	As per-cent-ages of each age group	1 000	As per-cent-ages of each age group	1 000	As per-cent-ages of each age group	1 000	As per-cent-ages of each age group
<i>Men</i>												
16-39 years	19	2	0	1	17	2	2	4	14	2	28	2
40-49 "	26	6	0	3	19	5	1	7	21	6	28	4
50-54 "	18	10	0	5	19	10	1	8	17	10	23	8
55-59 "	22	13	0	8	35	19	1	10	24	16	34	12
60-62 "	15	14	0	13	41	36	1	12	28	32	41	24
63-64 "	10	14	0	18	63	80	0	16	38	65	57	46
65-66 "	65	91	0	21	68	95	1	46	42	74	111	90
67+ "	340	99	3	101	339	100	15	96	299	105	684	100
Total	515	24	4	20	601	28	22	18	483	25	1 006	26
<i>Women</i>												
16-39 years	17	2	0	1	13	2	3	5	13	2	27	2
40-49 "	29	7	0	4	16	5	2	11	27	8	40	6
50-54 "	22	12	0	8	16	8	1	13	23	15	36	12
55-59 "	29	17	0	13	31	16	1	16	35	23	52	18
60-62 "	20	19	0	20	41	35	1	21	31	37	55	31
63-64 "	14	19	0	28	65	78	1	25	32	56	66	53
65-66 "	71	97	0	33	73	96	2	58	38	67	115	93
67+ "	440	99	3	96	487	99	18	98	386	104	856	100
Total	643	29	4	25	743	33	29	24	585	30	1 247	32
<i>Men and Women</i>												
16-39 years	36	2	0	1	31	2	5	4	27	2	55	2
40-49 "	55	7	0	4	35	5	4	9	48	7	68	5
50-54 "	40	11	0	7	34	9	2	11	40	12	59	10
55-59 "	51	15	0	10	66	17	2	13	59	20	86	15
60-62 "	35	17	0	16	83	36	2	16	59	35	96	28
63-64 "	25	16	0	23	127	79	1	20	70	61	124	50
65-66 "	136	94	0	26	141	95	3	52	80	70	226	91
67+ "	781	99	6	98	826	99	33	97	685	105	1 540	100
Total	1 158	27	8	22	1 344	30	52	21	1 068	28	2 254	29

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

2 The time of census of the number of pensioners is year-end, whereas the update of the census is at the beginning of the year which explains why there is more than 100 per cent in the age group 67+

3 Data from 2010

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

Table 6.1.3 Pension recipients not residing in the country by age, in thousands and as percentages of the age group at the time of census, 2011

	Denmark ¹⁾	The Faroe Islands	Finland	Iceland ²⁾	Norway ³⁾	Sweden ⁴⁾
	1 000	1 000	1 000	1 000	1 000	1 000
<i>Men</i>						
16-54 Years	1.1	0.0	1.0	0.1	..	
55-64 "	1.4	0.0	3.0	0.1	..	3.0
65+ "	18.9	0.1	21.0	0.3	..	58.0
Total	21.5	0.1	25.0	0.6	..	61.0
<i>Women</i>						
16-54 Years	0.8	0.0	1.0	0.2	..	
55-64 "	1.1	0.0	4.0	0.1	..	2.0
65+ "	17.9	0.1	32.0	0.5	..	46.0
Total	19.7	0.1	37.0	0.9	..	48.0
<i>Men and Women</i>						
16-54 Years	1.9	0.0	1.0	0.4	..	
55-64 "	2.5	0.0	7.0	0.2	..	5.0
65+ "	36.8	0.2	53.0	0.9	..	104.0
Total	41.2	0.2	62.0	1.4	..	109.0

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

2 Data from 2010

3 Data for Norway cannot be separated

4 People living abroad and receiving sickness and activity allowance are not included in this Table as it is not possible to separate them

6.2 Old Age

Table 6.2.1 Expenditure on the elderly as percentages of GDP in the EU, Faroe Islands, Iceland and Norway, 2009

Denmark	12.1	Austria	12.7	Hungary	9.1	Portugal	11.2
The Faroe Islands	8.6	Belgium	9.4	Ireland	5.6	Romania	8.0
Finland	10.4	Bulgaria	7.8	Italy	14.4 ^p	Slovakia	6.7 ^p
Iceland	5.3	Cyprus	7.9	Latvia	7.5 ^p	Slovenia	9.2 ^p
Norway	7.8	Estonia	7.9	Lithuania	8.4 ^p	Spain	7.7 ^p
Sweden	12.7 ^p	France	12.4 ^p	Luxembourg	6.2	The Czech Republic	8.3
		Germany	10.0 ^p	Malta	8.5	The Netherlands	10.4 ^p
		Greece	11.3	Poland	9.8	United Kingdom	12.0 ^p

p Preliminary data

Note: The source is EUROSTAT: Database for Social Protection Expenditure and Receipts. The source for the Faroe Islands is the Almanamálaráðið

Retirement Pension Structures and i 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 association with 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 and the health supplements are income-adjusted, whereas the "waiting percentage" in connection with deferred pension is 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 retirement pension shall be payable if the employment pension exceeds about EUR 1 212 per month for single people and about EUR 1 080 for married or cohabiting people in 2011.

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 retirement pension (cf. Table 6.2.2). The amount will, however, be higher if one postpones retirement till after the ordinary pensionable age.

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 is a maximum of SEK 93 720 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 association with 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 proof 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, 2011¹⁾

	Denmark	The Faroe Islands	Finland	Iceland	Norway	Sweden
Recipients of:						
Basic pension/ guaranteed minimum pen- sion	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 resi- dence required to obtain full basic pension	40 Year	40 Year	40 Year	40 Year	40 Year	40 Year
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 col- lective agreements	Public col- lective agreements	-	-	Public col- lective agreements	Public col- lective agreements
	Private col- lective agreements	Private col- lective agreements	-	-	Statutory for employees in the private sector	Private col- lective 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 are adjusted both in relations 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 65-67 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 is 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 the Faroe Islands, statutory retirement pension can be drawn from the age of 67 years. The same applies to the labour market pension based on solidarity.

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.).

In Norway, people between the ages of 67 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 pension amount shall increase, the longer one postpones claiming pension.

Basic Pension/Guaranteed Minimum Pension to the Elderly

The basic pension In Denmark, the Faroe Islands and Norway (guaranteed minimum 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 2011, the amount was DKK 10 900.

In the Faroe Islands, the basic amount 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 991 per month towards coverage of personal expenses. All old-age pensioners receive an employment pension of DKK 32 280. Pensioners with no or a low income may be awarded an annual household supplement of DKK 7 416. All amounts are from 2011.

In Finland, retirement pension is based solely on employment pension. The basic pension plays a less significant part after the reforms in 1996-2001. The Act on guaranteed pension entered into force on 1 March 2011. Guaranteed pension is only payable to those whose other gross income from pensions is less than EUR 681.51 per month in 2011. The maximum guaranteed pension is in 2011 EUR 687.74 per month. All other pensions from Finland and from other countries affect the amount of the guaranteed pension. They are deducted from the guaranteed pension at 100 per cent. The minimum amount of guaranteed pension payable is EUR 6.23 per month.

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 a 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. The special supplement was replaced by a pension supplement to new retirement pensioners from 1 January 2011. Those already drawing the special supplement continue to do so.

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, 2011

	Denmark	The Faroe Islands	Finland	Iceland	Norway	Sweden
Pensionable age	65 Years	67 Years	65 Years	67 Years	67 years. From 62 years if previous accumulation, cf. Table 6.2.5, is high enough	From 65 Years
Residence in the country for at least:	3 years between the ages of 15 and 65 years	3 years between the ages of 15 and 67 years	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 the Kingdom of Denmark between the ages of 15 and 67 years	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 and other pensions	Length of residence and income	Length of residence, number of years with pension points, 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	Pension independent of previous income	Pension independent of previous income
Minimum pension per month in national currency	1/40 of maximum pension	1/40 of basic amount and contributions paid on the basis of solidarity	No statutory minimum	.	Rate per 1 May 2011 for a single person is NOK 13 137 at 40 years of accumulation	No statutory minimum
Maximum pension per month in national currency	If the income does not exceed a certain level: Pension 11.646 for single pensioners living alone; 8 581 for married or cohabiting pensioners	10 666 for single pensioners and 8 780 for married pensioners	687.74	.	Rate depends on marital status and accumulation period. Lowest pension is 1/40	7 780 to single pensioners born 1937 or before; 6 931 to married pensioners born 1937 or before; 7 597 to single pensioners born 1938 or later; 6 777 if born 1938 or later
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

To be continued...

Table 6.2.3 Rules applying to basic pension/retirement pension, 2011, continued

	Denmark	The Faroe Islands	Finland	Iceland	Norway	Sweden
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	Minimum pension grade is regulated by the wage growth adjusted for change in life expectancy, but never worse than the main rule which is wage growth with a deduction of 0.75 per cent	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, 2011

	Denmark ¹⁾	The Faroe Islands	Finland ²⁾	Iceland ³⁾	Norway	Sweden
	DKK	DKK	EUR	ISK	NOK	SEK
<i>Single people</i>						
- Basic amount	5 552	4 169	} 687.74	30 678	6 364	7 597
- Supplement	6 916	6 497		160 462	6 364	
- Housing benefits	1 627		446.73	..	..	4 283
Total, before tax	14 095	10 666	1 134.47	191 140	..	11 880
- After tax	10 977	9 419	..	164 030	..	10 710
- After tax in PPP-Euro	1 077	924	..	889	..	919

1 Housing benefits according to family type model

2 Since 2008, the pension supplement no longer forms part of the pension

3 The benefit payable to single people living alone includes a supplement

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 17.1 per cent of the earned income; 4.7 per cent was for employees under the age of 53 years and 6.0 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.

Table 6.2.5 Basis for award of employment pension/supplementary pension, 2011

	Denmark	Finland	Iceland	Norway	Sweden ¹⁾
Pensionable age	65 Years	63-68 Years	65-67 Years	From 62 years. The longer the postponement, the higher the pension	From 61 Years
Full pension shall be awarded on the following conditions	"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 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), income from work and life expectancy	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, alternatively 6 years, nursing of a disabled, ill or elderly person	Minding of infants, military service or the like, studies, income-related activities/sickness benefits
Indexation:					
- before pensioning:	No (adjusted when there are sufficient means)	Wages/salaries 80 p.c. + price index 20 p.c.	Wages/salaries	Wage growth	Wages/salaries
- after pensioning:	No (adjusted when there are sufficient means)	Price index 80 p.c. + wages/salaries 20 p.c.	Prices. In older funds for public employees: wages/salaries	Wage growth reduced by 0.75 p.c.	Wage indexed by income Index (based on salary/wage reduced by 1.6 percentage points)
Pension adjusted for life expectancy for the first time in the year	Adjusted regularly	2010	..	2011	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 Pension Recipients

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 Norway, the increase 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 making it possible to retire between the ages of 62 and 67 years.

Table 6.2.6 Retirement pensioners, total, and pensioners drawing retirement pension in the form of basic pension/guaranteed minimum pension at year-end, 2000-2011

	Recipients of retirement pension, 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
2010	921	407	514	110	10	100	9	91
2011	953	425	529	97	6	91	6	94
<i>The Faroe Islands</i>								
2000	6	3	3	1	1	1	43	57
2005	6	3	3	.	.	.	.	.
2010	7	3	4	2	1	1	54	46
2011	7	3	4	2	1	1	54	46
<i>Finland¹⁾</i>								
2000	870	339	531	90	14	76	16	84
2005	964	395	569	64	12	52	19	81
2010	1 093	463	630	59	13	46	22	78
2011	1 135	485	650	58	13	45	22	78
<i>Iceland</i>								
2000	29	13	16	2	1	2	31	70
2005	31	14	17	3	1	2	31	69
2010	34	15	19	2	1	1	37	63
2011	..	..	..	..	..	..	..	..
<i>Norway</i>								
2000	629	258	371	237	33	204	14	86
2005	629	262	367	192	24	168	12	88
2010	664	287	377	186	23	162	13	88
2011	719	327	392	180	22	158	12	88
<i>Sweden</i>								
2000	1 604	694	910	226	24	202	11	89
2005	1 684	591	796	161	20	141	12	88
2010	1 908	872	1 036	112	18	94	16	84
2011	1 958	901	1 058	104	17	87	16	84

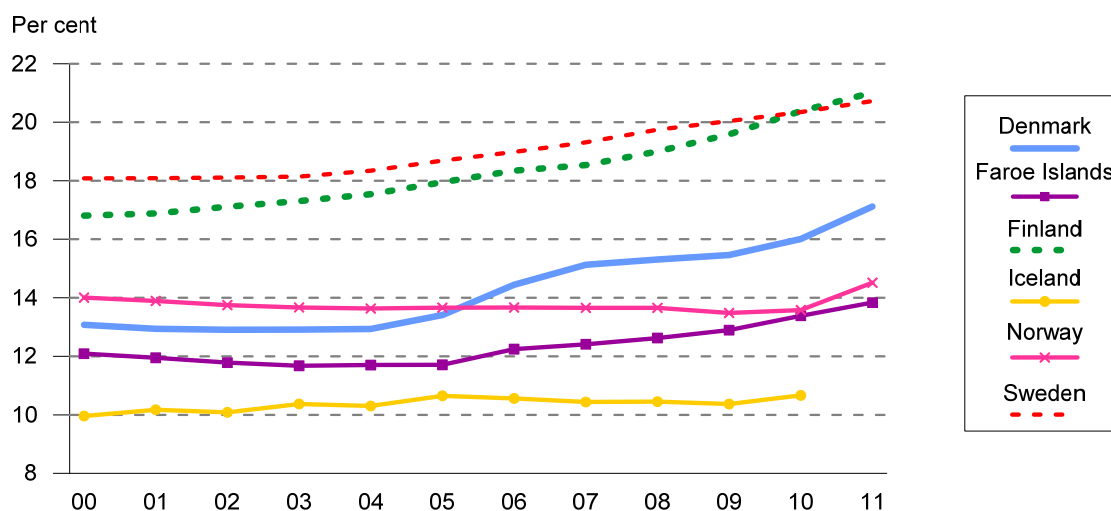
1 Data comprise people who have drawn retirement pension before time, as well as retirement pensioners under 65 years

Table 6.2.7 Pensioners drawing retirement pension in the form of basic pension/guaranteed minimum pension and supplementary/employment pension at year-end, 2000-2011

	Retirement pensioners drawing both basic and supplementary/employment pension					Retirement pensioners drawing only employment pension (new Finnish and Swedish systems)				
	Antal (1 000)	Men (1 000)	Women (1 000)	Men per cent	Women per cent	Antal (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	.	.	.	.	.
2010	811	398	414	49	51	.	.	.	.	.
2011	857	419	438	49	51	.	.	.	.	.
<i>Finland¹⁾</i>										
2000	683	278	405	41	59	97	47	50	48	52
2005	417	132	285	32	68	457	238	219	52	48
2010	424	133	291	31	69	611	317	294	52	48
2011	424	133	291	31	69	653	339	314	52	48
<i>Iceland</i>										
2000	25	11	14	44	56	.	.	.	.	.
2005	26	11	15	44	56	.	.	.	.	.
2010	25	10	15	41	59	.	.	.	.	.
2011	.	.	.	.	.	.	.	.	.	.
<i>Norway³⁾</i>										
2000	392	225	166	58	43	.	.	.	.	.
2005	437	238	199	55	46	.	.	.	.	.
2010	478	263	215	55	45	.	.	.	.	.
2011	539	305	234	57	43	.	.	.	.	.
<i>Sweden</i>										
2000	1 378	670	708	49	51	.	.	.	.	.
2005	1 226	571	655	47	53	297	153	144	52	49
2010 ²⁾	922	412	510	45	55	874	442	432	51	49
2011	859	381	478	44	56	995	502	493	50	50

- 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, possibly combined with some other kind of pension. Pensioners with supplementary pension and/or guaranteed pension and number of pensioners drawing income pension, respectively (income-based pension less income pension), i.e. supplementary pension with or without guaranteed pension and income pension (new system)
- 3 From 1 January 2011, a new retirement pension scheme was introduced in Norway. The data are consequently not quite comparable with previous years.

Figure 6.2.1 Development in retirement pensioners as percentages of the entire population, 2000-2011



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.

Retirement Pension Amounts

Table 6.2.8 Average payment of statutory retirement pensions (before tax) per month, 2011

	KR/EUR			PPP-Euro		
	Men	Women	All	Men	Women	All
Denmark ¹⁾	10 732	9 822	10 329	1 053	964	1 013
The Faroe Islands ²⁾	8 563	9 205	8 900	840	903	873
Finland ³⁾	1 674	1 092	1 340	1 376	897	1 101
Norway ³⁾	19 161	14 094	16 400	1 656	1 218	1 417
Sweden ⁴⁾	12 100	8 900	10 400	1 038	763	892

- 1 Average payment of statutory retirement pension to pensioners residing in Denmark in January 2011 plus calculated payment of one's own pension in the form of ATP, which is assumed to amount to DKK 1 586
- 2 Average payment of retirement pension in May 2011 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 payable in December, including maintenance support to the elderly

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 four 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 at the time of pensioning. Figures 6.3.3 and 6.4.4 show the development in the compensation levels in recent years. Table 6.2.9 shows the compensation level as a percentage in relation to previous income for a 65-year-old and 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 and Sweden are results of the relatively high amount of housing benefits payable to pensioners in those countries. The reason 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

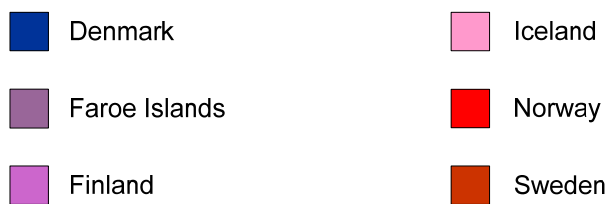
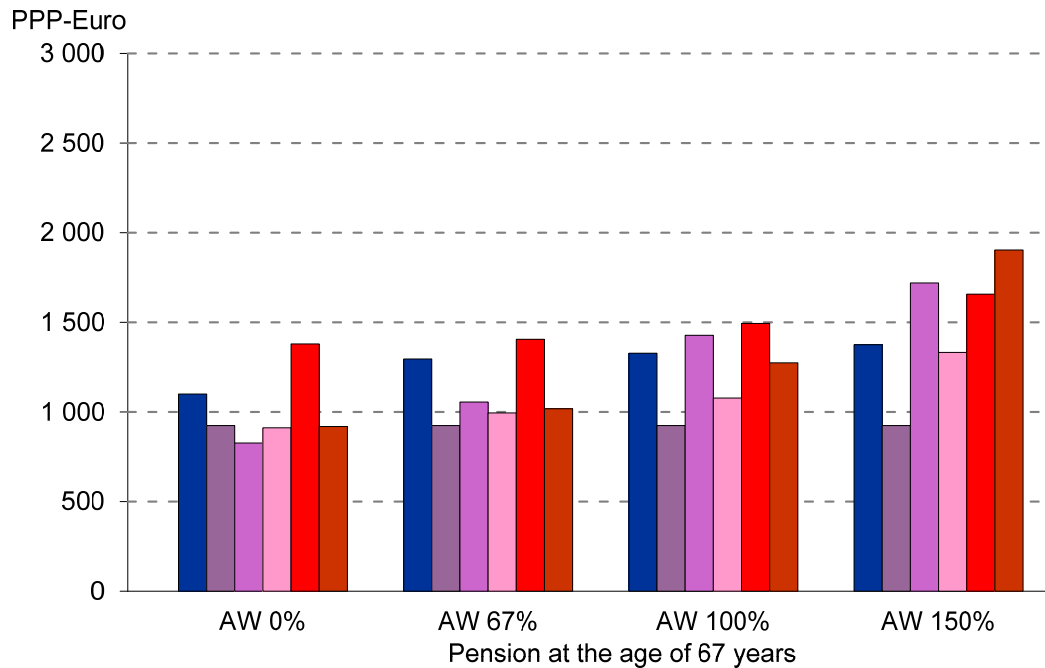
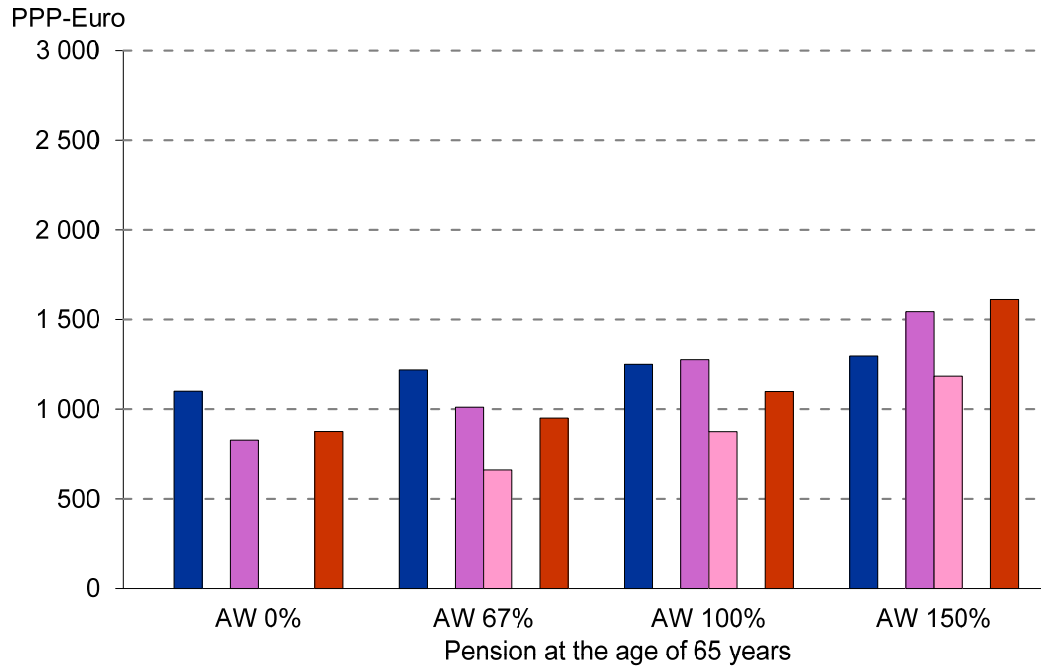


Figure 6.2.3 Compensation rates for single childless people when drawing old-age pension at the age of 65 years, AW 100 p.c.

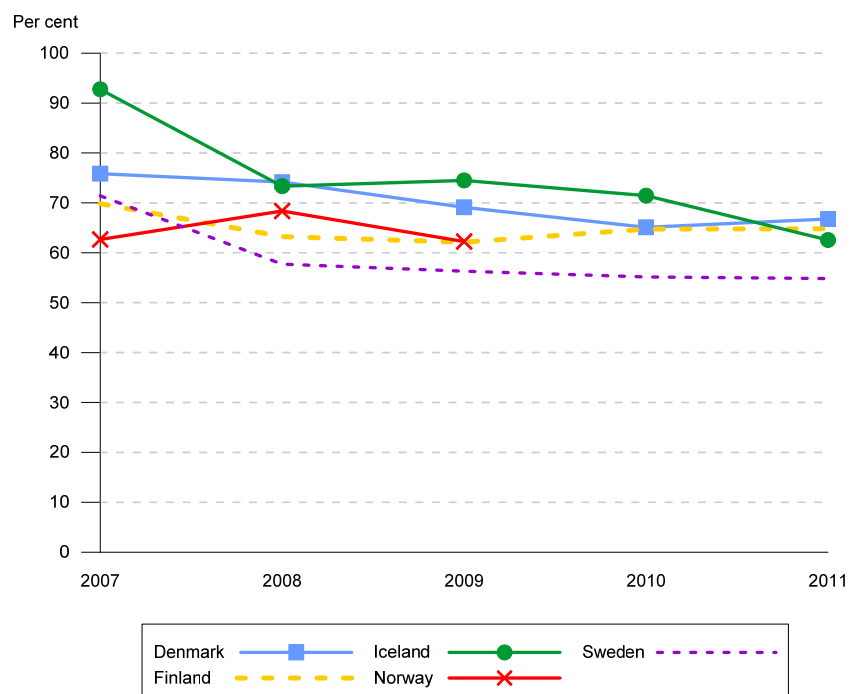


Figure 6.2.4 Compensation rates for single childless people when drawing retirement pension at the age of 67 years, AW 100 p.c.

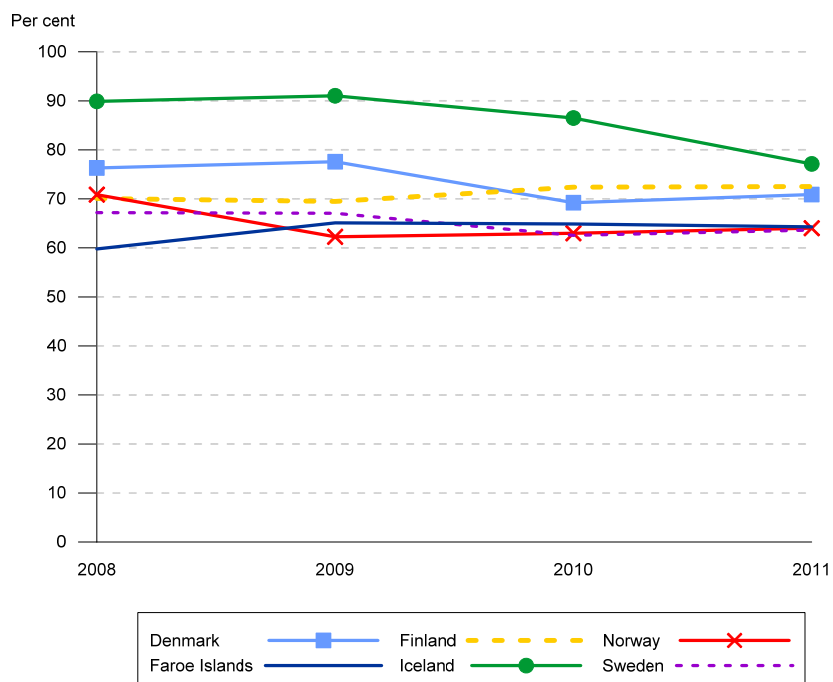


Table 6.2.9 Compensation rates for single childless people when drawing retirement pension at the age of 65 years as percentages of disposable incomes when in work, 2011

	Denmark	Finland	Iceland ¹⁾	Norway	Sweden
67 p.c. AW	91	70	65	.	69
100 p.c. AW	67	65	63	.	55
150 p.c. AW	50	57	60	.	60

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

Table 6.2.10 Compensation rates for single childless people when drawing retirement pension at the age of 67 years as percentages of disposable incomes when in work, 2011

	Denmark	The Faroe Islands	Finland	Iceland	Norway	Sweden
67 p.c. AW	97	88	73	97	86	74
100 p.c. AW	71	64	73	77	64	64
150 p.c. AW	53	47	64	68	51	71

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 to retire voluntarily, 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 59 years in 2011. 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 60 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 serve 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.

Table 6.2.11 Average monthly amounts of the special retirement/partial-retirement pensions before tax, December, 2011

	KR/EUR	PPP-Euro
<i>Denmark</i>		
Voluntary early retirement pension ¹⁾	13 671	1 341
"Flexi benefits"	13 508	1 325
Partial retirement pensions	9 195	902
<i>The Faroe Islands</i>		
Lowest disability pension	10 019	983
<i>Finland²⁾</i>		
Partial retirement pensions	683	561
Special pensions to farmers	940	772
<i>Norway³⁾</i>		
Pension fixed by collective agreement	18 480	1 597
Special pension to fishermen	..	..

1 Maximum amount in 2011, as there are no statistics on partial retirement pension

2 Average pension amount 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, 2011

	Total	-49		50-59		60-64		65-	
		M	W	M	W	M	W	M	W
<i>Denmark</i>									
Voluntary early retirement pension	24 984	2 241	2 273	4 562	6 385	3 240	6 283	.	.
"Flexi benefits"	117 419	.	.	.	.	50 965	66 454	.	.
<i>The Faroe Islands</i>									
Lowest disability pension	315	10	20	30	61	43	76	23	52
<i>Finland</i>									
Partial retirement pensions	27 521	.	.	2 208	2 966	9 261	12 663	179	244
Special pensions to farmers	22 152	.	.	479	693	2 446	2 711	5 705	118
<i>Norway</i>									
Pension fixed by collective agreement ¹⁾	33 153	-	-	-	-	12 865	4 625	11 092	4 571
Special pension to sailors ²⁾	14 411	.	.	.	.	.	.	.	.
Special pension to fishermen	1 979	.	.	.	.	.	.	.	.

1 Data apply to the private sector only, contrary to previous years when they also included the public sector. In 2011, a new scheme for the private sector was introduced. There were 10 088 people in the new scheme and 23 065 people in the old AFP scheme as per December 2011

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 6.2.5 People living at institutions or in service housing and people receiving home help, as percentages of the age group 65 years or older, 2000-2011

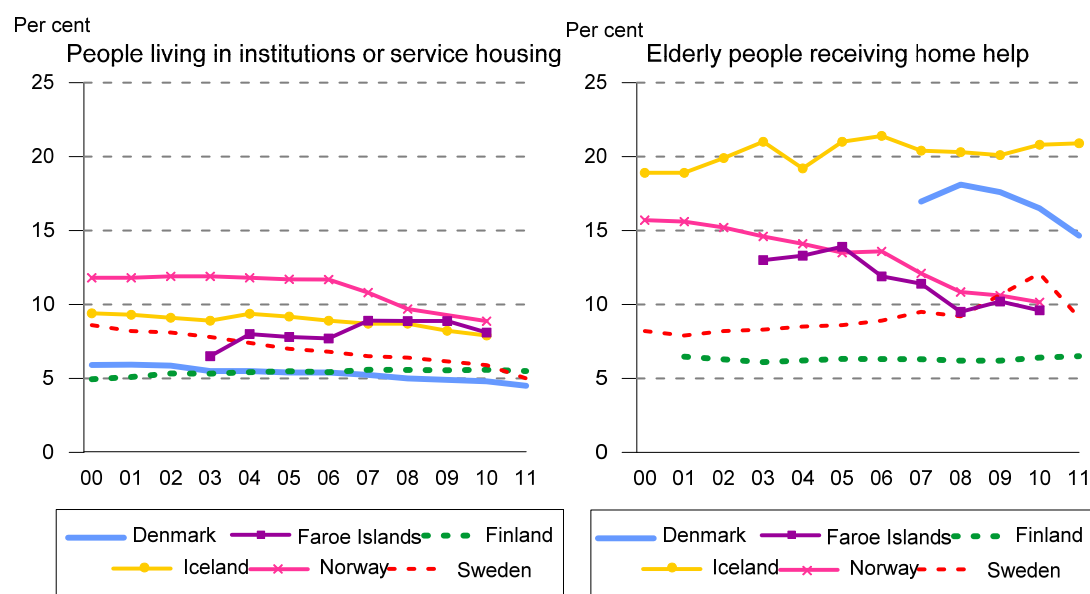


Table 6.2.13 People aged 65 or older living at institutions or in service housing, in total and as percentages of the total number of elderly, at the time of census

	Denmark ¹⁾	The Faroe Islands ²⁾	Finland	Iceland ³⁾	Norway	Sweden ⁴⁾
	2011	2010	2011	2010	2010	2011
<i>People of the ages</i>						
65-74 Years	6 332	37	7 621	337	7 848	9 954
75-79 Years	5 408	45	7 225	390	7 798	11 450
80+	31 075	432	37 670	2 352	50 168	79 657
Total 65/67+ Years	42 815	514	52 516	3 079	65 814	101 061
<i>As percentages of the respective age groups</i>						
65-74 Years	1.1	1.2	1.5	1.6	2.0	1.0
75-79 Years	3.3	3.3	4.0	5.1	6.0	3.7
80+ Years	13.5	21.6	14.7	21.4	22.7	16.0
Total 65/67+ Years	4.5	8.1	5.6	7.9	8.9	5.7

1 Includes residents in nursing homes, sheltered housing, housing where care is provided as well as long-term stays in housing units. Recipients as percentages of the age group per October 2011

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

3 Reorganization of data collection ongoing, and data for 2011 not yet available

4 Update as per 1 October 2011. 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⁾	The Faroe Islands ²⁾	Finland	Iceland	Norway ³⁾	Sweden ⁴⁾
	2011	2010	2011	2011	2010	2011
<i>Recipients of home help</i>						
65-74 Years	27 216	56	9 676	1 675	11 564	22 736
75-79 Years	24 412	75	10 138	1 762	10 456	22 125
80+	89 256	455	44 052	4 950	53 282	117 390
Total 65+ Years	140 883	586	63 866	8 386	75 302	162 251
<i>Recipients of home help as percentage of the age group</i>						
65-74 Years	4.8	2.0	1.8	7.8	3.0	2.3
75-79 Years	14.7	5.5	5.6	23.1	8.0	7.2
80+ Years	38.7	23.5	16.7	43.3	24.1	23.6
Total 65+ Years	14.6	9.6	6.5	20.9	10.1	9.1

1 Home help to people living in a home of their own, with the exception of service housing. Recipients as percentages of the age group per October 2011

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 2011 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 Cash 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 both demography and the high employment rate among the elderly compared with the other Nordic countries.

Changes in the Social Expenditure on the Elderly from 2009 to til 2010

In Denmark, the expenditure increased from 2009 to 2010 by DKK 9.5bn, corresponding to a growth rate of 4.6 per cent. The increase was due to expenditure on cash benefits increasing by DKK 10.1bn, corresponding to a growth rate of 6.0 per cent, whereas the expenditure on services decreased by a little over DKK 0.6m, corresponding to a decrease of 1.8 per cent

In the Faroe Islands, the total expenditure on the elderly increased by 2.8 per cent from 2009 to 2010. The increase corresponds to an augmentation of the total expenditure of DKK 29m. 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. To this should be added a minor increase in the expenditure on services.

In Finland, the expenditure on retirement pensions increased by 5.3 per cent at constant prices. Both average pensions and the number of pensioners increased. The number of retirement pensioners increased by 44 900 people, and the new pensioners were awarded higher pensions. The number of pension recipients is on an increase since the first baby-boom cohorts reached the age of 63 years in 2008. People can apply for retirement pension according to their choice between the ages of 63 and 68 years. The expenditure on services to the elderly increased by 1.5 per cent at constant prices. The largest increase was the expenditure on home help and sheltered housing.

In Iceland, the expenditure on the elderly increased by 6.4 per cent from last year in terms of 2010 prices. The expenditure on cash benefits decreased by 7.0 per cent. The expenditure on the employment pension decreased by 6.9 per cent, but the expenditure on the basic pension decreased by 7.1 per cent on account of an increase in mean-testing from the middle of 2010. The expenditure on services remained almost the same or decreased by 0.1 per cent at constant prices.

In Norway, the expenditure on the elderly increased by 4.1 per cent at constant prices. Cash benefits increased by 4.9 per cent, while the expenditure on services increased by 2.4 per cent. Cash benefits amounted to 73.8 per cent of the total expenditure on the elderly. The expenditure on basic pensions, employment pensions and supplementary pensions increased by 2.6, 6.3 and 6.1 per cent, respectively. While the number of recipients of retirement pensions increased by 17 056 people from 2009 to 2010, the number of people drawing employment pensions increased by 15 017 people. The number of retirement pensioners was in 2010 663 799 people.

In Sweden, the expenditure on the elderly increased by 1.9 per cent at constant prices. This expenditure mainly consists of cash benefits as the pensions increased by 3.0 per cent. The expenditure on care for the elderly decreased by 2.4 per cent.

Table 6.2.15 Expenditure on and financing of pensions, other cash benefits and services to the elderly, 2010

	Denmark	The Faroe Islands	Finland	Iceland	Norway	Sweden
	DKK	DKK	EUR	ISK	NOK	SEK
<i>Cash benefits, million</i>						
A. Retirement pensions	152 486	671	15 614	71 374	137 573	326 156
Of which:						
a. Basic/minimum pension	94 456	607	1 611	25 326	50 372	56 597
b. Supplementary/employment pension	10 293		13 859	46 047	71 063	182 706
c. Supplementary pension	47 737	61	145	-	16 138	86 853
B. Special retirement pensions	27 251	44	1 119	-	5 061	-
C. Partial pensions	25		225	-	138	-
D. Other	-	20	58	-		511
Cash benefits, total	179 762	734	17 016	71 374	142 772	326 667
<i>Services, million</i>						
A. Institutions, etc.	-	212	754	3 933	27 147	50 246
B. Help to carry out daily activities	-	109	608	1 557	18 601	22 863
C. Other	34 462	21	738	1 914	4 832	3 078
Services, total	34 462	342	2 100	7 404	50 580	76 187
Total expenditure, million	214 223	1 076	19 116	78 778	193 352	402 854
Expenditure as percentage of GDP	12.3	8.3	10.6	5.1	7.7	12.1
<i>Financed by (per cent)</i>						
- Public authorities	51.2	71.2	22.2	21.6	46.3	28.6
- Employers	25.2	15.1	61.6	58.2	33.2	49.2
- The insured (contributions and special taxes)	23.7	13.7	16.2	20.1	20.5	22.2
<i>Changes 2009-2010 in terms of 2010 prices</i>						
-Million	9 513	29	895	-5 350	7 674	7 530
-Per cent	4.6	2.8	4.9	-6.4	4.1	1.9

Table 6.2.16 Expenditure on cash benefits to the elderly in PPP/capita and per pensioner, 2010

	Denmark	The Faroe Islands	Finland	Iceland	Norway	Sweden
<i>The elderly</i>						
Cash benefits per capita	3 134	1 478	2 666	1 269	2 522	2 959
Retirement pension per pensioner	16 197	9 376	11 977	11 839	17 725	14 578
Services per person aged 65 years or more	3 236	4 677	1 871	1 063	5 306	3 740
Total services and benefits to the elderly per capita	3 735	2 166	2 995	1 400	3 415	3 649

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 1.69bn in 2011, corresponding to 4 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 991 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 99 per month left for personal use. In 2010, user charges for institutional stays amounted to 22 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 nursing home stays depend on one's income. Those drawing only basic pension pay all of it for their stay and get paid a fixed amount called "pocket money"; the rest of the costs are paid by the State. Those having higher incomes pay more for their stays, but there is an impassable maximum. All services at the nursing home are included, with the exception of hair dressing and pedicure, which can be purchased in-house at some of the nursing homes. User charges payable for home help amounted to 8.1 per cent of the municipal expenditure in 2010.

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 of incomes exceeding the basic amount of the social insurance scheme are payable. Payment must be limited so that everyone is left with 25 per cent of the basic amount of the social insurance scheme in addition to the 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, Faroe Islands, Iceland and Norway, 2009

Denmark	4.9	Austria	2.3	Hungary	2.1	Portugal	2.2
The Faroe Islands	4.3	Belgium	2.0	Ireland	1.3	Romania	1.6
Finland	3.6	Bulgaria	1.4	Italy	1.7 ^p	Slovakia	1.7 ^p
Iceland	3.5	Cyprus	0.7	Latvia	1.3 ^p	Slovenia	1.7 ^p
Norway	4.4	Estonia	1.9	Lithuania	2.1 ^p	Spain	1.7 ^p
Sweden	4.5 ^p	France	1.9 ^p	Luxembourg	2.6	The Czech Republic	1.5
		Germany	2.4 ^p	Malta	0.9	The Netherlands	2.5 ^p
		Greece	1.3	Poland	1.4	United Kingdom	3.0 ^p

^p Preliminary data

Note: The source is EUROSTAT: Database for Social Protection Expenditure and Receipts. The source for the Faroe Islands is the *Almannamálaráðið*

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 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.

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 the sickness and activity benefit.

Table 6.3.2 Disability Pension Structures, 2011¹⁾

	Denmark	The Faroe Islands	Finland	Iceland ²⁾	Norway ²⁾	Sweden
<i>Recipients of:</i>						
Basic pension/ guaranteed minimum pen- sion	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 resi- dence required to obtain full basic pension	Four-fifth of the years from the age of 15 years until the time when pension is awarded	Four-fifth of the years from the age of 15 years until the time when pension is awarded	40 Years	40 Years	40 Years	40 Years
Employment pension	.	.	Employees and self- employed people	Employees and self- employed people	Employees and self- employed people	Employees and self- employed people
Supplementary pensions	.	.	Employees and self- employed people	.	Employees and self- employed people	Employees and self- employed people
	Public col- lective agreements	Public col- lective agreements	-	-	Public col- lective agreements	Public col- lective agreements
	Private col- lective agreements	Private col- lective agreements	-	-	-	Private col- lective 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 prior to becoming disabled

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, the housing supplement is payable to those living in Sweden and receiving a benefit in the form of a full retirement pension, activity and sickness benefit, 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.

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 sickness pension in Finland and invalidity pension in Iceland and Norway.

In Sweden hedder det fra og med 2003 syge- eller aktivitetsydelse. Disse ydelser indgår som en del af sygeforsikringssystemet, mens det tidligere var en del af det almindelige pensionssystem.

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 amount 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. Disability pensioners do not receive invalidity and unemployment allowances according to the new scheme. 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 amount. 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 1 186 per month in 2011. 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-recurrent increase of the sickness pension after five years of receipt in respect of people drawing long-term sickness 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 sickness pensions that started before 2005. If the lack of working capacity began in 2010, the life expectancy coefficient is also used in connection with sickness 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.

Table 6.3.3 Rules applying to basic pension/disability pension, 2011

	Denmark	The Faroe Islands	Finland	Iceland	Norway	Sweden ¹⁾
Pensionable age	18-64 Year	18-66 Year	16-64 Year	16-65 Year	18- 64 Year	19-64 Year
Minimum degree of incapacity for work	Uarbejdsdygtig	Manglende arbejdsevne	Intet særligt niveau angivet.	50 p.c.	50 p.c. (i genaktiveringsfasen 20 p.c.)	25 p.c.
Pension on the basis of:	Degree of incapacity for work, residence period and income	Residence period; incapacity for work	Length of residence and other 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 per month in national currency	1/40 of the maximum	1/40 of the basic amount	No statutory minimum	.	NOK 13 137 to single people and NOK 24 304 to married couples	Guaranteed pension of between SEK 7 490 and 8 560 according to age ²⁾
Maximum pension per month in national currency	If the income does not exceed a certain level: Pension DKK 5,650 for single pensioners living alone; DKK 8 581 for married or cohabiting pensioners	DKK 15 084 for single people and DKK 13 309 for married couples			NOK 30 725 to single people and NOK 29 733 to married couples	The maximum for income-related sickness and activity benefit is SEK 17 120 per year

To be continued...

Table 6.3.3 Regler for grundpension/førtidspension 2011 fortsat

	Denmark	The Faroe Islands	Finland	Iceland	Norway	Sweden ¹⁾
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.	Consumer price index 100 per cent	Wage development, at least as to 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 687.74	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

Table 6.3.4 Rules governing employment-based disability pension, 2011

	Denmark ¹⁾	The Faroe Islands	Finland	Iceland	Norway	Sweden ²⁾
Pensionable age		18-66 Years	18-62 Years	16-69 Years	16-66Years	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 p.c.	50 p.c. (in the reactivation phase 20 per cent)	25 p.c.
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)	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
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 sickness 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

To be continued...

	Denmark ¹⁾	The Faroe Islands	Finland	Iceland	Norway	Sweden ²⁾
Maximum pension per month in national currency	-	For single people DKK 10 439. For married people DKK 8 879	No statutory minimum	No statutory minimum	NOK 30 725 to single people and NOK 29 733 to married couples	17 120
Indexation:						
- before pensioning:	-	Adjusted according to special legislation.	Wages/salaries 80 p.c. + price index 20 p.c.	Wages/salaries	..	..
- after pensioning:		Adjusted according to special legislation.	Price index 80 p.c. + wages/salaries 20 p.c.		Parliamentary decision	Price index 100 p.c.
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. In case of a higher income, 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 benefit

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 pensioners. 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 been replaced by a sickness and reduced activity benefit as from 2003.

In Norway, a work assessment 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/sickness 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 Rates when Drawing Disability Pension

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 four different income levels as PPP-Euro, and Figure 6.3.2 shows the development of the compensation level for AW 100 per cent in recent years. Table 6.3.5 shows the compensation rate as a percentage of previous income from work. In Denmark, disability pension is independent of any previous income. There are, however, supplementary benefits payable from agreement-based pension schemes in Denmark, 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, in PPP-Euro, 2011

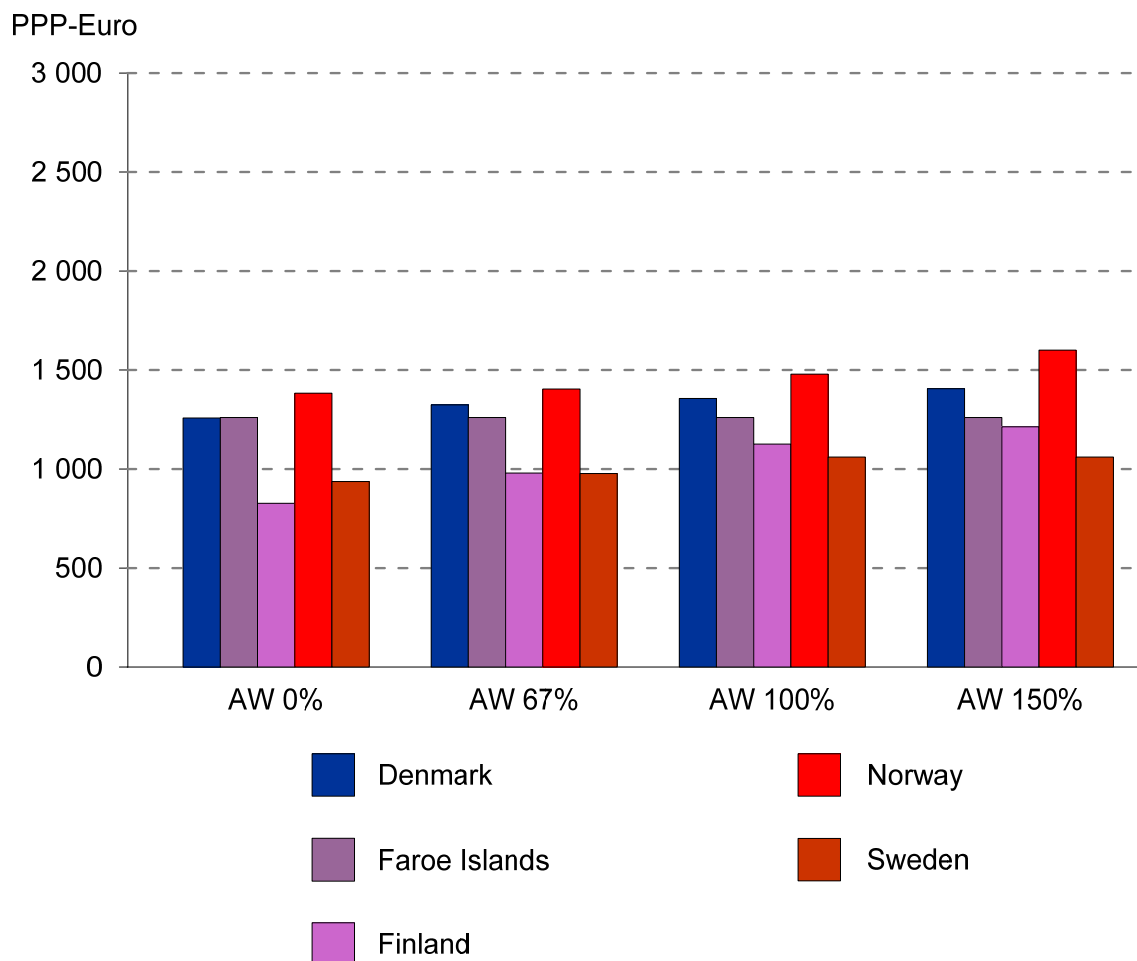


Table 6.3.5 Compensation rate for a single 50-year-old disability pensioner with no capacity for work, as a percentage of the disposable income from work, 2011

	Denmark	The Faroe Islands	Finland	Norway	Sweden
67 p.c. AW	99	120	68	85	85
100 p.c. AW	72	88	57	63	53
150 p.c. AW	55	65	45	49	40

Figure 6.3.2 Compensation rate for a single 50-year-old childless disability pensioner, AW 100 per cent

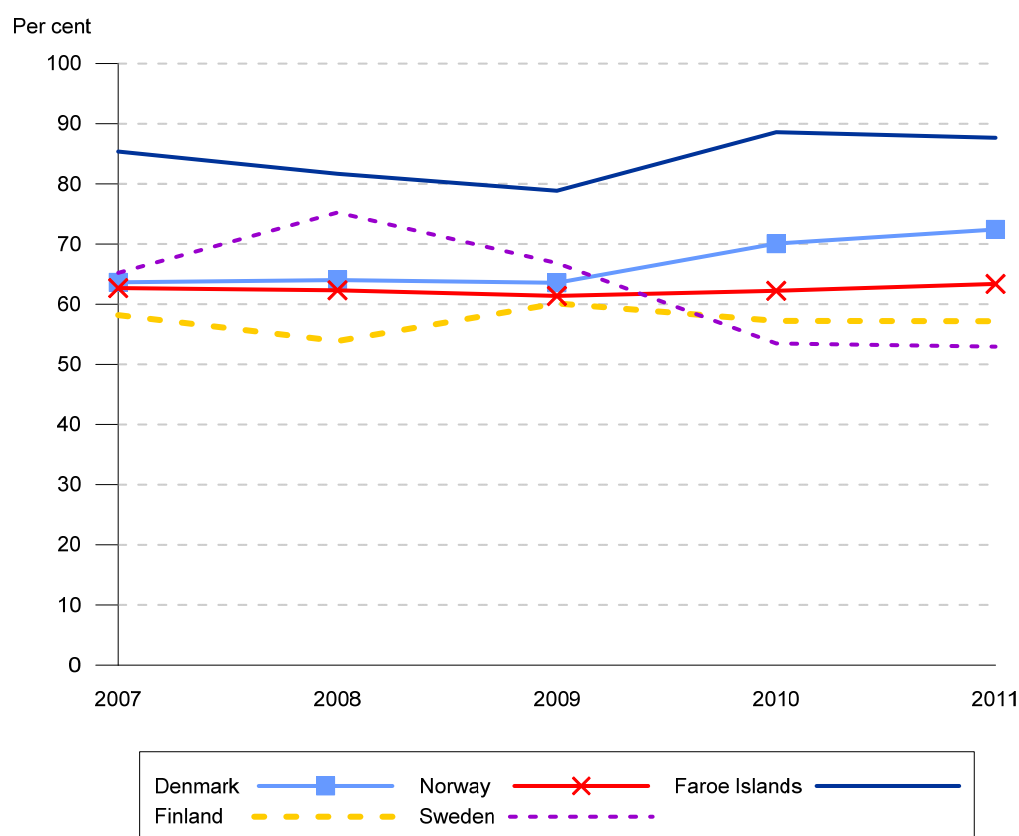


Table 6.3.6 Average payment of statutory disability pensions (before tax) per month, 2011

	KR/EUR			PPP-Euro		
	Men	Women	All	Men	Women	All
Denmark ¹⁾	14 438	13 577	28 015	1 417	1 332	2 749
The Faroe Islands ²⁾	10 587	8 367	9 401	1 039	821	922
Finland ³⁾	1 132	937	1 039	930	770	854
Norway	17 341	13 911	15 386	1 499	1 202	1 330
Sweden ⁴⁾	10 409	9 110	9 648	893	781	828

- 1 Average payment of highest, intermediate, ordinary and increased ordinary disability pension and new disability pension in January 2011
- 2 Average payment in November 2011 for the highest and the intermediate disability pension
- 3 Average pension amount paid out in December
- 4 Average pension amount paid out in December, including housing supplements. Sickness and activity benefit 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.

There has been a decrease in the number of new disability pensioners in Iceland since 2003. The decrease in 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 Sweden, there was an increase in the number of awards up to and including 2006, after which the number decreased.

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, 2011

	Denmark ³⁾	The Faroe Islands	Finland	Iceland ²⁾	Norway	Sweden
<i>Number</i>						
18-19 Years ¹⁾	1 099	8	1 604	243	956	3 196
20-29 "	10 583	68	11 647	1 818	8 265	26 268
30-39 "	24 374	90	17 419	2 673	17 449	25 052
40-49 "	55 891	219	35 735	3 854	47 374	67 933
50-54 "	92 554	168	33 678	2 419	40 052	58 956
55-59 "		246	64 168	2 541	59 394	86 086
60-64 "	61 065	404	96 202	2 880	87 899	133 193
Total 18-64 Years ¹⁾	245 566	1 203	260 453	16 428	261 389	400 684
65-66 Years	.	179	.	1 257	45 264	.
<i>Per cent</i>						
18-19 Years ¹⁾	0	1	1	1	0	1
20-29 "	4	6	4	11	3	7
30-39 "	10	8	7	16	7	6
40-49 "	23	18	14	23	18	17
50-54 "	38	14	13	15	15	15
55-59 "	.	20	25	16	23	21
60-64 "	25	34	37	18	34	33
Total 18-64 Years ¹⁾	100	100	100	100	100	100

1 For Finland and Norway, the age group starts at 16 years and for Iceland at 17 years

2 Icelandic data refers to 2010

3 Data from Denmark for the age groups 50-54 years and 55-59 years have been combined and are placed in the category 50-54 years.

Table 6.3.8 Recipients of disability pensions and new disability pensioners, by gender, 2011

	Recipients	New awards	New awards in per cent of population of qualifying age
<i>Denmark¹⁾</i>			
Men	101 920	7 291	0.4
Women	118 662	8 032	0.5
<i>The Faroe Islands</i>			
Men	753		
Women	965		
<i>Finland</i>			
Men	135 888	12 723	0.7
Women	124 565	12 706	0.7
<i>Iceland^{2 3)}</i>			
Men	7 043	-	-
Women	10 642	85	0.1
<i>Norway⁴⁾</i>			
Men	131 847	13 233	0.8
Women	174 806	17 701	1.1
<i>Sweden^{5 6)}</i>			
Men	165 913	7 255	0.3
Women	234 771	7 114	0.3

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 year-end

2 The pensionable age is changed from 2010 to 17-66 years instead of 16-66 years, which explains the low number of new awards

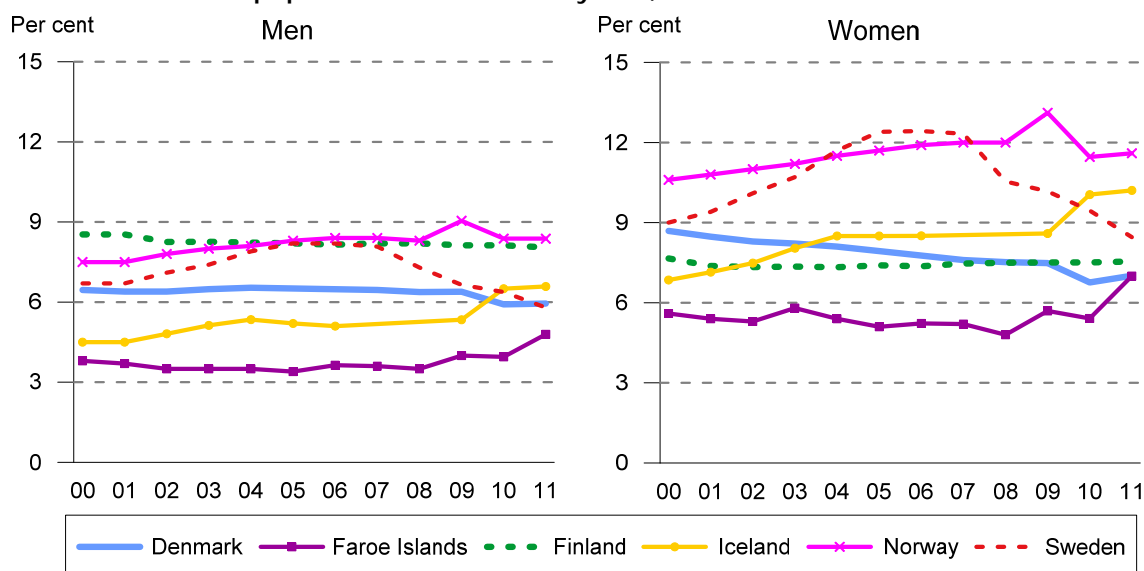
3 Icelandic data refers to 2010

4 Pensionable age 18-67 years

5 The activity and sickness benefit has replaced the disability pension as from 2003

6 Data concerning recipients refer to December 2011

Figure 6.3.3 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, 2000-2011^{1, 2)}



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

2 Norway: From 1 March 2010, people receiving temporary disability benefits were transferred to a new benefit called work assessment benefits (rehabilitation). So there only recipients of permanent disability pension count; the group is smaller than in 2009

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 ostracised 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 by the social insurance scheme 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 sickness pension and is awarded according to the same criteria; it is, however, never awarded for more than 18 months. Everyone receiving a rehabilitation allowance must undergo examinations and treatment during the period in which the allowance is being paid.

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 assessment 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 exhausted 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, 2011

	Denmark ¹⁾	The Faroe Islands	Finland ²⁾	Iceland ³⁾	Norway ⁴⁾	Sweden ⁵⁾
<i>People receiving rehabilitation allowances during the year</i>						
Men	4 097	268	40 133	812	71 597	6 300
Women	6 296	357	61 815	1 190	102 777	12 036
Total	10 393	625	101 948	2 002	174 373	18 336
<i>People receiving rehabilitation allowances as at December 2010</i>						
Men	6 405	79	16 900	444	70 618	2 664
Women	10 019	99	25 993	704	101 142	4 959
Total	16 424	178	42 893	1 148	171 760	7 623

- 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 (in addition, the employment pension funds paid rehabilitation allowances/services in 2011 to 10 808 people, 5 823 women and 4 985 men)
- 3 2010 for Iceland
- 4 On 1 March 2010, the benefits rehabilitation allowance and temporary disability pension were included in the work assessment 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 shall 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 shall 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 80 per cent of the annual earnings. 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, the compensation amounts to a maximum of two-thirds of a fisherman's guaranteed minimum wage, corresponding to DKK 386 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 in case 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 the working capacity has been reduced by 10-49 per cent, disability pension shall be payable 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 disability 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 was SEK 42 800 in 2011.

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.

Care Allowance to Disabled People

Institutions, Home Help, etc., for the Disabled

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⁾	The Faroe Islands	Finland	Iceland	Norway ²⁾	Sweden ³⁾
	2011	2010	2011	2011	2010	2011
Recipients of home help under 65 years, total	24 977	55	7 737	3 368	31 892	16 573
Recipients of home help as percentages of the age group 18-64 years	0.7	0.1	0.2	1.2	0.8	0.2

1 Home help to people living in a home of their own, with the exception of service housing. Recipients as percentages of the age group 18-64 years per October 2011

2 Including residents in service housing units receiving practical assistance (home help). Comprises recipients receiving both home nursing and practical assistance, and recipients receiving only practical assistance. Residents getting only home nursing are not included

3 Includes people in homes of their own who had been granted home help as at 1 October 2011

Table 6.3.11 People under 65 years living at institutions or in service housing

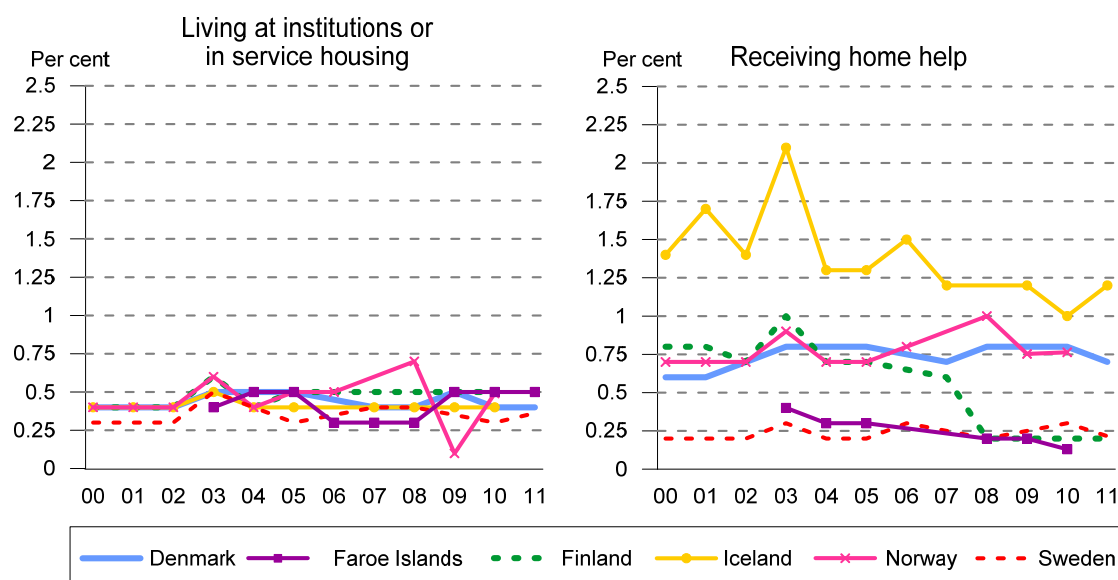
	Denmark ¹⁾	The Faroe Islands ¹⁾	Finland	Iceland	Norway ²⁾	Sweden ³⁾
	2011	2011	2010	2010	2010	2011
Under 65 Years Total	13 548	150	20 679	1 103	20 486	27 874
As percentages of the age group 18-64 years	0.4	0.5	0.5	0.4	0.5	0.4

- 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). Recipients as percentages of the age group 18-64 years per October 2011
- 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 1 October 2011 at institutions or in service housing

In all the countries, home help is provided to the disabled. 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. The help is a municipal matter and is provided by municipally or privately employed staff.

As mentioned above, the statistics concerning home help in the Nordic countries are not easily compared. While the data for Denmark, the Faroe Islands, Norway, Finland and Sweden are situation-statements, the Icelandic data contain information on the number of people receiving help during the year.

Figure 6.3.4 People living at institutions or in service housing and people receiving home help as percentages of the age group 18-64 years, 2000-2011



Support Schemes and Leisure Activities

In the Nordic countries, there are various kinds of support schemes and activating measures for the disabled, 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 disabled people to remain in their own homes for as long as possible. The service schemes include meal deliveries, telephone chains or alarms to call help, 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. 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.

Moreover, there is a transport service scheme for elderly or disabled people who are unable to use public transport or 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 tasks 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 on 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 by 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 set up 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 2011, 11 304 people made use of the scheme.

In Iceland, personal assistance to deal with daily life may also 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-managed 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 also to include users who are unable to handle the employer role.

Moreover, there is a function-assistant 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 2010, 2 670 people made use of the scheme.

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 made use of 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 capacities, 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 sheltered jobs are given to disability pensioners. In the fourth quarter of 2011, there were 54 400 people in flexi jobs and 5 950 people in sheltered jobs.

People who have been approved for a flexi job and who are unemployed, as well as 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 2011, 17 600 people received this special benefit.

In the Faroe Islands, people with reduced capacities for work are offered assessment of their work capacities, 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 insurance scheme furthermore offers rehabilitation to their clients. War veterans may also undergo rehabilitation, and war invalids are offered rehabilitation at least every second year.

With the transfer of services to people with disabilities from central to local government in 2011 in Iceland, the responsibility for disabled people's work participation moved from Central Government's Special Services (Statens Specielle Tjenester) to the Ministry of Labour. Before 2011, Central Government's Special Services were responsible for sheltered work in the labour market and for sheltered workshops for disabled people. Now the responsibility rests with the Ministry of Labour, just as it is for other citizens. People with reduced working capacities shall have their work situation adapted to their special needs. At the same time it is possible to borrow various technical aids from the Technical Aids Centre at the Social Security Scheme.

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. At the same time it is possible to borrow various technical aids from the Technical Aids Centre.

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 Cash 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 elderly 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 2009 to 2010

In Denmark, the expenditure increased from 2009 to 2010 by DKK 1.2bn, corresponding to a growth rate of 1.5 per cent. The increase concerned cash benefits that increased by a little over DKK 1.5bn, corresponding to a growth rate of 2.7 per cent, whereas the expenditure on services decreased by a little over DKK 0.3bn, corresponding to a decrease of 1.3 per cent.

In the Faroe Islands, there was a minor total increase in the social expenditure from 2009 to 2010 of 7.4 per cent, corresponding to DKK 39m. The effect of a change in the sett off of the disability pension may explain the increase in cash benefits. To this should be added an increase in the expenditure on rehabilitation which amounted to half of the total increase.

In Finland, the expenditure on disability pension decreased by 1.4 per cent at constant prices, and the number of disability pensioners decreased by 5 000 people. The total expenditure on cash benefits to the disabled increased by 0.2 per cent. The expenditure on services to the disabled increased by 4.3 per cent at constant prices. The largest increase was the expenditure on services under the Services and Support for the Disabled Act and sheltered housing.

In Iceland, the expenditure on the disabled decreased by 5.8 per cent at constant prices, of which the expenditure on cash benefits decreased by 7.0 per cent, whereas the expenditure on services decreased by 5.8 per cent. The basic pension decreased by 7.2 per cent, while employment pensions decreased by 6.5 per cent.

In Norway, the expenditure on the disabled increased by 3.8 per cent from 2009 to 2010 at constant prices. Cash benefits increased by 4.3 per cent, while the expenditure on services increased by 0.5 per cent. Cash benefits amounted to 87.2 per cent of the total expenditure on the disabled, and the expenditure on basic pensions and supplementary pensions amounted to 21.7 and 28.6 per cent each, in total 50.3 per cent. The number of disability pension recipients at year-end increased by 5 562 individuals from 2009 to 2010 and counted in 2010 301 088 individuals. The number of work assessment allowances in 2010 was NOK 27 518m. The number of recipients of work assessment allowances was in 2011 174 275 people.

In Sweden, the expenditure on the disabled decreased by 1.9 per cent from 2009 to 2010 at constant prices. The cash benefits decreased by 11.7 per cent, while there was an increase in the expenditure on nursing and care of 9.2 per cent. The largest increase was seen in the help to institutions, etc.

Table 6.3.12 Expenditure on and financing of pensions, other cash benefits and services to the disabled, 2010

	Denmark	The Faroe Islands	Finland	Iceland	Norway	Sweden
	DKK	DKK	EUR	ISK	NOK	SEK
<i>Cash benefits, million</i>						
A. Disability pensions	36 272	218	3 579	41 012	60 768	60 862
Of which:						
a. Basic/minimum pension	36 272	218	739	28 005	23 854	13 818
b. Supplementary/employment pension	-		2 831	13 007	31 426	39 844
c. Supplementary pension	-		10	-	5 488	7 200
B. Retirement pension due to reduced working capacity	4 130	10	2	-		-
C. Nursing contribution	-		509	-	3 387	3 759
D. Supplement towards economic integration of the disabled	14 804		128	-	31 521	766
E. Other	3 140	24	194	-	231	-
Cash benefits, total	58 346	252	4 412	41 012	95 906	65 387
<i>Services, million</i>						
A. Institutions, etc.	12 768	123	173	7 765	1 094	22 982
B. Help to carry out daily activities	5 869	58	501	81	4 822	35 786
C. Rehabilitation	2 974	92	574	3 241	6 685	5 261
D. Other	4 511	38	759	685	1 526	12 224
Services, total	26 122	312	2 007	11 772	14 128	76 253
<i>Total expenditure, million</i>						
Total expenditure	84 467	564	6 419	52 784	110 034	141 640
Expenditure as percentage of GDP	4.8	4.4	3.6	3.4	4.4	4.3
<i>Financed by (per cent)</i>						
- Public authorities	72.6	94.2	50.8	53.0	33.0	57.3
- Employers	5.4	4.1	35.4	38.7	40.0	41.6
- The insured (contributions and special taxes)	22.0	1.7	13.8	8.3	27.0	1.1
<i>Changes 2009-2010 in terms of 2010 prices</i>						
- Million	1 207	39	94	-3 220	4 072	-1 721
- Per cent	1.5	7.4	1.5	-5.7	3.8	-1.2

Table 6.3.13 Expenditure on cash benefits to the disabled in PPP/capita and per pensioner, 2010

	Denmark	The Faroe Islands	Finland	Iceland	Norway	Sweden
<i>The disabled</i>						
Cash benefits per capita	1 017	508	691	729	1 694	592
Disability pension per disability pensioner	16 403	15 517	11 228	13 104	17 266	11 721
Services per capita	455	627	314	209	250	691
Total services and benefits to the disabled per capita	1 473	1 135	1 006	938	1 944	1 283

User Charges

User charges payable for stays at institutions, disabled people and 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 the disabled are fixed 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, hair dressing 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. In 2011, user charges amounted to DKK 399m, 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 1 186 per month in 2011 towards personal expenses. The inhabitants thus have no expenses for rent, food, hairdressing, etc. Pensioners, who have an income besides their pension, 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 depend on a patient's income. It must not exceed 85 per cent of the net income, and there must be at least EUR 99 left per month for personal use. In 2010, user charges payable for institutional stays amounted to 8 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 2010.

In Iceland, there are no institutions for the disabled, but various types of sheltered housing units and collective housing. The residents pay the rent and other services that have become the responsibility of the local authorities in 2011. In Iceland, user charges for home help amounted to 8.1 per cent of the municipal expenditure in 2010.

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 for personal use in addition to the 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.

6.4 Surviving Relatives

Table 6.4.1 Expenditure on surviving relatives as percentages of GDP in the EU, the Faroe Islands, Iceland and Norway, 2009

Denmark	0.0	Austria	2.0	Hungary	1.4	Portugal	1.8
The Faroe Islands	0.2	Belgium	2.2	Ireland	1.1	Romania	0.8
Finland	1.0	Bulgaria	0.8	Italy	2.6 ^p	Slovakia	1.0 ^p
Iceland	0.6	Cyprus	1.2	Latvia	0.3 ^p	Slovenia	1.7 ^p
Norway	0.3	Estonia	0.1	Lithuania	0.7 ^p	Spain	2.2 ^p
Sweden	0.6 ^p	France	2.0 ^p	Luxembourg	2.0	The Czech Republic	0.8
		Germany	2.2 ^p	Malta	1.8	The Netherlands	1.2 ^p
		Greece	2.2	Poland	2.0	United Kingdom	0.2 ^p

p Preliminary data

Note: The source is EUROSTAT: Database for Social Protection Expenditure and Receipts. The source for the Faroe Islands is the *Almannáttaráðgjafi*

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. It is necessary to have been married to receive this benefit. Pensioners are, when losing a spouse, entitled to a survivor's pension on a short term basis, corresponding to 3 months' pension. 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 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, marriage 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/her.

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 shall 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, 2000-2011

	Finland ¹⁾		Iceland ²⁾		Norway ³⁾		Sweden ⁴⁾	
	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
2010	8 778	34 368	1 831	2 137	2 265	19 210	2 056	33 232
2011	8 399	32 329			2 087	18 505	2 018	30 534

1 Widows/widowers over 64 years may be granted survivor's pension by way of employment pension. In 2011, the number of pensioners over 64 years was 191 751 women and 30 213 men

2 Only pensioners aged 16-65 years receiving employment pension

3 Excluding widows and widowers receiving sickness pension

4 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 pension was income-adjusted from 1997-2002

Table 6.4.3 Average monthly amount of statutory survivor's pension, (before tax), 2011

	KR/EUR			PPP-Euro		
	Men	Women	Alle	Men	Women	Alle
Finland ¹⁾	202	574	519	166	472	426
Norway	5 444	8 288	8 000	471	716	691
Sweden ²⁾	6 980	5 569	5 657	599	478	485

1 Average pension amount paid out in December

2 Average amount as at December 2011 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 shall 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 shall 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 systems for surviving rela-

tives. 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 shall 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, a child pension is payable until the age of 21 years if the child/youth is receiving education, while it in Sweden is payable up to and including the month of June 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, 2000-2011¹⁾

	Denmark	The 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
2010	20 100	168	22 506	1 529	13 525	28 934
2011	19 900	189	21 808	..	13 510	27 945
As percentage of children of the qualifying age	1.6	1.4	1.7	1.9	1.2	1.3

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

Table 6.4.5 Average monthly statutory amount of child pension, before tax, 2011

	Denmark	The Faroe Islands	Finland	Iceland ¹⁾	Norway ²⁾	Sweden
KR/EUR	1 193	1 056	333	21 657	2 432	2 548
PPP-Euro	117	104	274	122	210	219

1 Average monthly amount paid by the public authorities in 2010

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 2009 to 2010

In the Faroe Islands, there were hardly any changes in the expenditure from 2009 to 2010, but nevertheless there was a total decrease in the expenditure of 4.8 per cent.

In Finland, the expenditure on cash benefits to survivors increased by 2.2 per cent at constant prices. The number of recipients of surviving spouse's pension remained at the same level in 2010 as in 2009.

In Iceland, the expenditure on surviving relatives decreased by 8.3 per cent in terms of 2010 prices.

In Norway, the expenditure on survivors increased by 1.0 per cent from 2009 to 2010. Cash benefits increased by 0.9 per cent, while the expenditure on services increased by 3.9 per cent. Cash benefits amounted to 97.7 per cent of the total expenditure on survivors. There were 22 146 recipients of the cash benefit in 2010, which was 414 fewer than in 2009.

In Sweden, where the expenditure on surviving relatives consists of cash benefits only, the expenditure decreased by 5.8 per cent at constant prices.

Table 6.4.6 Udgifter til og finansiering af ydelser til efterlevende 2010

	Denmark	The Faroe Islands	Finland	Iceland	Norway	Sweden
	DKK	DKK	EUR	ISK	NOK	SEK
<i>Cash benefits, million</i>						
A. Survivor's pensions	2	19	1 680	8 759	6 541	17 190
Of which:						
a. Basic/minimum pension	-		35	316	1 398	842
b. Supplementary/employment pension	-		1 626	8 443	1 080	15 358
c. Supplementary pension	2	19	19	-	3 971	990
B. Benefits in case of death	-		40	68	257	-
C. Other	-	2	-	-	7	-
Cash benefits, total	2	21	1 720	8 827	6 805	17 190
-Per capita (PPP) 10	3	45	270	157	123	156
<i>Services, million</i>						
A. Funeral allowance	143	2	4	-	158	-
B. Other	-		-	-	-	-
<i>Services, total</i>	143	2	4	-	158	-
Total expenditure, million	145	22	1 724	8 827	6 963	17 190
Expenditure as percentage of GDP	0.0	0.2	1.0	0.6	0.3	0.5
<i>Financed by (per cent)</i>						
- Public authorities	100.0	3.8	6.1	1.5	18.9	3.1
- Employers	0.0	64.1	73.2	70.3	59.8	94.4
- Employers	0.0	32.1	20.7	28.2	21.3	2.6
<i>Changes 2009-2010 in terms of 2010 prices</i>						
- Million	7	-1	37	-794	69	-1 056
- Per cent	5.0	-2.9	2.2	-8.3	1.0	-5.8

Chapter 7

Housing Benefits

Links to supplementary information:

[EUROSTAT - database](#)

[Social Expenditure](#)

Table 7.1 Expenditure on housing benefits as percentages of GDP in the EU, Faroe Islands, Iceland and Norway, 2009

Denmark	0.8	Austria	0.1	Hungary	0.6	Portugal	0.0
The Faroe Islands	..	Belgium	0.2	Ireland	0.3	Romania	0.0
Finland	0.5	Bulgaria	0.0	Italy	0.0 ^p	Slovakia	.. ^p
Iceland	1.0	Cyprus	1.1	Latvia	0.1 ^p	Slovenia	0.0 ^p
Norway	0.2	Estonia	0.0	Lithuania	0.0 ^p	Spain	0.2 ^p
Sweden	0.5 ^p	France	0.8 ^p	Luxembourg	0.3	The Czech Republic	0.1
		Germany	0.6 ^p	Malta	0.2	The Netherlands	0.4 ^p
		Greece	0.5	Poland	0.1	United Kingdom	1.5 ^p

p Preliminary data

Note: The source is EUROSTAT: Database for Social Protection Expenditure and Receipts.

Housing 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. In Norway, the housing benefit scheme was changed in 2009. Some of the purposes of the change were to ensure equal treatment of applicants and simpler rules. There is now only one housing benefit scheme covering everyone, with the exception of students and people with military or civilian official duties who have other housing benefit schemes. 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, 2011

	Denmark ¹⁾	Finland ²⁾	Iceland ³⁾	Norway	Sweden ²⁾
<i>Average housing benefit per month per family in KR/EUR</i>					
Married or cohabiting couples	1 968	359	29 967	3 055	1 995
- with children	1 648	229	22 716	2 685	750
- without children					
Single people					
- with children	2 256	360	50 022	2 747	1 863
- without children	1 980	219	25 483	2 239	714
<i>Average housing benefit per month per family in KR/EUR</i>					
Married or cohabiting couples					
- with children	193	295	162	264	171
- without children	162	188	123	232	64
Single people					
- with children	221	296	271	237	160
- without children	194	180	138	194	61

1 April 2011

2 Average payment in December 2011

3 Average housing benefits in December 2011 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.

Table 7.3 Husholdninger, der modtog boligstøtte ved udgangen af årene 2000-2011

	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>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
<i>2011</i>					
Married or cohabiting couples	38 711	23 592	1 616	10 427	
- with children	16 533	17 685	1 117	8 234	47 860
- without children	22 178	5 907	499	2 193	3 688
Single people	169 267	143 772	12 847	50 135	
- with children	62 386	40 817	3 705	16 977	120 341
- without children	106 881	102 955	9 142	33 158	55 378

1 Data only for families living in rented accommodation

2 The exact number of households receiving housing benefits in 2011 was 226 042. Some households may have been awarded the benefit during the year and have thus not been included

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 a family's 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 having 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 2000-2011

	Denmark ¹⁾	Finland	Norway ²⁾	Sweden ³⁾
<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>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
<i>2011</i>				
Pensioner couples	52 698	10 729	2 509	..
Single pensioners	280 351	164 760	60 340	..
Total	333 049	175 489	62 849	387 021

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 Retirement and disability pensioners

3 Including 127 214 in 2010 and 122 847 in 2011 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 in the old system. 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.

Table 7.5 Average housing benefits per month to pensioners, 2011

	Denmark	Finland	Norway	Sweden
Average housing benefits per month to married or cohabiting pensioners				
- KR/EUR	2 058	205	2 552	1 999
- PPP-Euro	202	168	221	171
Average housing benefits per month to single pensioners				
- KR/EUR	2 520	196	1 749	2 336
- PPP-Euro	247	161	151	200

In Iceland, a supplement to the basic pension is payable to people living alone. 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, all recipients of pensions or social insurance are entitled to housing benefits.

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 2009 to 2010

In Denmark, the expenditure on housing benefits increased from 2009 to 2010 by DKK 462m, corresponding to a growth rate of 3.6 per cent.

In Finland, the expenditure on housing benefits increased by 6.9 per cent at constant prices. The number of households receiving general housing benefits increased by 1.4 per cent, and the expenditure by 9.5 per cent at constant prices.

In Iceland, the expenditure on housing benefits increased by 5.4 per cent at 2010 prices, of which the expenditure on benefits to people owning their homes increased

by 6.4 per cents as a result of increased support towards the easing of the debt burden of individuals and families after the financial crisis.

In Norway, the expenditure on housing benefits increased by 10.2 per cent at constant prices. There was an increase in the expenditure on recipients living in rented accommodation (16.5 per cent), whereas there was a reduction in the expenditure on those living in their own house or flat (9.4 per cent). The expenditure on people living in rented accommodation amounts to 62.7 per cent of the total expenditure.

In Sweden, the expenditure on housing benefits increased by 2.7 per cent at constant prices. The expenditure on the elderly increased by 1.7 per cent and on families by 3.5 per cent.

Table 7.6 Expenditure on and financing of housing benefits, 2010

	Denmark	Finland	Iceland	Norway	Sweden
	DKK	EUR	ISK	NOK	SEK
<i>Services, million</i>					
A. Housing benefits to people in rented housing	13 181	889	4 507	2 590	15 282
a. Of whom elderly	10 070	163	-	475	7 091
B. Housing benefits to owner-occupiers	-	35	11 748	557	-
a. Of whom elderly	-	11		183	
Services, total	13 181	923	16 255	4 129	15 282
Total expenditure, million	13 181	923	16 255	4 129	15 282
Total expenditure per capita, PPP-Euro	230	145	289	73	138
Expenditure as percentage of GDP	0.8	0.5	1.1	0.2	0.5
<i>Financed by (per cent)</i>					
- Public authorities	100.0	100.0	100.0	100.0	100.0
- Employers	0.0	0.0	0.0	0.0	0.0
- The insured (contributions and special taxes)	0.0	0.0	0.0	0.0	0.0
<i>Changes 2009-2010 in terms of 2010 prices</i>					
- Million	462	60	840	381	398
- Per cent	3.6	6.9	5.4	10.2	2.7

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 GDP in the EU, Faroe Islands, Iceland and Norway, 2009

Denmark	0.9	Austria	0.3	Hungary	0.1	Portugal	0.3
The Faroe Islands	0.5	Belgium	0.8	Ireland	0.6	Romania	0.2
Finland	0.7	Bulgaria	0.2	Italy	0.1 ^p	Slovakia	0.4 ^p
Iceland	0.7	Cyprus	1.4	Latvia	0.1 ^p	Slovenia	0.5 ^p
Norway	0.7	Estonia	0.1	Lithuania	0.4 ^p	Spain	0.3 ^p
Sweden	0.7 ^p	France	0.6 ^p	Luxembourg	0.5	The Czech Republic	0.2
		Germany	0.2 ^p	Malta	0.4	The Netherlands	2.0 ^p
		Greece	0.6	Poland	0.2	United Kingdom	0.2 ^p

^p Preliminary data

Note: The source is EUROSTAT: Database for Social Protection Expenditure and Receipts. The source for the Faroe Islands is the *Almannamálaraðið*

Special 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 separate legislation.

In all the countries, there are 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, the amount of the social assistance (cash assistance) depends among other things of the age of the cash assistant recipient as well as of any obligation to provide for children. The amount of the cash assistance depends for example of whether one is older or younger than 25 years.

Wealth and income also affect the cash assistance. It is not possible to be awarded cash assistance if one or one's spouse has any assets. Local authorities must, however, disregard amounts of up to DKK 10 000 per person.

To be entitled to cash assistance in Denmark, one must as a starting point have been resident in Denmark for seven out of the past eight years. If one does not comply with this condition, one may instead apply for start help. It is possible to be awarded cash assistance if a social incident has occurred, such as illness, unemployment or dissolution of cohabitation.

If one applies for cash assistance solely on the grounds of unemployment, one must be available for the labour market. To be available means that one is obliged to turn up for the interviews that the local authorities arrange; that one accepts the reasonable offers of activation or work provided by the local authorities, and that one is actively seeking employment. If one is unavailable for the labour market, one shall be subject to sanctions. The local authorities can give various forms of sanctions that reduce the cash assistance.

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 Welfare has drawn up guidelines for what should be taken into consideration in connection with the award, but the basic amount is not fixed by Central Government.

In Norway, Central Government has drawn up recommended guidelines for the award of support, which include the expenditure on current, daily costs towards maintenance. The government 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 expenses necessary for life sustenance. There is no regulated upper limit to the amount of the assistance, which may also be granted in the form of a loan. Social authorities may in special cases grant financial assistance to people in need of help in order to overcome or adapt to a difficult situation in which they would otherwise not qualify for social assistance. A number of conditions as to the assistance can be made. The conditions must first and foremost contribute to the recipients improving his/her situation as well as the possibility of providing for him/her. People of working age with a considerably reduced capacity for work and earning are according to the Act on Social Services in the Labour and Welfare Administration entitled to participate in a qualification programme combined with a qualification benefit. Entitlement to the qualification programme presupposes that one is 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 164 264 annually for people over 25 years and NOK 123 183 for people under 25 years as per 1 May 2012. A child allowance of NOK 27 per day may be awarded as a supplement. Participation in a qualification programme may be planned for up to one year with a prolongation of one year and a further prolongation of 6 months in special cases. The programme must be full time, 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.

Table 8.2 Rules governing award of social assistance, 2011

	Denmark	The Faroe Islands	Finland	Iceland	Norway	Sweden
Identical amounts of social assistance payable in the entire country?	Yes	Yes	Yes ³⁾	No ⁴⁾	No ⁵⁾	No ⁶⁾
Social assistance calculated individually by local authorities?	No	No	Yes	Yes	Yes	Yes
Do housing costs influence the amount of the social assistance?	No ¹⁾	Yes	Yes	Yes	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 cohabitation
- 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 149 000 and for cohabiting couples ISK 223 500 in the municipality of Reykjavik. Income earned the month in which the application is made and the month before shall be deducted from the amount with the exception of child and housing benefits
- 5 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 149 000 and for cohabiting couples ISK 223 500 in the municipality of Reykjavik. Income earned the month in which the application is made and the month before shall be deducted from the amount with the exception of child and housing benefits
- 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 Rates 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 rates are given after tax, payment for day care institutions and rent costs. Figures 8.1 and 8.2 show the development in compensation rates in recent years. The compensation rate is highest in Denmark 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, but the compensation rates are nevertheless stated for a person who for some reason is not insured against unemployment. 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 rate after tax and rent costs for a single childless person receiving social assistance as a percentage of disposable income from work 2011

	Denmark	Finland	Iceland	Norway	Sweden
67 p.c. AW	49	32	39	17	32
100 p.c. AW	32	22	28	10	20
150 p.c. AW	22	15	20	7	14

Table 8.4 Equivalent compensation rate 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, 2011

	Denmark	Finland	Iceland	Norway	Sweden
67/100 AW	49	34	33	15	31
100/100 AW	41	29	29	12	26

Table 8.5 Compensation rate after tax, payment of day care institution and rent costs for a single parent with one child when receiving social assistance as a percentage of disposable income from work 2011

	Denmark	Finland	Iceland	Norway	Sweden
67 p.c. AW	75	51	58	42	47
100 p.c. AW	57	37	45	26	31
150 p.c. AW	42	25	35	16	22

Table 8.6 Compensation rate when drawing social assistance after tax and payment for day care institution and rent for a childless couple where both work, 2011

	Denmark	Finland	Iceland	Norway	Sweden
67/100 AW	32	19	28	14	18
100/100 AW	26	17	24	12	15

Figure 8.1 Compensation rate for a single parent with one child when drawing social assistance, AW 100 per cent

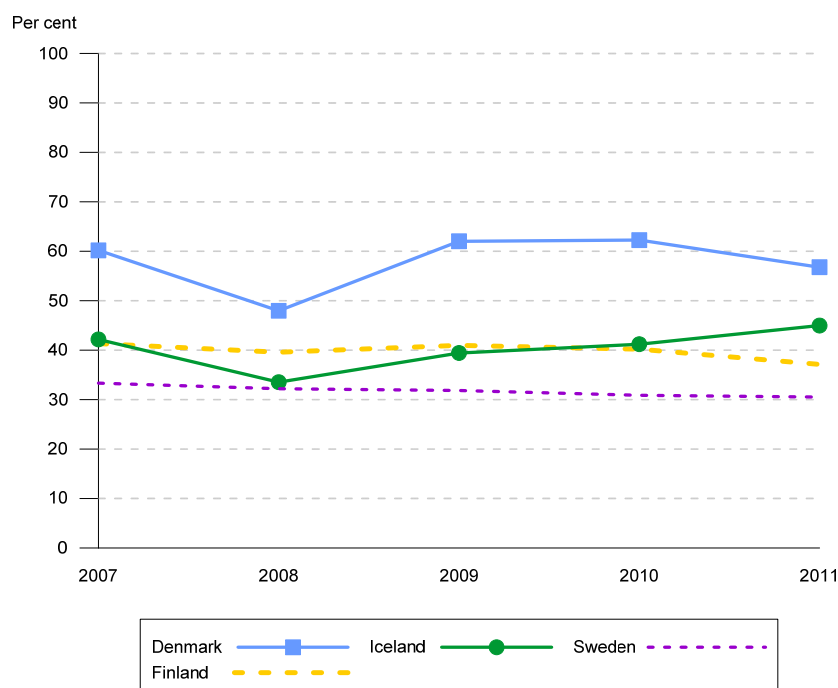


Figure 8.2 Compensation rate for a couple with two children where both adults draw social assistance, AW 67/100 per cent

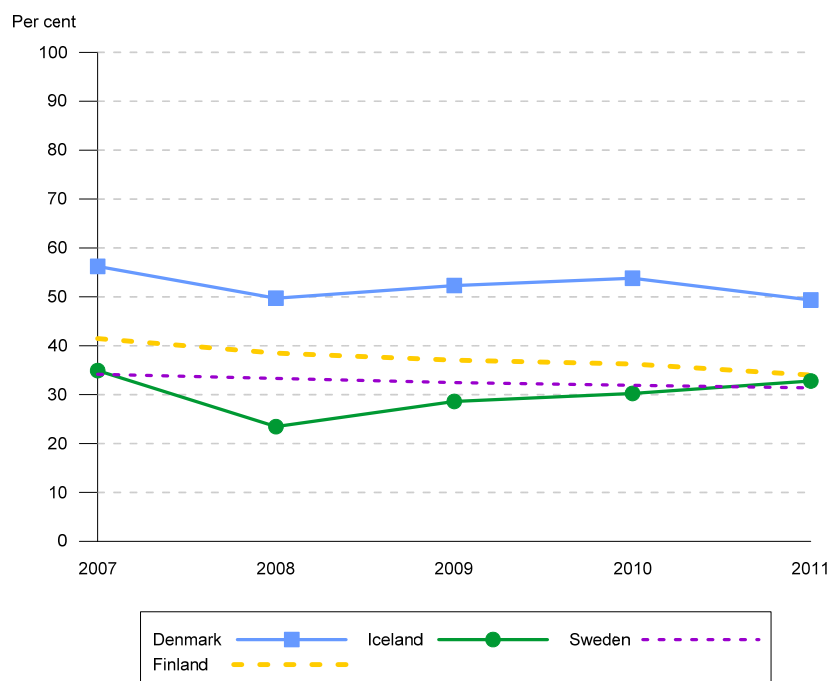


Table 8.7 Equivalent monthly disposable income after tax, payment for day care institution and rent when drawing social assistance (December), 2011

	Denmark ¹⁾	Finland	Iceland	Sweden
<i>Kroner/Euro</i>				
Single parent with one child	7 501	526	107 004	4 408
Single person with no children	5 130	419	84 483	3 720
Couples with two children	6 222	581	70 890	5 043
Couples with two children	5 968	475	87 277	4 080
<i>PPP-Euro</i>				
Single parent with one child	736	432	580	378
Single person with no children	503	344	458	319
Couples with two children	610	477	384	433
Couples with no children	586	390	473	350

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	The Faroe Islands	Finland	Iceland	Norway	Sweden
	2011	2011	2010	2011	2010	2011
In thousands	181	1	280	8	138	281
As percentages of the population aged 16/18 years or over	4.1	2.5	6.5	3.5	3.6	3.6

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.

Figure 8.3 Individuals receiving social assistance during the year as percentages of the population 16/18 years or over, 2000-2011

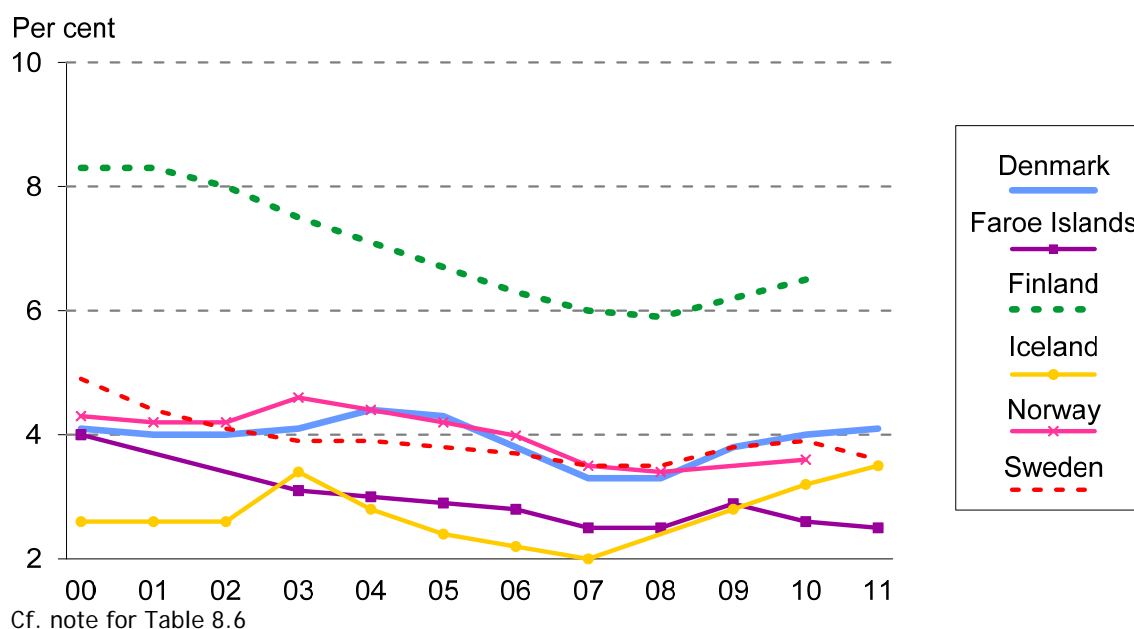


Table 8.9 Number of individuals 16/18 years or over receiving social assistance, in total and as percentages of the population at the time of census, 2000-2011

	Denmark	The Faroe Islands	Finland ¹⁾	Iceland ²⁾	Norway ²⁾	Sweden ¹⁾
<i>Total</i>						
2000	..	430	147 824	1 841	63 732	..
2005	..	447	124 882	1 794	68 843	135 565
2010	87 250	429	137 410	2 608	59 134	163 686
2011	94 170	398	..	3 165	..	119 429
<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
2010	2.0	1.2	3.2	1.1	1.6	2.2
2011	2.2	1.1	..	1.3	..	1.6

1 People from the age of 18 years in socially assisted households receiving assistance in November

2 Average number of individuals in households receiving social assistance per month

3 As from 2003, data include recipients of introduction benefits and so cannot be directly compared with data from before 2003

Table 8.10 Individuals receiving social assistance during the year, by age, in total and as percentages of their age groups

	Recipients		Recipients as percentage of their age group				
	Total		18-24 years	25-39 years	40-54 years	55-64 years	65+ years
<i>Denmark 2011</i>							
Recipients, total	181 161		29.5	37.2	26.1	6.3	0.9
New total	57 608		44.3	32.5	18.7	4.3	0.2
<i>The Faroe Islands 2011</i>							
Recipients, total	897		44.4	49.4	32.9	12.4	1.7
New total	..		..	..	..	..	..
<i>Finland 2010</i>							
Recipients, total	279 867		14.5	8.7	7.0	4.4	1.5
New total	76 646		5.2	2.1	1.5	1.1	0.6
<i>Iceland 2011</i>							
Recipients, total	8 437		7.4	5.3	2.7	1.4	0.5
New total	3 213		2.5	2.2	1.2	0.4	0.0
<i>Norway 2010</i>							
Recipients, total	138 258		6.2	5.5	4.0	1.9	0.5
New total	57 668		3.0	2.3	1.5	0.7	0.2
<i>Sweden 2011¹⁾</i>							
Recipients, total	279 058		8.0	5.3	3.9	2.3	0.5
New total	71 093		2.4	1.2	0.8	0.5	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
	2011	2010	2011	2010	2011
Families by type (per cent)					
Single men	6.3	13.9	13.3	7.6	10.7
- with children	20.9	15.6	24.0	6.4	23.4
- without children	3.9	13.9	8.1	7.6	7.8
Single women	8.6	10.3	17.0	6.3	9.3
- with children	8.1	25.4	18.3	14.4	8.4
- without children	8.7	8.4	16.9	4.6	9.4
Married/cohabiting couples	4.0	3.2	0.8	2.6	2.1
- with children	5.6	4.8	1.1	3.3	2.7
- without children	2.6	2.3	0.5	1.9	1.4
Total	5.8	8.2	6.3	4.8	6.2
- with children	8.0	8.7	5.5	5.4	..
- without children	5.0	8.0	6.8	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 integration programme comprising courses in social knowledge, the Danish language and active offers. Foreigners comprised by the integration programme receive cash assistance. Central Government reimburses 50 per cent of the local authorities' expenditure on the cash assistance during the 3-year integration 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 a 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 in that case 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 a language course, the amount payable may be reduced by 20 per cent. Asylum seekers are not insured in case of illness and neither are they 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 paid by Central Government for the first 12 months from the moment they are received into the country.

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 Labour and Welfare Administration 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 158 432 as at 1 May 2011. 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 get both a basic benefit and a standard 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, 2000-2011

	Denmark	Finland	Iceland	Norway	Sweden
2000	5 156	709	31	6 800	10 546
2005	1 147	762	2	3 997	7 332
2010	2 124	931	10	6 872	12 241
2011	2 259	919	40	6 105	12 938

Table 8.13 Number of asylum seekers, 2000-2011

	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
2010	5 115	4 018	44	10 064	31 819
2011	3 806	3 088	75	9 053	29 648

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 concluded 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. In Denmark, just under 14 600 people were in drug abuse treatment in 2010.

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 are 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.

Changes in the Expenditure on Other Social Benefits from 2009 to 2010

In Denmark, the expenditure increased from 2009 to 2010 by DKK 610m, corresponding to a growth rate of 4.1 per cent. The expenditure increase primarily derived from services that increased by DKK 548m, corresponding to 12.1 per cent.

In the Faroe Islands, there was a slight increase from 2009 to 2010 of 1.9 per cent, corresponding to DKK 1m. There was in particular a minor increase in the expenditure on social assistance.

In Finland, the expenditure on other social benefits increased by 4.1 per cent at constant prices. The expenditure on social assistance increased by 2.3 per cent.

In Iceland, the expenditure on other social benefits increased by 1.4 per cent in terms of 2010 prices, of which cash benefits increased by 9.1 per cent, whereas services dropped by 6.5 per cent. The increase in cash benefits was entirely a result of an increase in the expenditure on social assistance due to unemployment.

In Norway, the expenditure on other social benefits increased by 5.7 per cent from 2009 to 2010 at constant prices. The expenditure on cash benefits increased by 1.8 per cent, while the expenditure on services increased by 8.6 per cent. The expenditure on services made up 57.9 per cent of the total expenditure.

In Sweden, the expenditure on other social benefits increased by 6.7 per cent. Cash benefits increased by 3.5 per cent, and the expenditure on care increased by 10.3 per cent. Above all, the expenditure on social assistance and on institutions contributed to the increase.

Table 8.14 Expenditure on and financing of other social benefits, 2010

	Denmark	The Faroe Islands	Finland	Iceland	Norway	Sweden
	DKK	DKK	EUR	ISK	NOK	SEK
<i>Cash benefits, million</i>						
A. Income-substituting/supplementing benefits	9 033	47	619	4 824	7 122	11 594
a. Of which social assistance	-	34	600	2 987	4 925	11 594
B. Other assistance	1 217	47	59	1 435	776	710
Cash benefits, total	10 251	47	678	6 259	7 898	12 304
<i>Services, million</i>						
A. Institutions, etc.	904	4	183	-	2.264	3 333
B. Rehabilitation and treatment of abusers	1 232	10	179	933	4 699	5 440
C. Other	2 952	2	260	4 321	3 898	2 587
Services, total	5 088	16	623	5 253	10 862	11 360
Total expenditure, million	15 338	63	1 301	11 512	18 760	23 664
Expenditure as percentage of GDP	0.9	0.5	0.7	0.8	0.7	0.7
<i>Financed by (per cent)</i>						
- Public authorities	99.3	100.0	97.3	80.6	98.3	100.0
- Employers	0.7	0.0	2.7	18.0	1.0	0.0
- The insured (contributions and special taxes)	0.0	0.0	0.0	1.4	0.7	0.0
<i>Changes 2009-2010 in terms of 2010 prices</i>						
- Million	610	1	51	157	1 005	1 481
- Per cent	4.1	1.9	4.1	1.4	5.7	6.7

Table 8.15 Expenditure on other social benefits and services in PPP/capita, 2010

	Denmark	The Faroe Islands	Finland	Iceland	Norway	Sweden
Cash benefits, total	179	94	106	111	140	111
Services, total	98	32	98	93	192	103
Other social benefits, total	267	126	204	205	331	214

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 expenditure on social affairs measured in relation to the Gross Domestic Product (GDP) and per capita as PPP-Euro, broken down by functions, are shown in the two following tables.

Table 9.1 Social expenditure as percentages of GDP in the EU, the Faroe Islands, Iceland and Norway, 2009

Denmark	32.5	Austria	29.9	Hungary	23.0	Portugal	25.6
The Faroe Islands	28.5	Belgium	28.9	Ireland	26.4	Romania	16.9
Finland	29.4	Bulgaria	16.7	Italy	28.4 ^p	Slovakia	18.3 ^p
Iceland	25.1	Cyprus	20.6	Latvia	16.6 ^p	Slovenia	23.8 ^p
Norway	25.8	Estonia	19.0	Lithuania	20.6 ^p	Spain	24.5 ^p
Sweden	31.5 ^p	France	31.6 ^p	Luxembourg	22.7	The Czech Republic	19.8
		Germany	30.1 ^p	Malta	19.8	The Netherlands	29.7 ^p
		Greece	27.3	Poland	19.4	United Kingdom	28.2 ^p

p Preliminary data

Note: The source is EUROSTAT: Database for Social Protection Expenditure and Receipts. The source for the Faroe Islands is the Almannamálaráðið

Table 9.2 Social expenditure on social benefits and services per capita broken down by main groups in the EU, the Faroe Islands, Iceland and Norway, 2009, PPP-Euro

	Families and Children	Unemployment	Illness	Old Age, Disability and Surviving Relatives	Housing benefits	Other Social Benefits	Total
Denmark	1 193.0	609.3	2 149.8	4 829.0	213.2	246.9	9 496.6
Finland	890.4	643.6	2 019.1	4 015.0	132.1	191.3	8 128.6
Iceland	879.6	475.5	2 506.9	2 630.2	270.7	199.4	7 032.3
Norway	1 335.1	301.1	3 479.6	5 136.7	64.5	305.5	10 856.1
Sweden	902.5	365.4	2 246.0	4 996.2	133.6	199.0	9 004.7
Belgium	611.0	1 051.6	2 240.5	3 750.5	61.8	217.4	8 350.1
Bulgaria	206.5	54.2	406.7	1 038.3	0.7	21.2	1 784.4
Cyprus	504.5	219.2	1 167.3	2 265.5	255.6	324.6	4 818.9
Estonia	338.4	183.0	804.7	1 488.8	5.2	17.2	2 869.8
France	664.6	484.0	2 356.7	4 089.9	212.4	139.8	8 305.7
Germany	859.6	514.2	2 617.8	3 943.6	175.4	48.9	8 505.3
Greece	398.3	350.0	1 731.0	3 227.1	108.5	126.9	6 085.6
Hungary	454.5	145.0	852.6	1 883.9	94.0	20.2	3 516.7
Ireland	1 098.3	924.3	3 220.1	2 404.9	103.7	174.5	8 377.1
Italy	342.4	195.2	1 784.1	4 593.6	6.0	17.7	7 282.9
Latvia	211.1	193.1	477.2	1 109.7	15.5	17.2	2 050.3
Lithuania	364.8	115.7	696.9	1 436.9	0.2	49.4	2 742.9
Luxembourg	2 536.6	795.0	3 621.4	6 781.1	210.0	301.7	14 494.6
Malta	239.2	111.8	1 151.9	2 129.6	31.1	74.5	3 784.7
Poland	107.2	56.5	676.6	1 891.5	8.6	21.6	2 810.3
Portugal	281.7	257.6	1 372.8	2 858.6	0.5	63.7	5 086.1
Romania	185.2	43.9	453.4	1 136.6	2.6	22.4	1 865.8
Slovakia	291.0	178.4	986.1	1 621.3	.	72.8	3 240.6
Slovenia	436.3	122.5	1 622.9	2 631.5	1.6	105.9	5 027.0
Spain	367.7	892.8	1 774.3	2 806.8	48.5	65.0	6 086.7
The Czech Republic	286.4	208.7	1 271.3	2 103.2	15.4	46.9	4 059.5
The Netherlands	398.4	443.8	3 174.5	4 354.9	115.6	624.5	9 699.4
United Kingdom	481.7	222.4	2 294.2	4 004.9	389.7	57.8	7 723.9

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.

Development in the Social Expenditure, 2000-2010

The development in the social expenditure, in total and per capita, at current and 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 GDP, which has resulted in corrections to the gross domestic products.

Table 9.3 Social expenditure, total and per capita, 2000-2010

	Social Expenditure		Social Expenditure per capita		Social Expenditure per capita aged 16-64 years	
	At current prices, million KR/EUR	At current prices, million KR/EUR	At current prices, KR/EUR	At 2010 prices, KR/EUR	At current prices, KR/EUR	At 2010 prices, KR/EUR
Denmark						
2000	373 495	456 996	69 978	85 622	104 962	128 427
2005	467 251	519 116	86 273	95 850	130 478	144 962
2009	553 838	566 587	100 489	102 802	155 784	159 370
2010	583 628	583 628	104 007	104 007	164 218	164 218
The Faroe Islands						
2003	2 447	2 834	51 060	59 142	80 670	93 439
2005	2 709	3 032	56 145	62 822	88 134	98 613
2009	3 729	3 746	72 530	72 858	116 756	117 284
2010	3 884	3 884	80 058	80 058	129 514	129 514
Finland						
2000	33 142	34 925	6 403	7 472	9 567	11 163
2005	42 001	44 261	8 006	8 782	12 003	13 167
2009	52 427	53 105	9 820	9 947	15 057	15 252
2010	54 645	54 645	10 211	10 211	15 692	15 692
Iceland ¹⁾						
2000	131 390	239 610	467 324	852 237	717 535	1 308 536
2005	222 271	330 621	751 260	1 117 474	1 135 291	1 688 709
2009	379 948	400 398	1 190 142	1 254 201	1 805 442	1 902 619
2010	377 070	377 070	1 191 604	1 191 604	1 810 104	1 810 104
Norway ¹⁾						
2000	360 341	391 478	80 237	97 911	123 766	151 029
2005	463 983	504 075	100 358	112 300	152 870	171 061
2009	615 709	630 933	128 293	131 465	196 288	201 141
2010	647 016	647 016	133 587	133 587	203 905	203 905
Sweden						
2000	674 658	702 660	76 043	88 227	118 252	137 200
2005	855 600	891 112	94 755	102 242	145 075	156 537
2009	993 641	1 002 936	106 378	107 373	166 596	168 154
2010	1 016 094	1 016 094	107 916	107 916	169 553	169 553

1 The dotted lines under Norway and Iceland show breaks in the time series. Norway and Iceland changed from 2002 and 2007, respectively, to using the national accounts as the basis for the calculation of the social expenditure. This has entailed that the social expenditure from 2001-2006 and before are not quite comparable with the data concerning 2002-2007 and later

Table 9.4 Social expenditure in relation to GDP, 2000-2010

	GDP, million KR/EUR	Social Expenditure as percentage of GDP	Index for social expenditure in relation to GDP (2000 = 100) ¹⁾
Denmark			
2000	1 293 964	28.9	100
2005	1 551 967	30.1	104
2009	1 656 108	33.4	116
2010	1 742 700	32.6	113
The Faroe Islands			
2003	8 582	28.5	100
2005	10 039	27.0	95
2009	12 100	29.2	103
2010	12 942	30.0	104
Finland			
2000	132 272	25.1	100
2005	157 162	26.7	106
2009	171 193	30.6	122
2010	179 721	29.6	118
Iceland			
2000	683 748	19.2	100
2005	1 026 718	21.6	113
2009	1 500 765	25.3	132
2010	1 534 227	24.3	127
Norway			
2000	1 510 866	23.8	100
2005	2 154 573	21.5	90
2009	2 380 851	25.9	109
2010	2 523 226	25.6	108
Sweden			
2000	2 196 764	30.7	100
2005	2 670 547	32.0	104
2009	3 089 181	32.2	105
2010	3 330 581	30.0	98

1 The dotted lines under Norway and Iceland show breaks in the time series. Norway and Iceland changed from 2002 and 2007, respectively, to using the national accounts as the basis for the calculation of the social expenditure. This has entailed that the social expenditure from 2001-2006 and before are not quite comparable with the data concerning 2002-2007 and later. As to the Faroe Islands, the index year is 2003

Table 9.5 Social expenditure per capita, 2000-2009 (PPP-Euro at 2010 prices)¹⁾

	Denmark	The Faroe Islands	Finland	Iceland	Norway	Sweden
2000	8 376	5 786	6 265	4 794	8 376	7 524
2005	9 377	6 146	7 363	6 286	9 607	8 719
2009	10 057	7 127	8 340	7 055	11 247	9 157
2010	10 175	7 814	8 561	6 703	11 428	9 203

1 The dotted lines under Norway and Iceland show breaks in the time series. Norway and Iceland changed from 2002 and 2007, respectively, to using the national accounts as the basis for the calculation of the social expenditure. This has entailed that the social expenditure from 2001-2006 and before are not quite comparable with the data concerning 2002-2007 and later

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 which 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 of main groups, 2000-2010¹⁾

	Denmark	The 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
The elderly	38.0	..	31.8	28.5	29.6	37.3
The disabled	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
The elderly	37.5	29.8	33.7	28.6	29.5	38.3
The disabled	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>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
The elderly	37.1	30.2	35.3	21.2	30.1	40.2
The disabled	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
<i>2010</i>						
Families and children	12.4	19.3	11.0	12.9	12.5	10.4
Unemployment	7.5	7.5	8.2	6.8	3.2	4.5
Illness	22.5	27.8	25.3	35.3	31.7	24.9
The elderly	37.7	28.3	36.0	21.1	30.5	40.4
The disabled	14.9	14.8	12.1	14.1	17.4	14.2
Surviving relatives	0.0	0.6	3.2	2.4	1.1	1.7
Housing benefits	2.3	0.0	1.7	4.4	0.7	1.5
Other social benefits	2.7	1.7	2.4	3.1	3.0	2.4
Total	100.0	100.0	100.0	100.0	100.0	100.0

1 The dotted lines under Norway and Iceland show breaks in the time series. Norway and Iceland changed from 2002 and 2007, respectively, to using the national accounts as the basis for the calculation of the social expenditure. This has entailed that the social expenditure from 2001-2006 and before are not quite comparable with the data concerning 2002-2007 and later

Table 9.7 Social expenditure by type and purpose, as percentages of GDP, 2010

	Denmark	The Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Families and children</i>						
Cash benefits	1.6	2.6	1.6	1.5	1.4	1.5
Services	2.5	3.1	1.6	1.6	1.8	1.6
Total	4.1	5.7	3.3	3.1	3.1	3.1
<i>Unemployment</i>						
Cash benefits	2.3	2.2	2.1	1.6	0.5	1.1
Services	0.2	0.0	0.3	0.1	0.3	0.3
Total	2.4	2.2	2.4	1.6	0.8	1.4
<i>Illness</i>						
Cash benefits	1.1	0.5	1.3	1.4	2.6	1.0
Services	6.2	7.6	6.2	7.2	5.3	6.4
Total	7.3	8.1	7.5	8.6	8.0	7.5
<i>The elderly</i>						
Cash benefits	10.3	5.7	9.5	4.7	5.7	9.8
Services	2.0	2.6	1.2	0.5	2.0	2.3
Total	12.3	8.3	10.6	5.1	7.7	12.1
<i>The disabled</i>						
Cash benefits	3.3	1.9	2.5	2.7	3.8	2.0
Services	1.5	2.4	1.1	0.8	0.6	2.3
Total	4.8	4.3	3.6	3.4	4.4	4.3
<i>Surviving relatives</i>						
Cash benefits	0.0	0.2	1.0	0.6	0.3	0.5
Services	0.0	0.0	0.0	-	0.0	-
Total	0.0	0.2	1.0	0.6	0.3	0.5
<i>Housing benefits</i>						
Services	0.8	.	0.5	1.1	0.2	0.5
Total	0.8	.	0.5	1.1	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	0.3	0.4	0.3
Total	0.9	0.5	0.7	0.8	0.7	0.7
<i>Cash benefits, total</i>	19.2	13.4	18.3	12.8	14.6	16.3
<i>Services, total</i>	13.4	16.0	11.3	11.5	10.6	13.7
<i>Social expenditure, total¹⁾</i>	32.6	29.4	29.6	24.3	25.1	30.0

1 In this table, the total social expenditure is shown without administration costs

Table 9.8 Social expenditure, as percentages by type and purpose, 2010

	Denmark	The Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Families and children</i>						
Cash benefits	39	46	51	47	43	49
Services	61	54	49	53	57	51
Total	100	100	100	100	100	100
<i>Unemployment</i>						
Cash benefits	93	100	88	96	67	79
Services	7	0	12	4	33	21
Total	100	100	100	100	100	100
<i>Illness</i>						
Cash benefits	15	6	17	16	33	14
Services	85	94	83	84	67	86
Total	100	100	100	100	100	100
<i>The elderly</i>						
Cash benefits	84	69	89	91	74	81
Services	16	31	11	9	26	19
Total	100	100	100	100	100	100
<i>The disabled</i>						
Cash benefits	69	44	69	78	87	46
Services	31	56	31	22	13	54
Total	100	100	100	100	100	100
<i>Surviving relatives</i>						
Cash benefits	1	100	100	100	98	100
Services	99	0	0	0	2	0
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	67	80	52	54	42	52
Services	33	20	48	46	58	48
Total	100	100	100	100	100	100
<i>Cash benefits, total</i>	59	46	62	53	58	54
<i>Services Total</i>	41	54	38	47	42	46
<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 before, 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 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 about 81.7 per cent in the Faroe Islands to about 16 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 87.7 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 financed by duties payable by employers in those two countries. 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.

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, 2000-2010¹⁾

	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
2009	64	11	20	5	100
2010	65	11	20	5	100
<i>The Faroe Islands</i>					
2003	82	8	6	4	100
2005	81	9	6	4	100
2009	79	10	8	2	100
2010	79	10	11	0	100
<i>Finland</i>					
2000	43	38	12	7	100
2005	44	38	11	6	100
2009	45	37	11	6	100
2010	46	36	12	6	100
<i>Iceland</i>					
2000	51	39	9	-	100
2005	33	26	6	35	100
2009	54	34	7	5	100
2010	52	34	7	6	100
<i>Norway¹⁾</i>					
2000	60	24	14	1	100
2005	58	26	14	1	100
2009	55	29	15	2	100
2010	56	27	15	1	100
<i>Sweden</i>					
2000	47	40	9	4	100
2005	48	41	9	2	100
2009	52	36	10	2	100
2010	51	37	9	2	100

1 The dotted lines under Norway and Iceland show breaks in the time series. Norway and Iceland changed from 2002 and 2007, respectively, to using the national accounts as the basis for the calculation of the social expenditure. This has entailed that the social expenditure from 2001-2006 and before are not quite comparable with the data concerning 2002-2007 and later

Figure 9.1 Current contributions to the financing of the social expenditure, 2000, 2005 and 2010

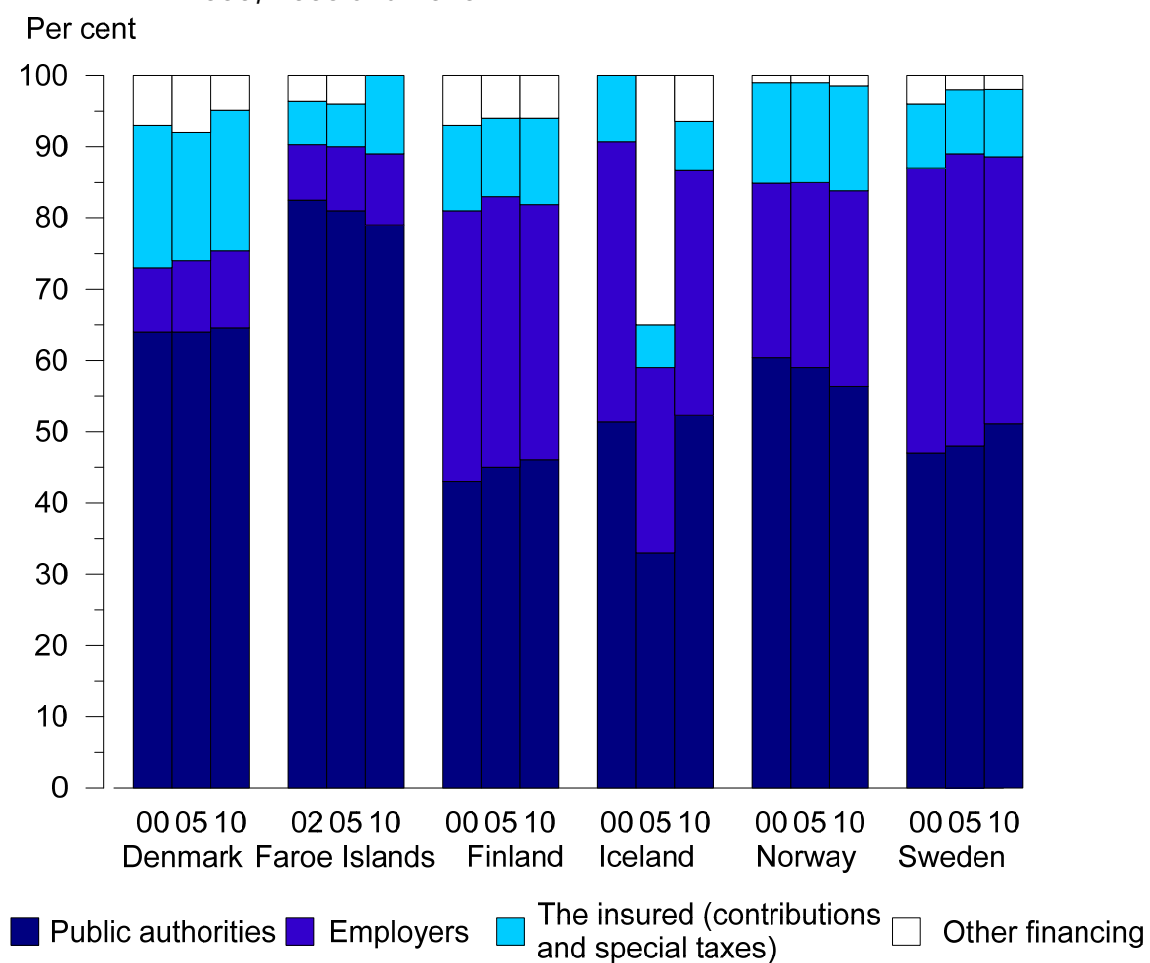


Table 9.10 Financing of the social expenditure, as percentages, 2010

	Public authorities, total	Of whom Central Government	Employers (contributions)	The insured (contributions and special taxes)	Other financing	Total
<i>Denmark</i>						
Cash benefits, total	47.1	32.9	19.1	33.7	-	100
Services, total	99.6	9.0	-	0.4	-	100
<i>The Faroe Islands</i>						
Cash benefits, total	61.8	57.4	20.9	17.3	-	100
Services, total	94.7	76.1	-	5.1	0.3	100
<i>Finland</i>						
Cash benefits, total	25.1	23.0	59.0	15.9	-	100
Services, total	88.9	42.3	3.8	7.3	-	100
<i>Iceland</i>						
Cash benefits, total	20.7	18.3	57.0	11.5	10.8	100
Services, total	98.9	78.6	1.0	0.0	-0.0	100
<i>Norway</i>						
Cash benefits, total	29.2	27.2	45.0	23.6	2.3	100
Services, total	92.2	44.1	4.5	3.2	0.1	100
<i>Sweden</i>						
Cash benefits, total	16.0	14.2	63.9	16.6	3.5	100
Services, total	97.2	30.0	2.8	0.0	-	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 2010. Billion KR/EUR

	Basic pension/Guaranteed minimum pension	Employment pension	Supplementary pensions
<i>Denmark</i> ¹⁾	.	1 218	.
<i>Finland</i>	.	136	12
<i>Iceland</i>	.	1 910	.
<i>Sweden</i> ²⁾	.	895	.

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, also large 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.

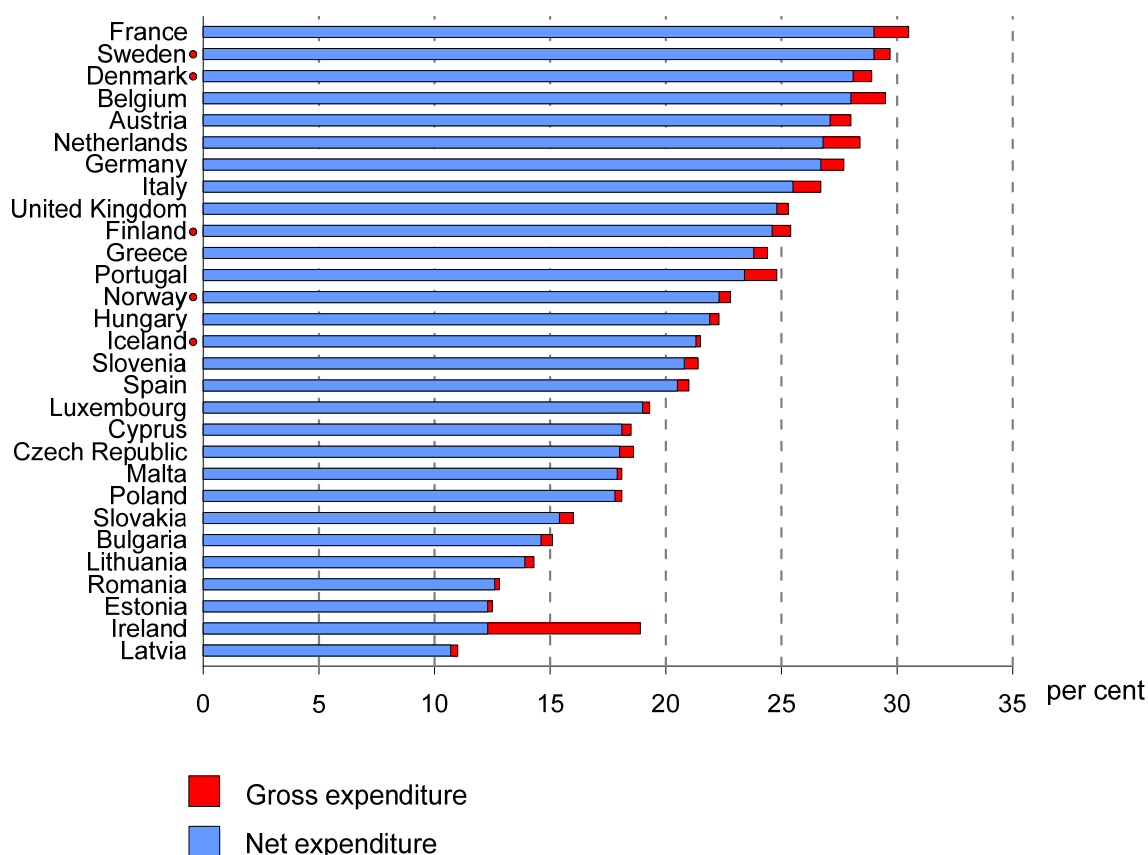
In the OECD calculations of the net social expenditure, both direct and indirect taxes have been deducted from the social expenditure. Similarly, the calculated values of the tax relief granted on social grounds have been added. In order to avoid double taxation, tax relief granted in connection with lower taxation and consequently already 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 GDP, EU 27¹⁾



Source: Eurostat

1 2005 for Iceland

In Table 9.12, the tax percentages, including the social expenditure for a single childless person with an average wage earners 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, 2011

	Denmark	The Faroe Islands	Finland	Iceland	Norway	Sweden
	DKK	DKK	EUR	ISK	NOK	SEK
Wages/salaries, before tax	31 031	25 722	3 423	366 000	37 750	31 513
Wages/salaries, after tax	19 086	14 653	2 396	257 892	27 006	23 357
Tax on wages/salaries, in per cent	27	39	22	25	21	18
Maternity benefits, before tax	16 417	25 000	2 368	160 000	37 750	24 454
Maternity benefits, after tax	10 895	14 352	1 764	138 875	28 023	16 886
Tax on maternity benefits, in per cent	27	38	24	9	18	23
Unemployment benefits, before tax	16 417	20 000	1 640	206 667	23 556	14 563
Unemployment benefits, after tax	10 870	12 173	1 278	166 391	17 894	10 617
Tax on unemployment benefits, in per cent	27	35	21	14	16	20
Sickness benefits, before tax	16 417	16 747	2 156	.	37 750	20 700
Sickness benefits, after tax	11 336	10 431	1 633	.	27 007	14 445
Tax on sickness benefits, in per cent	27	33	23	.	21	22
Retirement pension, before tax	15 797	-	1 966	190 320		17 804
Retirement pension, after tax	11 347	-	1 553	161 325		12 811
Tax on retirement pension, in per cent	28	.	19	14		28
Disability pension, before tax	19 013	15 084	1 682	.	19 781	17 120
Disability pension, after tax	13 374	12 845	1 370	.	17 112	12 365
Tax on disability pension, in per cent	29	13	17	.	10	28
Social benefits, non-insured, before tax	11 734	-	-	167 000	9 554	8 325
Social benefits, non-insured, after tax	9 420	-	-	155 614	9 554	8 325
Tax on social benefits, non-insured, in per cent	20	.	.	8	-	-

Table 9.13 Taxation of cash benefits, 2010

	Social expenditure, million KR/EUR	Of which cash benefits, million KR/EUR	Cash benefits exempt from tax, as percentages of all cash benefits	Cash benefits subject to tax, as percentages of all cash benefits
	1.	2.	3.	4.
<i>Denmark</i>				
I. Families and Children	70 648	27 597	63	37
II. Unemployment	42 562	39 422	4	96
III. Illness	128 047	19 795	2	98
IV. The elderly	214 223	179 762	1	99
V. The disabled	84 467	58 346	4	96
VI. Surviving relatives	145	2	-	100
VII. Housing benefits	13 181	-	-	-
VIII. Other social benefits	15 338	10 251	5	95
IX. Administration	15 016	-	-	-
Total I.-IX.	583 628	335 175	7	93
<i>Finland</i>				
I. Families and Children	5 845	2 957	52	48
II. Unemployment	4 370	3 838	-	100
III. Illness	13 468	2 305	-	100
IV. The elderly	19 116	17 016	-	100
V. The disabled	6 419	4 412	12	88
VI. Surviving relatives	1 724	1 720	2	98
VII. Housing benefits	923	-	-	-
VIII. Other social benefits	1 301	678	95	5
IX. Administration	1 480	-	-	-
Total I.-IX.	54 645	32 926	8	92
<i>Iceland</i>				
I. Families and Children	48 023	22 711	51	49
II. Unemployment	25 303	24 276	4	96
III. Illness	131 651	21 702	1	99
IV. The elderly	78 778	71 374	0	100
V. The disabled	52 784	41 012	6	95
VI. Surviving relatives	8 827	8 827	3	97
VII. Housing benefits	16 255	16 255	83	17
VIII. Other social benefits	11 512	6 259	-	100
IX. Administration	3 935	-	-	-
Total I.-IX.	377 070	212 416	14	87

To be continued...

Table 9.13 Taxation of cash benefits, 2010, continued

	Social expenditure, million KR/EUR	Of which cash benefits, million KR/EUR	Cash benefits exempt from tax, as percentages of all cash benefits	Cash benefits subject to tax, as percentages of all cash benefits
	1.	2.	3.	4.
<i>Norway</i>				
I. Families and Children	79 433	34 511	50	50
II. Unemployment	20 599	13 822	0	100
III. Illness	200 653	65 914	0	100
IV. The elderly	193 352	142 772	0	100
V. The disabled	110 034	95 906	4	96
VI. Surviving relatives	6 963	6 805	0	100
VII. Housing benefits	4 129			
VIII. Other social benefits	18 760	7 898	62	38
IX. Administration	12 348			
Total I.-IX.	647 016	367 628	7	93
<i>Sweden</i>				
I. Families and Children	103 777	50 753	51	49
II. Unemployment	45 297	35 820	0	100
III. Illness	248 216	34 729	0	100
IV. The elderly	402 854	326 667	0	100
V. The disabled	141 640	65 387	2	98
VI. Surviving relatives	17 190	17 190	0	100
VII. Housing benefits	15 282	-		
VIII. Other social benefits	23 664	12 304	100	0
IX. Administration	18 174	-		
Total I.-IX.	1 016 094	542 850	7	93

Table 9.14 Taxable and non-taxable cash benefits, total and as a ratio of GDP, 2000-2010¹⁾

	Non-taxable cash benefits			Taxable cash benefits		
	Total, million KR/EUR	As percentage of GDP	As percentages of all cash benefits	Total, million KR/EUR	As percentage of 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>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	39 105	1	7	497 694	16	93
<i>2010</i>						
Denmark	23 057	..	7	312 118	..	93
Finland	2 787	2	8	30 139	17	92
Iceland	28 756	2	14	183 660	12	87
Norway	25 528	1	7	342 100	14	93
Sweden	40 126	1	7	502 724	15	93

1 Data from before and after 2001 are not comparable for Norway

Appendix 1

Method

The present report employs the structure and definitions used in the ESSPROS 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 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.

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 Statistical 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 forming 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 (Statistics Faroe Islands for the Faroe Islands) 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 2011

		AW 2010	Wage index 2011	AW 2011
Denmark	DKK	376 100	1 003	377 288
The Faroe Islands	DKK	303 808	1 016	308 665
Finland	EURO	39 982	1 027	41 075
Iceland	ISK	4 353 083	1 009	4 392 400
Norway	NOK	435 200	1 041	453 000
Sweden	SEK	368 208	1 027	378 150

Note: The source for the Faroe Islands is the Hagstova Føroya

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 the 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:

$$500\ 000/2.1 = \text{DKK } 238\ 000$$

Compensation Level

The compensation level conveys the income one has after a social incident (e.g. income in the form of un-employment 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 = $100 * \text{Equivalent disposable income after the incident} / \text{equivalent disposable income before the incident}$.

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 newborn 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, who still needs 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. Rent in Iceland in these cases is based on data that cover Reykjavík only. For Norway, housing benefits/rent are based on statistics for Oslo in the first quarter of 2011. In this case, it has been assumed that the rent depends on the size of the family.

Housing benefits are estimated by means of a housing benefit calculator from the Husbanken. Also here, rates applying in Oslo have been used.

Outline of Typical Cases

The various typical cases used in the present publication appear from the Table below.

	Single parent with one child	Single person with no children	Couples with two children	Couples with no children
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 person with no children. 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	Couple with no children. AW 67/100 per cent and AW 100/100 per cent
Typical case I Compensation level concerning childbirth 2010	Single parent with a newborn 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 newborn, where the person earning the least 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 newborn child where the person earning the least 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 least draws unemployment 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	Childless couple, where the person earning the least draws unemployment benefits, in relation to a childless couple, where both adults are in work. AW 67/100 per cent and AW 100/100 per cent
Typical case III Compensation level in typical case concerning unemployment for non-insured individuals 2010		Single childless person drawing cash assistance 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		

To be continued...

... continued

	Single parent with one child	Single person with no children	Couples with two children	Couples with no children
Typical case IV Compensation level in typical case concerning illness 2010	.	Single childless 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 Compensation level in typical case concerning retirement pension 2010	.	Single childless 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)	.	.
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 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)	.	.
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 parent in work with one child. 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 lowest 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 It is furthermore assumed that neither adult has gainful employment or any other income-substituting benefits	Childless couple, where the person earning the least draws social assistance in relation to a childless couple, where both adults work. AW 67/100 per cent and AW 100/100 per cent. It is furthermore assumed that neither adult has gainful employment 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 poor 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 the household 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 allowance, 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.

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 rates in connection with various social events.

Purchasing power parities (PPP) for the Nordic countries, 2009 and 2010

	PPP 2010	PPP 2011
Denmark	10.62	10.19
The Faroe Islands	10.62	10.19
Finland	1.23	1.22
Iceland	179.73	184.56
Norway	11.79	11.66
Sweden	11.43	11.57

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

Norway and Iceland changed from 2002 and 2007, respectively, to using the national accounts as the basis for the calculation of the social expenditure. This has entailed that the social expenditure from 2001-2006 and before are not quite comparable with the data concerning 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.

THE FAROE ISLANDS: The adjustment of the social benefits is based on special legislation laying down the annual adjustment. 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 adjusted 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: as to 20 per cent in relation to the wage/salary development, and as to 80 per cent in relation to the consumer prices.

In addition, earnings and the amounts of the earnings-related pension scheme are adjusted to the level of the year of retirement using a wage coefficient, in which the weighting of changes in salaries is 80 per cent and the weighting of changes in prices 20 per cent. Also e.g. income limits related to sickness benefits and parental benefits are adjusted annually in line with the wage coefficient.

As from 1 March 2011, the minimum benefits (sickness benefits, maternity, paternity and parental benefits and rehabilitation benefits) child supplement and support towards private childminding 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. From 1 May 2012, any deviations between anticipated and actual wage development shall apply to the past two years. 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-assessment 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.

Financial social assistance is a means-tested benefit. The assistance is calculated specifically and individually. Government guidelines for the calculation of support for maintenance (financial social assistance) are provided for adults and children in different age groups. The guidelines are evaluated and revised annually by the ministry.

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 are 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

Nordic Social Policies

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 gabs 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

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 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.).

THE 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 act 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.

Part of the retirement pensions is administered and financed by the labour market parties. This is a labour market pension based on solidarity payable to everyone who has reached the age of 67 years. The pension is payable to everyone residing on the Faroe Islands. Foreigners may, however, apply for the pension. Entitlement 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. Housing benefits consist of three parts.

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 a two-tiered taxation and administration 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, and from 2011 for the disabled. Local authorities are in cooperation with the State also responsible for services to the elderly.

As regards income transfers (social cash benefits and pensions), the State partly shares 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 administered by the State, while the majority of the sickness benefits comes 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.

Local authorities are responsible for home help, institutions and care of children and youth, and from 2011 for the disabled. Local authorities are in cooperation with the State also responsible for services to the elderly.

As regards income transfers (social cash benefits and pensions), the State partly shares 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 administered by the State, while the majority of the sickness benefits comes from salaries/wages payable during illness.

Local authorities are responsible for the social assistance.

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. The majority of the pensions comes from the pension funds and is administered by the contributors. The county authorities are responsible for the hospitals and most of the primary health sector (health centres). The local authorities are responsible for home help and home nursing, social assistance and institutions and care for children, young people, the elderly and the disabled.

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

Web: www.dst.dk

National Board of Health

Web: www.sst.dk

SFI - Danish National Research Institute
for Welfare

Web: www.sfi.dk

Ministry of Employment

Web: www.bm.dk

The Danish Pensions Agency

Web: www.penst.dk

The Labour Market Authority

Web: www.ams.dk

Danish Labour Market Supplementary
Pension

Web: www.atp.dk

Ministry of Social Affairs and Integration

Web: www.ams.dk

Social Appeals Board

Web: www.ast.dk

THE FAROE ISLANDS

Almannamálaráðið

(Ministry of Health and Social Affairs)

Web: www.amr.fo

Hagstova Føroya (Statistics Faroe Islands)

Web: www.hagstova.fo

FINLAND

Social Insurance Institution

Web: www.kela.fi

(THL) Institute for Health and Welfare

Web: www.thl.fi

Finnish Centre for Pensions

Web: www.etk.fi

Ministry of Social Affairs and Health

Web: www.stm.fi

Statistics Finland

Web: www.stat.fi

Ministry of Employment and the Economy

Web: www.tem.fi

ICELAND

Hagstofa Íslands (Statistics Iceland)

Web: www.statice.is

Vinnumálastofnun (Directorate of Labour)

Web: www.vinnumalastofnun.is

Landssamtök Lífeyrissjóða
(National Association of Pension Funds)
Web: www.ll.is
Velferðarráðuneytið (Ministry of Welfare)
Web: www.velferdarraduneyti.is

NORWAY

Statistics Norway
Web: www.ssb.no
Norwegian Labour and Welfare Administration
Web: www.nav.no

SWEDEN

Ministry of Health and Social Affairs
Web: www.regeringen.se
Social Insurance Service
Web: www.forsakringskassan.se
The Swedish Unemployment Insurance Board, IAF
Web: www.iaf.se
The Swedish Pensions Agency
Web: www.pensionsmyndigheten.se

Tryggingastofnun Ríkisins
(State Social Security Institute)
Web: www.tr.is

Ministry of Labour and Social Inclusion
Web: www.regjeringen.no/aid

National Board of Health and Welfare
Web: www.sos.se
Statistics Sweden
Web: www.scb.se
The Swedish National Agency for Education
Web: www.skolverket.se

Publications by Nososko after 2000

Recurrent Publications

Every year, Nososko publishes *Social tryghed i de nordiske lande* (English version *Social Protection in the Nordic Countries*). Furthermore, the theme publications below have been published

Nordic/Baltic Social Protection Statistics 2000

Nordic Social-Statistical Committee no. 19:03. Copenhagen 2003

Sustainable Social and Health Development in the Nordic Countries. Seminar 27th May 2003, Stockholm. Nordic Social-Statistical Committee no. 22:03. Copenhagen 2003

Sustainable Social and Health Development in the Nordic Countries. Seminar 6th April 2006, Oslo. Nordic Social-Statistical Committee no. 29:06. Copenhagen 2006

Ålderspensionssystem i Norden. Nordisk Socialstatistisk Komité nr. 34:08. Copenhagen 2008

Old-age Pension Systems in the Nordic Countries. Nordic Social-Statistical Committee no. 35:09. Copenhagen 2009

Opmuntrer de nordiske systemer 60-74-årige til at arbejde? Nordisk Socialstatistisk Komité nr. 38:09. København 2009

Do the Nordic Welfare Systems Encourage the 60-74-Year-Olds to Work? Nordic Social-Statistical Committee no. 39:10. Copenhagen 2010

Udfordringer for den nordiske velferdsstaten. Sammenlign bare indikatorer

Nordisk Socialstatistisk Komité nr. 41:10. Copenhagen 2009

Challenges to the Nordic Welfare State. Comparable Indicators

Nordic Social-Statistical Committee no. 42:10. Copenhagen 2010

'Ungdomsarbejdsledighed i Norden - En studie av rettigheter og tiltak for unge arbeidssøkere' Nordisk Socialstatistisk Komité nr. 47:11. København 2011

'Youth Unemployment in the Nordic Countries - A Study on the Rights of and Measures for Young Jobseekers' Nordic Social-Statistical Committee no. 50:11. Copenhagen 2011