

## Social Protection in the Nordic Countries 2003



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*Scope, expenditure and financing*

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**Social Protection in the Nordic Countries 2003**  
*Scope, expenditure and financing*

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The basic data for this publication's tables on income distribution, typical cases, social expenditure, and the specifications hereof, may be downloaded from the NOSOSCO home page:

**<http://www.nom-nos.dk/nososco.htm>**

You can navigate through the statistics by clicking on the 'Statistics' menu.

# Preface

The Nordic Social-Statistical Committee (NOSOSCO) is a permanent committee under the Nordic Council of Ministers and the Nordic Committee on Social Policy. It was set up to coordinate social statistics from the Nordic countries and to make comparative analyses and descriptions of the scope and content of social welfare measures.

The Committee is composed of three representatives from each country as well as a number of substitutes. The countries chair the Committee in turn for three years with Norway having the chairmanship for the period 2005-2007.

As from 2005, the Faroe Islands have full membership of the Committee, and data from the Faroe Islands are now also included in this publication.

In its report, *Social Protection in the Nordic Countries*, NOSOSCO publishes its findings regarding current social developments.

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's statistical office, and consequently NOSOSCO has decided to adopt the specifications and definitions in the ESSPROS, EUROSTAT's nomenclature.

This year's theme section deals with social measures concerning children and adolescents at risk.

In connection with the preparation of the present report, NOSOSCO set up an editorial group that assisted the Committee Secretariat in its work.

## PREFACE

The Nordic Social-Statistical Committee is currently composed as follows:

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Johannes Nielsen, Head of NOSOSCO's Secretariat, is the editor of the present report and has acted as secretary to the editorial group.

\* Members of the Editorial Group.

Nordic Social-Statistical Committee, 2005

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## *Symbols Used in the Tables:*

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

## *Chapter 1*

# Changes in the Nordic Social Policies since 2003

**DENMARK:** The Danish economy is basically sound with no major balance problems. In 2004, the economy was characterized by improvement following several years of a low economic growth rate, a decrease in the employment rate and an increase in the unemployment rate because of the international downturn.

Economic growth increased from 0.7 per cent in 2003 to 2.4 per cent in 2004 and is anticipated to increase in 2005 and 2006 at 2.4 per cent and 2.2 per cent, respectively. Private consumption and housing investments increased relatively sharply, supported by low interest rates and by the general reduction of taxation and other initiatives implemented by the Government in 2004 with a view to stimulating the economy.

As a result of the economic growth, the employment rate has been increasing and the unemployment rate decreasing since the end of 2003. The employment rate is anticipated to increase further by about 30 000 from 2004 to 2006. Following a slight increase in the unemployment rate from 5.9 per cent in 2003 to 6.1 per cent in 2004, a drop in the unemployment rate to 5.5 per cent in 2005 and 5.1 per cent in 2006 is anticipated.

The surplus on the balance of payments' current account amounted to 2.6 per cent of the GDP in 2004, and in 2005 and 2006, a surplus of 2.1 per cent and 2.5 per cent, respectively, is anticipated. The surplus on the total public finances increased to 2.3 cent of the GDP in 2004, and is anticipated to be 2.6 per cent in 2005 and 2.3 per cent in 2006. Public spending increased by 0.7 per cent in 2004, and for the total public sector, the framework for growth is 0.5 per cent from 2005 to 2010.

In 2004, the Government concluded a political agreement on a municipal reform, which will fundamentally change the framework for performing the public tasks and the public services in Denmark as from 2007.



The reform pictures a new public sector, in which municipalities, regions and the State are responsible for each their tasks. The State lays down the general framework. The municipalities are responsible for the tasks directly concerning the citizens and consequently become the main entrance for citizens and businesses to the public sector. Five new regions will be given the responsibility for the health sector and regional development tasks and will be responsible for solving certain operational tasks for the municipalities.

The reform implies that the county authorities will be abolished and the number of tax levying levels reduced from three to two. With the amalgamation, the number of municipalities will be reduced from the present 271 to 98.

As to employment, the governmental unemployment service and the municipalities will join forces in new common job centres and enter into a committing cooperation on employment actions. All citizens and enterprises with a need for assistance and services will thus get one single entrance to the employment system. The job centres will focus on employment irrespective of the unemployed individual being insured or not, and irrespective of him or her being close to getting a job or needing a long process of job-oriented measures.

Central Government continues to be responsible for employment measures concerning ensured unemployed people, and the municipalities for the other target groups (cash benefits, sickness benefits, rehabilitation, etc.). In about 10 pilot job centres, Central Government will delegate the governmental employment actions to one municipality, which will undertake the activities for both the municipal target groups and the ensured unemployed people.

Four new governmental employment regions will be established, which are to monitor the development in the labour market and follow up on the results and effects of the activities in the local job centres as well as perform a number of inter-disciplinary employment-political tasks. The labour-market parties will have influence on the employment measures in both the national, regional and local level. The unemployment insurance funds will maintain their present tasks.

As to the social services area, local authorities will be authoritatively, provisionally and financially responsible for all social services, benefits and activities. Citizens need only establish one single contact to get help and need only contact one single authority, which will be responsible for all offers and measures within the social services area.

The five new regions will take over the management of the present county-authority institutions and activities, with the exception of measures concerning children and adolescents at risk with social or behavioural problems, which will be the responsibility of the local authorities. The regions will be

responsible for that institutions etc. are available for the municipalities. The running of these measures will mainly be financed by way of the local authorities paying charges.

The regions must adapt their capacities and develop the regional social actions based on an annual framework agreement between local authorities and region. The framework agreement will be based on municipal reviews of municipal needs and estimated utilization of places in the regional measures.

A national knowledge and special-counselling organization will be set up, which is to counsel local authorities and citizens with respect to the most specialized and complex issues. Besides, an information gateway to municipal, regional and approved private measures will be established.

The new regions will be responsible for the health-care measures, which will mainly be financed by Central Government and by local authority contributions. By way of municipal co-financing, local authorities are ensured a larger part in the National Health Service. Local authorities and regions will be obliged to cooperate on coherent treatment, training, prevention and nursing. This will be done by the local authorities taking over the responsibility for prevention and rehabilitation.

In order to improve conditions for families with children and to ensure an enhanced correlation between family life and working life, all municipalities must have established a day-care guarantee for children between six months and school age as per 1 July 2006.

With a view to extending the freedom to choose between public and private day-care facilities, it will become easier as from 1 October 2005 for qualified private suppliers to establish and run day-care institutions as private institutions as well as a possibility for such private institutions to keep any gains they might make on the operation. The entitlement to choose a day-care facility across municipal borders will be extended to comprise club offers from 1 October 2005.

On 1 January 2006, a placement reform enters into force. The reform implies stronger demands on the case administration and better education of the public employees, courses for foster families, more focus on children's schooling, enhanced implication of families and network by way of family consultation and placements within networks, improved return procedures following placement as well as enhanced hearing and complaint procedures for children and adolescents.

As part of the Government's action plan to reduce absence due to illness, a new model for visitation and follow-up procedures in sickness benefit cases will be introduced as from 1 July 2005. Local authorities must concentrate on those sick persons, who are most at risk of losing their affiliation

with the labour market, and who are most in need of a close, individual follow-up. To an increasing degree focus must be put on any possibilities of gradually returning to work during a period of illness. New medical certificates containing information as to how much work a sick person is capable of doing should support this.

In 2003 and 2004, the Government provided extra allocations of DKK 1.4 and 1.2 billion, respectively, in order to increase the activities and reduce waiting lists for examinations and treatment. The number of people, who had some kind of operation, increased by 70 000 from 2001 to 2003 corresponding to an increase of 15 per cent. The waiting period was reduced from 27 to 20 weeks for 18 major operations from July 2002 to December 2004. As from 1 July 2005, a guarantee was introduced concerning treatment of alcohol problems.

The supplementary pension amount to old-age pensioners with low incomes in addition to their pension has been improved as from 2005, partly by way of a higher maximum benefit amount and partly by way of a more lenient scaling down of incomes.

**THE FAROE ISLANDS:** Since the middle of the 1990s, the Faroese society has experienced a favourable economic development, during which it has gone from deep recession with massive unemployment to a boom with full employment. In 2002, the development started turning around again and now the Faroe Islands suffer an economic setback, which for the past couple of years has resulted in a decrease in value.

The GDP was consequently reduced by 2.8 per cent in 2003 in relation to the previous year. The unemployment rate went up from 2 per cent in mid 2002 to about 4 per cent at the beginning of 2005. Despite the limited geographical size of the Faroe Islands, there are marked differences in the unemployment rates of the various areas. The Faroese National Bank foresees that the recession will continue for another two years, which also increases the strain on the Unemployment Insurance Fund. The insurance scheme is financed by the labour market parties, and because of the decreasing revenues and increased expenditure, contributions to the scheme will be increased from 0.75 per cent to 1 per cent of all wage and salary payments as from 1 July 2004.

During recent years, the expenditure on the income-substituting cash benefits in connection with maternity leave has been increasing. The cash benefit amounts amount to 100 per cent of any previous income with a maximum, which has been changed from DKK 35 000 to DKK 25 000 per month as per 1 June 2004.

A new Child Welfare Act was passed with effect from 1 January 2006, which will replace the previous Danish Child Welfare Act from 1960. The aim of the new Act is primarily to improve children and parents' legal security. This makes increased demand on the professional skills of the child-welfare committees and of the administration, which in the new Act is mainly decentralized to the local authorities. A central child-welfare committee will be set up, which is to make decisions concerning welfare cases. Besides, the administration of residential-care institutions will be dealt with centrally.

In order to meet part of the need for places in institutions for the elderly, 134 extra places will be procured during the period 2004–2006 in nursing homes and collective housing units, corresponding to an increase in the number of places of about 35 per cent.

Contributions to the special basic-pension scheme, which is administered and financed by the labour-market parties, increased from 0.5 to 0.75 per cent of all wage and salary payments as per 1 January 2005. This results in an immediate increase in the payments to all pension recipients of some DKK 300 per month, corresponding to an increase in the special basic pension of about 42 per cent in relation to 2004. Moreover, the Government is planning further increases in 2006 and 2007.

**FINLAND:** In recent years, the economic growth in Finland has been 2–3 per cent a year. Also in 2005, the growth is expected to be 3 per cent. The weak economic development has impeded the growth in the public sector's revenues and increased pressures on spending. In 2003–2005, the surplus in the public economy was over 2 per cent in relation to the GDP. This surplus is among the highest in the EU Member states. The surplus can mainly be ascribed to the employee pension funds as both the state and local government economies are showing deficits.

The most important goal in the Government programme is to improve the employment situation. For that purpose, income taxation has been eased in 2003–2005. In addition, the taxation of companies was eased in order to promote Finland's competitiveness. Furthermore, indirect taxation was reduced in certain respects; in particular have taxes on alcohol been lowered. Simultaneously, the state economy has been strengthened. The objective is to reduce government indebtedness and to secure the sustainability of the public economy.

As the economic growth has been slow, the demand for labour has declined somewhat. In 2004, the employment rate dropped slightly, and it is anticipated to decline further to 67.0 per cent in 2005. The average unemployment rate fell to 8.8 per cent in 2004. The unemployment situation is

expected to improve to some extent in 2005. The unemployment is largely of a structural nature and shows large regional differences.

The disposable household incomes increased in 2003. The increase was mainly due to the growth in the income from property. Consequently, income differences among households grew slightly in 2003. In international comparison, the differences are still small.

Despite the increased demand for pension provision and social and health services as well as the high unemployment rate, the total development of social protection expenditure was moderate. In 2003–2004, the ratio of social protection expenditure to the GDP was about 27.0 per cent, which is still lower than the EU average.

A comprehensive pension reform entered into force on 1 January 2005 and will be implemented in stages. The main objectives of the reform are to ensure the solvency of the employee pension scheme as life expectancy is increasing, to defer retirement by 2 to 3 years and to ensure the supply of labour. The early pension alternatives are limited, the minimum qualifying age for part-time pension will be raised and the conditions for granting it will be tightened. The minimum qualifying age for old-age pension is made flexible. It is possible to retire between the ages of 62 and 68 years. With a view to postponing retirement, the pension accrual rate will be raised according to age: for 18–52-year-olds, the pension accrual is 1.5 per cent of their earnings per year, for 53–62-year-olds 1.9 per cent and for 63–68-year-olds 4.5 per cent. Since 2005, pension accrues for all employment relationships starting from the age of 18 years - also for periods of minding a child and studying. In the new pension system, steps are also taken to prepare for people's longer life span by introducing a so-called lifetime coefficient, by which new pensions will be revised for the first time in 2010. The local government and state pensions will be reformed according to the same principles.

Several minimum benefits have been raised in recent years. From the beginning of 2004, the child benefit for the first child was increased by EUR 10 to EUR 100 per month, and the increased benefit payable for children of single parents was increased by EUR 3 to EUR 36.6 a month. In 2005, the minimum amounts of the sickness, maternity, paternity and parents' allowances were increased by EUR 94, i.e. to EUR 380 per month. Furthermore, the allowance payable for home care for children was raised by EUR 42 to EUR 294: the allowance payable for private care by EUR 19.6 to EUR 137. As of 1 March 2005, the amount of the national pension was raised by EUR 7 a month.

Starting from 1 March 2005, access to non-emergency care is guaranteed on equal criteria throughout the country. Patients must be ensured contact with their health centre during normal opening hours. In non-emergency

cases, a person must have an assessment of his need for care or treatment within three days of the contact. Apart from doctors, nurses may assess the need for care. The assessment of the need for specialist treatment must be provided within three weeks, and access to medically justified care and treatment normally within a maximum of three months and at the latest within six months. If the municipality of residence or the relevant joint municipal board cannot provide treatment within the defined timeframe, they have to obtain it from other service-providers without any extra charge to the client. The defined timeframes also apply to dental care.

The aim of the ongoing National Development Project for Social Services (2003–2007) is to secure the availability and quality of social services, to reform the way they function, to improve the access to staff and staff skills, and to develop working conditions. Since the beginning of 2004, local authorities have been able to provide clients with service vouchers for the purchase of home services within the social welfare system. For the local authorities, the service voucher is a new way of providing services besides their own service provision and purchased services.

In order to ensure the financing of municipal social welfare and health care, Central Government transfers to local governments have been increased markedly in recent years. In 2002, the share paid by the State was 24.4 per cent, and in 2004, it was as much as 31.82 per cent.

The national Veto programme to promote the attractiveness of working life and the work ability and functional capacity of the working-age population is being implemented in 2003–2007. The programme aims at securing full work participation for citizens and reinforcing the attractiveness of work as an option in all life situations.

**ICELAND:** The economic development was very favourable in Iceland during the second half of the 1990s. The economic growth continued into 2000 with a slight recession in 2002. In 2003, economic growth again reached 4 per cent and in 2004 5.2 per cent.

According to forecasts made by the Icelandic National Bank and the Ministry of Finance, growth will be about 5 per cent in the period 2005–2006. According to the National Bank, inflation was 4 per cent on average in 2004, and the banks and other financing institutions have expressed worries about the development, as the inflation is considerably higher than expected. The objective of the National Bank is to keep inflation below 2.5 per cent.

However, the economic situation is in general regarded as being stable.

The unemployment rate was between 3 and 4 per cent in the period 2003-2004. During the first months of 2005, the unemployment rate has decreased, and it is estimated to be an average of about 2.5 per cent. The unemployment rate is higher for women than it is for men. At the beginning of 2005, it was 2.2 per cent for men and 3.3 per cent for women.

Studies of the pharmaceutical market revealed that the expenditure on medicine in 2003 was about 46 per cent higher in Iceland than it was in Denmark and Norway. Consequently, the Ministry of Health and Social Security concluded an agreement with the pharmaceutical producers to work for lower medicine prices.

At the end of 2004, a new executive committee was set up for the National Organisation for Social Security (Tryggingarstofnun risikins) according to changes in the legislation governing the Insurance Council. The committee members are now appointed by the Ministry of Health and Social Security, whereas it was previously the Parliament that appointed the members.

The purpose of this changed procedure is to strengthen the tie between the department and the institution as well as to work for a more long-term planning in the insurance sector.

The unemployment benefits were increased considerably on 1 March 2004 by 11.4 per cent and on 1 January 2005, they were increased by another 3 per cent. This was partly due to unemployment benefits not having been adjusted in relation to the wage development in the labour market. The benefits to young disabled people were also increased.

The number of disability pensioners has increased sharply during recent years, and in the period 1998-2003 the increase was about 40 per cent. This was ascribed to changes in the labour market, introduction of new criteria for the measurement of the reduction of working capacities, as well as the anticipatory/employment pension now being considerably higher than the unemployment benefit. These factors are considered the cause of there being more people than before applying for anticipatory/employment pension.

Parental leave in connection with birth has now been extended to nine months, and mothers and fathers may divide the period between them and at the same time maintain 80 per cent of their income from work.

As from 1 January 2005, a ceiling was introduced, resulting in a compensation maximum of ISK 480 000 per month and the calculation basis now being two years as against the previous six months.

In 2003, the Ministry of Health and Social Security set up a committee to look into the possibilities of moving tasks in the health sector and the care and services sector for the elderly from Central Government to the local authorities. The committee presented its proposals at the end of 2004 and



suggests that apart from the highly specialized treatment of illness almost everything else be moved to the local authorities and/or their regional associates. The proposal has not yet been finalized.

In 2003, a plan was framed for the expansion of the care and services schemes for the elderly. The plan has now been implemented and runs until 2015; it covers i.a. the following areas:

- equal opportunities
- preventive work and elderly people's health
- home help to the elderly
- financial and labour-market issues
- housing issues
- administration and organization of issues concerning the elderly as well as studies of the elderly's situation and planning for the future.

Public health and the preventive work have gained importance in the treatment of illness. On 1 July 2003, a new Public Health Institute of Iceland was established. The establishment is part of the ambition to realize the objectives to improve public health in the national public health programme until 2010.

**NORWAY:** Since the summer of 2003, the Norwegian economy has seen a recovery. The gross domestic product (GDP) increased by 2.9 per cent from 2003 to 2004, while the GDP for “mainland Norway” (i.e. without the inclusion of the oil economy and foreign shipping trade) increased by 3.5 per cent. This is the highest growth rate since the recovery in 1977/1998. The most important motive forces have been a strong stimulation of the monetary policy, increasing oil prices and a limited international revival.

On average, the labour force was in 2004 2 382 000 people, which was largely the same as in 2003. As the number of people of the age group 16-74 years increased, it resulted in the average participation rate decreasing from 72.9 per cent to 72.6 per cent in 2004. This implies that part of the employment seekers have withdrawn from the labour force as a result of the labour market having been difficult for some time with an ever increasing unemployment rate.

In 2004, there was an average of 106 000 unemployed people corresponding to 4.5 per cent, which is almost the same as in 2003. After five years of a gradually increasing unemployment rate, it appears that the situation has now changed.

In the autumn of 2002, the Government entered into a four-year intention agreement with the labour-market parties to the effect that more people participate in working life. The Government and the labour-market parties have



prolonged the agreement to the end of 2005 by a declaration of 3 December 2003. The declaration contains a number of conditions for the continuation including enhanced demands on work-related activities during illness.

In order to enhance the action in the individual work place, new rules governing absence due to illness were introduced on 1 July 2004. As from this date, all absentees will be tested in work-related activities no later than eight weeks after having given notice of sickness in order to be entitled to sickness benefits. This does not, however, apply where sickness speaks against it. Besides, if the absentee is able partly to perform his or her normal work, graduated sickness benefits will be awarded. Active absence due to illness will in general be reduced to four weeks. Moreover, sanctions against doctors will be enhanced to the effect that doctors who do not comply with the new rules will lose their right to issue notices of sickness.

As from 1 January 2004, the requirement that people must have been employed in order to be entitled to sickness benefit was extended from two to four weeks. At the same time, the period in which one may be out of work without losing one's right to sickness benefits was reduced from three months to one month.

With effect from 1 January 2004, it was laid down by law that the social security offices must evaluate the need for occupational rehabilitation as early as possible during the absence due to illness and no later than by the end of the sickness-benefit period. If the person in question is not ready for active work at the end of the sickness benefit period and consequently is awarded rehabilitation benefit, the need for occupational rehabilitation must be assessed after six months of rehabilitation-benefit.

As from 1 January 2004, the rules governing the period in which the rehabilitation benefit may be received were tightened. After that date, one may only receive this benefit for more than two years in very special cases.

As from 1 January 2004, a new time limit was introduced in respect of disability pension. The conditions are the same as for permanent disability pension. If there are some possibilities that a recipient will be able to return to work, a fixed-duration benefit will be awarded and not the disability pension. In future, disability pension will only be awarded to people, who are not expected to be able to go back to work or to regain their working capacities. The benefit may be granted for a period of one to four years and will then be revaluated. The fixed-duration benefit is calculated in the same way, as is the rehabilitation benefit (daily cash benefits for rehabilitation), and the compensation level is 66 per cent of the income basis.

With effect from 1 January 2004, several changes were made to the rules governing occupational rehabilitation. Firstly, the age limit for entitlement

to benefits towards education/training as a rehabilitation initiative was raised from 22 to 26 years. The reason is that young people receiving normal education/training should not have covered their education costs by the social security scheme. Education/training as a rehabilitation measure has now been limited to three years to underline that the aim of rehabilitation is a normal job and that the rehabilitation measure must be both necessary and expedient in order for the objective of a permanent job to be met.

In the spring 2005, the Norwegian Parliament decided that a new employment and welfare administration be established. The governmental responsibility, which today is divided between Aetat and the National Office for Social Insurance, will be combined into a new governmental directorate. The municipalities will still play an important part in the employment and welfare policy and maintain the responsibility for the social assistance. A joint administration between State and municipality will be established so that citizens need only contact one administration. The new employment and welfare directorate will be set up in the first half of 2006. The joining of the administrations in all of the country's municipalities will take place over a long period, but according to plan the entire implementation must be carried through before 2010. A pension reform is also underway. The basis of this work is the main principles adopted by the Norwegian Parliament in the spring 2005.

People with an income from work, which is lower than twice the basic amount (NOK 117 556) will with effect from 1 January 2004 have the period in which they are entitled to unemployment benefit reduced from 78 to 52 weeks.

As a follow-up on the main objective concerning the day-care institutions for children, a maximum user charge of NOK 2 750 per place was introduced as per 1 May 2004 for a place in a day-care institution. Besides, a statutory rule governing sibling deductions and that all day-care institutions must provide reduction schemes for families with low incomes was introduced.

From 1 January 2004, the governmental authorities assumed the county councils' responsibility for children and families. At the same time, a new administrative body was established – the Directorate for Children, Youth and Family Affairs. Among other things, the Committee is responsible for the running of day-care institutions for children, homes for the placement of children and family-based actions as well as the provision of assistance to municipalities in connection with difficult placements and adoptions.

From 1 January 2004, the responsibility for treatment (institutional treatment and out-patient treatment) to abusers of substance drugs was shifted from the county authorities to Central Government by way of the regional health-care providers. From the same time, treatment became part of the spe-

cialized health service (multi-disciplinary specialized treatment of substance drugs). The responsibility of local authorities for measures vis-à-vis abusers of substance drug has not been changed as a result of this reform.

**SWEDEN:** Despite a favourable economic growth, the Swedish economy is burdened with the problem of increasing unemployment. Increased productivity is the primary cause of this problem. In the spring of 2005, the unemployment rate exceeded 5 per cent. The Government's goal is to reduce the unemployment rate to 4 per cent.

Public consumption has increased and is anticipated to continue to increase. At the same time, a surplus in public finances has emerged, which has turned a previous net debt into net wealth.

Welfare initiatives implemented during the period 2003–2005 deal with an increased basic level in the parental insurance scheme, increased study loans and grants to students at upper secondary schools and reforms concerning a universal pre-school.

In recent years, attempts have been made at coming to grips with the high number of people on sick leave by changing the social insurance rules. One important change along these lines is that part-time sick leave is always to be the first choice.

There has also been a decrease in sick leave in recent years. The proportion of people on part-time sick leave has increased from some 25 per cent at the beginning of the 21st century to 35 per cent at the beginning of 2005. In December 2004, about 245 000 people were on sick leave, which is 55 000 people less than at the same time two years before. This represents a decrease of slightly more than 15 per cent. However, the proportion of people who receive disability pension has increased.

In 2005, the sickness benefit was raised from 77.6 per cent to 80 per cent of the income qualifying for sickness benefits. At the same time, the period during which employers pay these benefits was reduced from three to two weeks. The changes constitute a readjustment to previous rules.

The Government has set a goal that implies halving the social assistance expenditure during the period 1999–2004. There is nothing to indicate that this ambitious goal will have been achieved. Up until 2003, the social assistance expenditure had decreased by 26 per cent. At the time of writing (May 2005), follow-up on the final year has still not been conducted, but advance figures show that the social assistance expenditure increased between 2003 and 2004.

The Government has announced an extensive initiative targeting families with children during the remainder of this term of office. In 2006, the child al-

lowance and supplementary allowance for any additional children will be raised. The same year, the monthly maintenance allowance will be increased by SEK 100 per child. In addition, the ceiling in the parental insurance system will be raised from 7.5 to 10 basis points (SEK 39 400 in 2005). At the same time, the minimum levels in the parental insurance system will be raised from SEK 60 to SEK 180 per day. The increased housing allowance given to families with children will be raised and a special supplementary child allowance will be introduced in the financial support system to students.

According to calculations made by the Ministry of Health and Social Affairs, the initiative targeting families with children will result in a certain reduction in the social assistance expenditure. The total costs of the announced reforms amount to almost SEK 4.2 billion in increased benefit costs. At the same time, the social assistance expenditure will be reduced by some SEK 450 million. This means that 10 per cent of the increased benefit costs will be recovered in the form of reduced social assistance expenditure. The initiative targeting families with children will result in increased disposable incomes for the majority of households with children. However, the reforms imply that some 7 per cent of households with children will not have their disposable incomes increased. The vast majority of these households receive long-term social assistance, which means that the increase in benefits only leads to an equivalent reduction in the social assistance expenditure.

## Chapter 2

# Method

The present report employs the structure and definitions used in the ESSPROS<sup>1</sup> nomenclature. The overall definition in *Social Protection in the Nordic Countries* was, however, previously almost identical to that used by EUROSTAT.

EUROSTAT uses the following order: Illness; Disabled People; Old Age; Survivors; Families and Children; Unemployment; Housing Benefits and Other Social Benefits.

For the sake of continuity, NOSOSCO decided to keep the original order in its description of the social protection systems, which is as follows: Families and Children; Unemployment; Illness; Old Age, Disability and Survivors; Housing Benefits and Other Social Benefits. Old Age, Disability and Survivors are described in one chapter of three sections, as pensions and services provided to these groups are interrelated, both at the regulatory and at the organizational level.

## Definitions

Both in the previous issues of *Social Protection in the Nordic Countries* and in the ESSPROS, statistics have been designed primarily to 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.

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<sup>1</sup> ESSPROS = European System of Integrated Social PROtection Statistics.

## **Social Benefits**

A social benefit is defined as a benefit that is of real advantage to those receiving it. This means that a recipient does not pay the full market price or the full running costs for services. The fact that the recipient, by being affiliated with an insurance scheme, has paid contributions - and thereby in reality has financed, fully or partly, the benefits that he receives - is of no significance in this context.

A benefit must present a direct value to the citizens. Consequently, subvention to trade and industry, e.g. in the shape of subsidies to housing construction, is not regarded as social benefits.

## **Registration**

Accounts from public authorities and other social administrations are, wherever possible, used in the registration of expenditure and revenue. In some cases, expenditure and financing will, however, have to be presented as calculated amounts. In other cases, the required specification cannot be made on the basis of the national accountancy systems, and consequently the figures will have to be broken down on the basis of estimates.

In cases, where user charges are payable for social services, the expenditure is registered after deduction of such charges. The expenditure on such social services is therefore not the total running costs, but the net amount for the body in charge of the relevant service.

## **Financing**

Incoming funds or contributions to the financing of the social expenditure are made up of means deriving from 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 also cover current payments.

Yield on funds in the shape of income from interest and property is primarily found in relation to pensions. Where transfers are made to funds, 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 an employer, even though such benefits in other connections are 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 found on NOSOSCO's homepage (cf. the colophon).

## 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 wage/salary or running costs.

## Calculation of Fixed Prices

For the conversion into fixed prices, the consumer price index from the Nordic Statistical Yearbook was used.

## Typical Cases

To illustrate the compensation payable in connection with various social events, calculations have been made for different types of families and income levels as to the compensation level of a number of benefits. The calculations are based on the earnings of an 'Average Production Worker' (APW), calculated by the OECD, and are used in most of the comparative studies.

## METHOD

The following family types and income levels are used:

Single parent with one child:

- I. 50 per cent of an APW
- II. 75 per cent of an APW
- III. 100 per cent of an APW
- IV. 125 per cent of an APW
- V. 150 per cent of an APW.

Single childless person:

- I. 50 per cent of an APW
- II. 75 per cent of an APW
- III. 100 per cent of an APW
- IV. 125 per cent of an APW
- V. 150 per cent of an APW.

Couple with two children:

- I. 75 per cent and 50 per cent of an APW
- II. 100 per cent and 75 per cent of an APW
- III. 125 per cent and 100 per cent of an APW
- IV. 150 per cent and 125 per cent of an APW

Childless couple:

- I. 75 per cent and 50 per cent of an APW
- II. 100 per cent and 75 per cent of an APW
- III. 125 per cent and 100 per cent of an APW
- IV. 150 per cent and 125 per cent of an APW.

As to typical cases concerning social assistance the following applies: In respect of couples, it is assumed that neither of the partners has any income from work, any other income-substituting benefits or pension. Besides, the disposable income is in this typical case calculated after tax and social contributions, payment for day-care institutions and rent, where the rent calculation was based on the calculation basis for the housing benefit in the other typical cases. Contrary to the other typical cases, the rent proper was calculated as an expense. Consequently, this typical case differs from the other typical case calculations.

A detailed description of the typical cases and the calculations concerning them can be found on NOSOSCO's home page (cf. the colophon).



## Calculation of Income Distribution

In order to illustrate further the significance of social cash benefits to the distribution of income, information on the composition and distribution of disposable incomes for households in the Nordic countries have been included in Chapters 3, 4 and 7, respectively. A household consists of adults and any children living at one and the same address, irrespective of the children being over or under 17 years. This does not apply to Iceland, however, where children over the age of 15 living at home are calculated as independent households.

The income quartiles were calculated on the basis of the equivalent disposable income, where a household's disposable income was divided by the equivalence unit based on the size of the household and the equivalence scale.

The so-called modified OECD equivalence scale is used, where a child is defined to be 0-13 years old and adults 14 years+. The first adult counts as one, whereas subsequent adults count as 0.5 and children 0.3, and consequently the scale will be:

$$1 + ((\text{no. of adults}) \times 0.5) + (\text{no. of children} \times 0.3).$$

In the calculation, households have been weighted in relation to their sizes, as for example: A household consisting of four people represents four observations (in addition to the sampling weights).

The data are based on representative samples of the populations in each of the countries. The indicator on income distribution has been calculated from these samples. Data on households incomes have been mainly retrieved from administrative records, and in some countries such information is supplemented by information from household interviews. In respect of Iceland, only data concerning the disposable incomes for households over and under 65 years, respectively, were included in Chapter 7.

It should be noted that since changes have been made in the calculation basis the results are not comparable to publications containing data from the year 2000 and earlier.

In Figure 3.2, calculations were based on all households, whereas calculations in Figures 3.3 and 3.4 were based on calculations for single people and couples separately. In Figures 3.2-3.4, the first quartile consists of the households with the lowest incomes, whereas the households with the highest incomes make up the fourth quartile.

In Figures 3.3 and 3.4, the average disposable income in different quartiles has been presented in PPP-Euro. As mentioned above, quartiles have been formed separately for single people and cohabiting couples, respectively. In

## METHOD

addition to income level figures 3.3. and 3.4 also include income structure in different quartiles.

The calculation basis for the tables, figures and spreadsheets, on which the tables and figures concerning distribution of income in the present report were based, can be seen on NOSOSCO's home page (cf. the colophon).

## Relative Poverty

Tables concerning relative poverty for the following family types/households have been included:

1. Single childless people under 65/67 years
2. Singles with children
3. Childless couples under 65/67 years
4. Couples with children
5. Single people over 65/67 years
6. Couples where one or both partners are over 65/67 years.

The definition of relative poverty is households who have less than 50 and 60 per cent, respectively, of the median of the equivalent disposable income for all households.

Otherwise, the calculation basis is the same as in the tables concerning income distribution.

The spreadsheets with reference to the tables and figures of this report concerning poverty can be downloaded from the NOSOSCO homepage (cf. the colophon).

## 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 of goods and services in all the countries.

The PPP calculations have partly been used in the comparison of social expenditure, partly in the comparison of compensation levels in connection with various social events.

The PPP calculations in the present report are in PPP-Euro. Preliminary 2003 estimates were used. The estimates for the individual countries are as

follows: Denmark 9.95; Finland 1.21; Iceland 113.57; Norway 11.13 and Sweden 10.90. In the calculations in the tables concerning income distribution, which are based on data from 2002, the following estimates for 2002 were used: Denmark 9.71; Finland 1.20; Iceland 111.22; Norway 10.80 and Sweden 10.68. Danish PPPs are used for the Faroe Islands.

## 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 EU and Faroe Islands, Norway and Iceland, seen in relation to the overall social expenditure.

When comparing the social expenditure in the Nordic countries with that of other EU Member States, one must bear in mind that social cash benefits are 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 these amounts are not included as social expenditure.

It should also be noted that the borderline between the social and the education sectors varies from one country to another. For instance, there is 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 pre-schoolchildren.

The OECD and EUROSTAT are in the process of developing models for the calculation of the social net expenditure (after tax), cf. Figure 10.2.

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 services to the elderly and the disabled, the majority thereof in the OECD statements in *A System of Health Accounts* are 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 charge, etc.).

## Other Factors

As from 2002, Norway uses the national accounts as basis for the calculations of the social expenditure. This implies that the social expenditure from 2001 and earlier is not completely comparable with the figures from 2002. The 2004 report contained a description of this factor. A revision is still ongoing, for which reason certain changes have been made to the figures from 2002, which are consequently not completely comparable with the data from 2003.

## Chapter 3

# Population and Income Distribution

**Table 3.1 Total fertility rate in the EU, Faroe Islands, Iceland and Norway, 2003**

Denmark	1.76	Austria	1,39 <sup>p</sup>	Italy	1,29 <sup>e</sup>
Faroe Islands	2.45	Belgium	1,61 <sup>e</sup>	Luxembourg	1,63
Finland	1.76	France	1,89 <sup>e</sup>	The Netherlands	1,75 <sup>p</sup>
Iceland	1.99 <sup>p</sup>	Germany	1,34 <sup>e</sup>	Portugal	1,44 <sup>e</sup>
Norway	1.80	Greece	1,27 <sup>p</sup>	Spain	1,29 <sup>e</sup>
Sweden	1.71	Ireland	1,98	United Kingdom	1,71 <sup>e</sup>

<sup>p</sup> Preliminary data.

<sup>e</sup> Estimate.

Source: EUROSTAT New Cronos, Faroe Islands: Statistics Faroes.

## Population

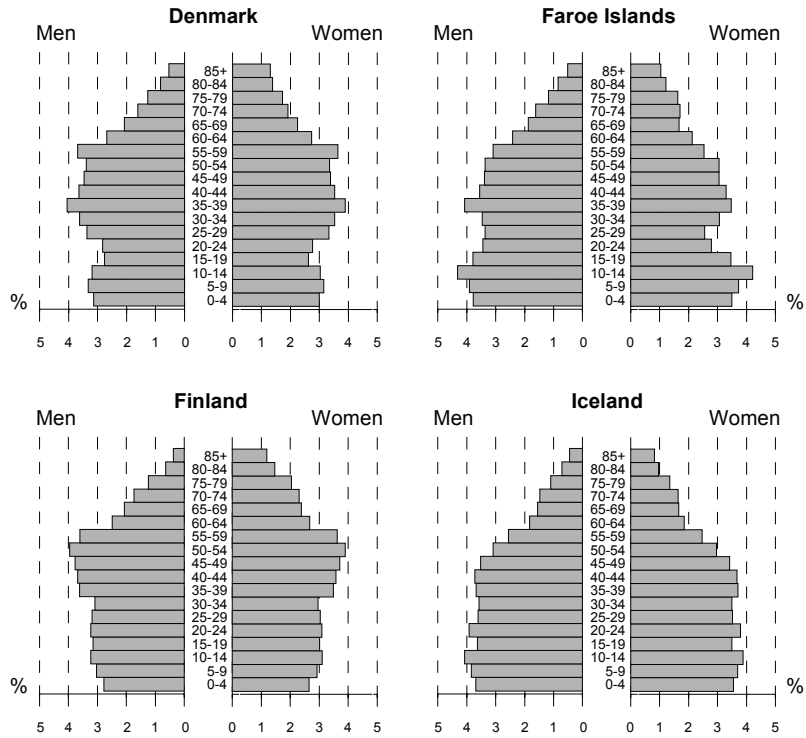
The demographic composition of the populations in the Nordic countries varies somewhat from one country to another, which is significant both in relation to the need for minding facilities for infants, activities for young children and adolescents, the number of unemployed people and their age groups,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

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

At the same time, the number of people in the oldest age groups increased in all the countries and consequently also the need for care and nursing. There are marked differences in the various countries and between the two sexes, however. In all the countries, there are more women than

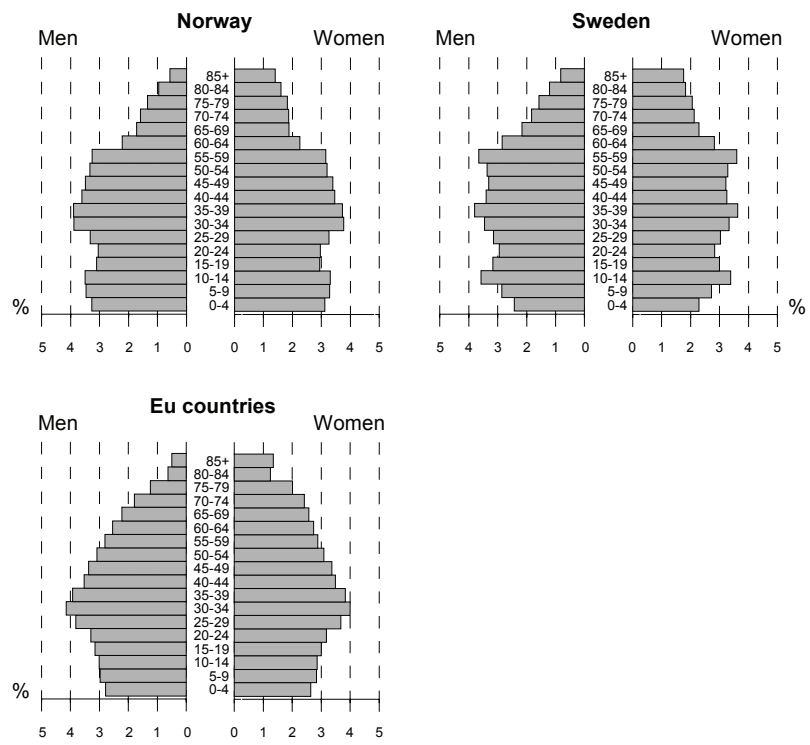
**POPULATION AND INCOME DISTRIBUTION**

**Figure 3.1 Population by sex and age as percentages of the total population, 2003**



*To be continued .....*

Figure 3.1 continued



**POPULATION AND INCOME DISTRIBUTION**

**Table 3.2 Mean population by sex and age, 2003**

	Denmark		Faroe Islands		Finland		Iceland		Norway		Sweden	
	1 000	Per cent	1 000	Per cent	1 000	Per cent	1 000	Per cent	1 000	Per cent	1 000	Per cent
<i>Men</i>												
0-6 years	239	9	3	10	205	8	15	10	212	9	311	7
7-17 "	373	14	4	17	363	14	25	17	342	15	657	15
18-24 "	209	8	2	9	236	9	15	11	194	9	372	8
25-49 "	978	37	9	34	904	36	52	36	831	37	1 532	35
50-64 "	526	20	4	17	524	21	22	15	402	18	883	20
65-79 "	267	10	2	9	263	10	12	8	212	9	498	11
80- "	73	3	1	3	53	2	3	2	70	3	182	4
Total	2 665	100	25	100	2 549	100	145	100	2 263	100	4 437	100
<i>Women</i>												
0-6 years	228	8	2	10	196	7	14	10	202	9	295	7
7-17 "	353	13	4	18	348	13	24	16	323	14	624	14
18-24 "	204	7	2	8	226	9	15	10	188	8	356	8
25-49 "	951	35	7	32	874	33	52	36	804	35	1 475	33
50-64 "	524	19	4	16	531	20	21	15	393	17	870	19
65-79 "	317	12	2	10	351	13	13	9	255	11	580	13
80- "	145	5	1	5	139	5	5	4	137	6	321	7
Total	2 723	100	23	100	2 664	100	145	100	2 302	100	4 521	100
<i>Men and women</i>												
0-6 years	467	9	5	10	402	8	29	10	414	9	606	7
7-17 "	725	13	8	18	710	14	49	17	665	15	1 282	14
18-24 "	413	8	4	9	462	9	31	11	382	8	728	8
25-49 "	1 929	36	16	33	1 778	34	104	36	1 635	36	3 008	34
50-64 "	1 051	20	8	17	1 056	20	43	15	795	17	1 754	20
65-79 "	584	11	5	10	614	12	25	9	467	10	1 078	12
80- "	218	4	2	4	192	4	8	3	207	5	504	6
Total	5 387	100	48	100	5 213	100	289	100	4 565	100	8 958	100

there are men in the oldest age groups, which naturally results in many women living alone during their last years.

Of the Nordic countries, Sweden has the oldest population and Iceland and the Faroe Islands the youngest. In relation to the rest of Europe, the average figures for the EU countries show a marked population decrease in respect of the youngest age groups, and the trend towards there being more people in the oldest age groups, in particular as far as women are concerned, is also found in the EU countries as a whole. This development can be explained by the markedly low birth rates, especially in the Southern European countries.



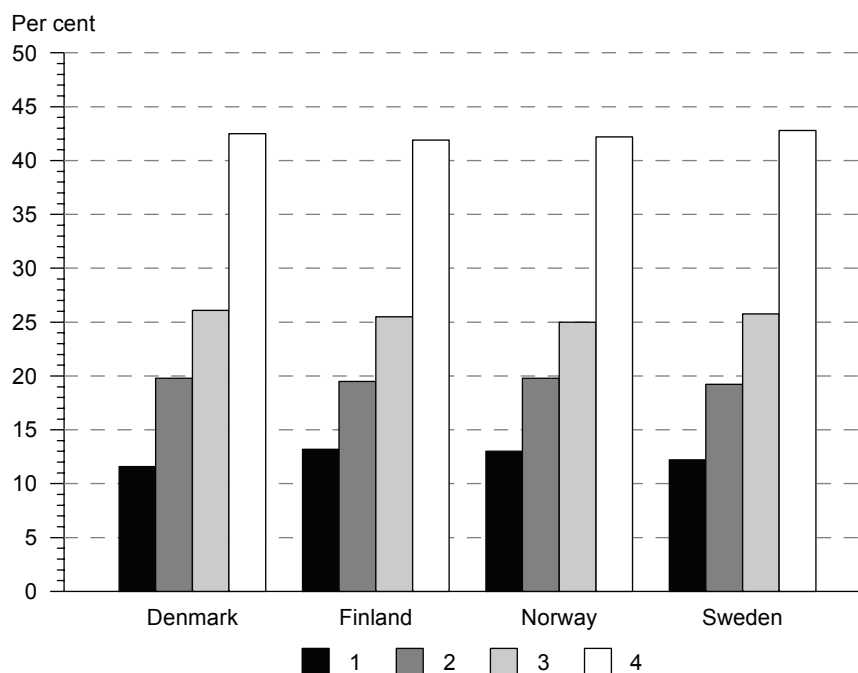
## Income Distribution

Several previous studies have shown that the differences in the income levels are smaller in the Nordic countries than in most of the OECD countries. Figure 3.2 shows the distribution of the disposable household income for each country in 2002, broken down by quartiles.

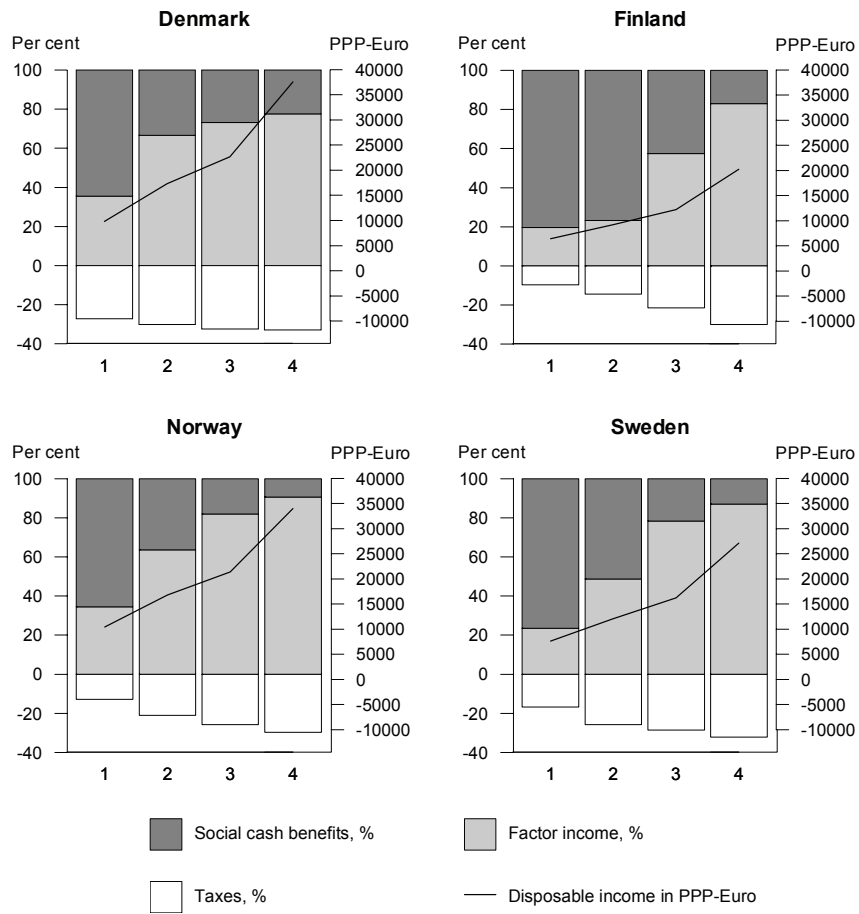
The quartiles have been calculated on the basis of the equivalent disposable income. The first quartile is made up of the households with the lowest incomes, whereas the households with the highest incomes are found in the fourth quartile (cf. Chapter 2).

As can be seen from the figure, the distribution of income among the households is relatively homogenous in the Nordic countries.

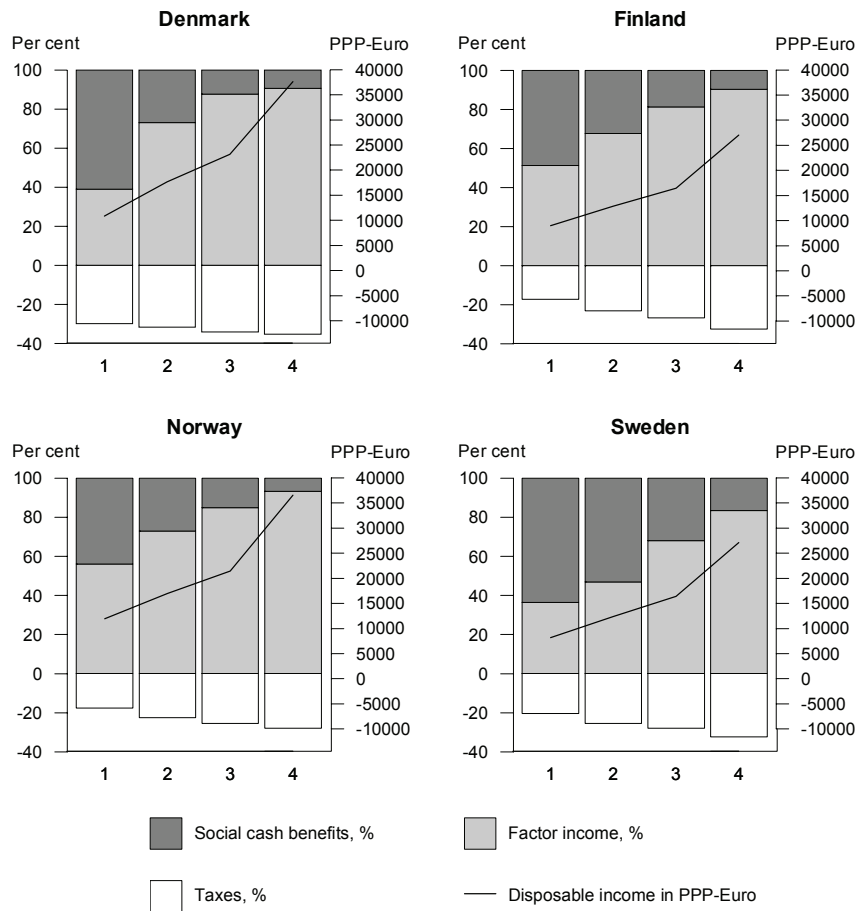
**Figure 3.2 Distribution of household incomes by quartiles, per cent, 2002**



**Figure 3.3 Average disposable income in PPP-Euro, distribution in per cent of the gross income on factor incomes, social cash benefits and taxes as percentages of the gross income, broken down by quartiles, 2002; single people**



**Figure 3.4 Average disposable income in PPP-Euro, distribution in per cent of the gross income on factor incomes, social cash benefits and taxes as percentages of the gross income, broken down by quartiles, 2002; married and cohabiting couples**



Figures 3.3 and 3.4 show the average disposable incomes for single people and couples, respectively, broken down by quartiles and converted into PPP-Euro. They also show the gross income distribution in per cent on factor income and social services and benefits, as well as the tax in per cent of the gross income in 2002.

The quartiles were fixed on the basis of the disposable incomes for single and cohabiting people, respectively. As was the case in Figure 3.2, equivalent incomes were used.

The proportion of the social benefits of the gross income is largest for the households with the lowest disposable incomes in all the countries, and smallest for the households with the highest disposable incomes. The social benefits are in other words contributing to the elimination of income differences. In all the countries, social benefits constitute a relatively large part of the gross incomes in the lowest quartile for single people. This does not apply to the same extent for couples with children. In all the countries, social cash benefits constitute a larger part of the gross income for all single people than is the case for all couples with children. This is mainly due to the number of pensioners and other households, who are not economically active, and who receive transfer incomes, being larger for single people than it is for couples with children.

The tax ratio of the gross income is in all the countries lowest for the households with the lowest disposable incomes and highest for the households with the highest disposable incomes. Consequently, the tax system is contributing to the levelling off of the differences in the income levels.

The tax ratio of the gross income is highest in Denmark and Sweden. In respect of Denmark, this is due to the fact that employers' social contributions play a much less important part in the financing of public benefits than they do in the other Nordic countries (cf. Chapter 10). Differences in the taxation of social benefits in the various countries are also relevant.

A more detailed description of the calculation basis is given on NOSOSCO's home page [www.nom-nos.dk](http://www.nom-nos.dk).

## Relative Poverty

Tables 3.3 and 3.4 show the ratio of the population living in households with an income of less than 50 and 60 per cent, respectively, of the median equivalent disposable income in 2002.

The patterns in the various countries are very homogeneous with the exception of single people over 65/67 years. The relatively large number of

single people with an income of less than 50 per cent of the median of the disposable income must be due to the fact that this group to a large extent consists of students, while single people under 65 years with an income of less than 60 per cent of the median of the equivalent disposable income typically consists of people receiving transfer incomes, such as disability pension, unemployment benefit, etc., whereas single people over 65/67 years with an income of 60 per cent or less reflect the compensation levels of the lowest pension rates. The relative poverty therefore to a high degree reflects which benefits the welfare states make disposable to people receiving education or as compensations in case of unemployment, illness, etc.

It should be mentioned, however, that calculations of relative poverty are sensitive in relation to the definitions used. The definitions used here are very similar to those used by EUROSTAT, but there are differences in the results, which are mainly due to differences in the sources. While NOSOSCO uses a representative selection of the population, as in the other calculations of income distribution, the EUROSTAT calculations are based on the so-called "household panels", using somewhat smaller population segments.

**Table 3.3 Ratio of the total population living in households with an income of less than 50 per cent of the median equivalent disposable income, per cent, 2002**

	Denmark <sup>1)</sup>	Finland	Norway	Sweden
Single childless people under 65/67 years	18,1	16.2	17.9	14.6
Singles with children	5,0	7.0	9.8	5.5
Childless couples under 65/67 years	2,3	3.0	1.8	2.2
Couples with children	2,1	3.0	2.2	2.2
Single people over 65/67 years	3,5	9.3	12.7	6.3
Couples, where one or both partners are over 65/67 years	0,9	1.5	0.5	1.2
All households	4,7	5.0	5.6	5.1

1 A different equivalence calculation has been used than was the case for the other countries, cf. Chapter 2. The number of people in the family has been raised by 0.6 (power), which results in economies of scale a little larger than the modified OECD method. Besides, families were used, in which children over 18 years living at home form part of their parents' family rather than count as households, as is the case in the other countries.

**POPULATION AND INCOME DISTRIBUTION**

**Table 3.4 Ratio of the total population living in households with an income of less than 60 per cent of the median equivalent disposable income, per cent, 2002**

	Denmark <sup>1)</sup>	Finland	Norway	Sweden
Single childless people under 65/67 years	26,1	26.2	24.3	19.2
Singles with children	10,4	17.5	17.7	13.2
Childless couples under 65/67 years	4,5	6.0	3.3	3.7
Couples with children	4,7	7.8	5.1	5.7
Single people over 65/67 years	15,6	28.7	41.4	20.0
Couples, where one or both partners are over 65/67 years	5,0	7.5	7.3	3.8
All households	9,1	11.1	11.0	9.4

1 A different equivalence calculation has been used than was the case for the other countries, cf. Chapter 2. The number of people in the family has been raised by 0.6 (power), which results in economies of scale a little larger than the modified OECD method. Besides, families were used, in which children over 18 years living at home form part of their parents' family rather than count as households, as is the case in the other countries.

## Chapter 4

# Families and Children

While the Nordic countries spend almost identical ratios of the total social expenditure on families and children, the spending patterns differ rather considerably from one EU country to another.

**Table 4.1 Expenditure on families and children as percentages of the total social expenditure in the EU, Faroe Islands, Iceland and Norway, 2002**

Denmark	13.4	Austria	10.5	Italy	3.9
Faroe Islands	16.9	Belgium	8.5	Luxembourg	16.7
Finland	11.7	France	9.3	The Netherlands	4.5
Iceland	12.9	Germany	10.7	Portugal	4.8
Norway	12.2	Greece	7.0	Spain	2.6
Sweden	9.7	Ireland	15.9	United Kingdom	6.7

Note: The source is EUROSTAT: Social Protection Expenditure and Receipts. European Union, Iceland and Norway. 2005 Edition. The source for the Faroe Islands is the Ministry of Social Affairs and Health.

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 single parents reflects the frequent collapses of the family structure.

The Nordic countries also differ from the other European countries in that women's participation rates are high (cf. Chapter 5). This increases the need for childminding options during parents' working hours.

## FAMILIES AND CHILDREN

**Table 4.2 Families by family type, 2003**

	Denmark <sup>1)</sup>	Finland	Iceland <sup>2)5)</sup>	Norway <sup>3)</sup>	Sweden <sup>4)5)</sup>
<i>Number of families with children aged 0-17 years (1 000)</i>	667	595	39	581	1 070
Percentage of whom are:					
- Married couples	63	63	}73	60	}76
- Cohabiting couples	18	17		20	
- Single parents	20	20	27	20	24
Total	100	100	100	100	100
<i>Number of childless families (1 000)</i>	2 214	2 220	69	1 444	4 082
Percentage of whom are:					
- Married couples	27	26	}53	34	}29
- Cohabiting couples	8	8		6	
- Single people	65	66	47	60	71
Total	100	100	100	100	100
<i>Number of single parents with children (per cent):</i>					
Men	14	13	8	14	21
Women	86	87	92	86	79
Total	100	100	100	100	100
<i>Number of single childless people (per cent):</i>					
Men	50	48	51	47	50
Women	50	52	49	53	50
Total	1 432	100	100	100	100
<i>Average number of persons per family</i>	1.9	1.8	2.6	2.2	1.8

1 There are a further 16 568 families consisting of children under 18 not living at home.

2 Figures taken from Hagstofa Iceland's committee survey on living conditions (EU-Silc). The reason for the changed average number of people per family is due to a new calculation method.

3 The 2001 census.

4 Figures taken from committee surveys performed by Statistics Sweden of the economy of the households.

5 Cohabiting couples included as married couples.

The significance of social cash benefits to the disposable incomes of families with and families without children appears from Figure 4.1. The figure shows the distribution of gross incomes on factor incomes and social cash benefits for families and single people with and without children, respectively. The relative income levels for single people and couples with and without children, respectively, appear from Table 4.3, the average disposable income for all single people and all couples with children having been fixed at 100. In this connection, a family is defined as adults and children living together at one and the same address, irrespective of the children's ages. Families with



**Table 4.3 Index for the disposable incomes of single people and married or cohabiting couples with and without children, respectively, and the total disposable incomes in PPP-Euro for all in the age group 20-44 years, 2002 (total disposable income = 100)**

	Denmark		Finland <sup>1)</sup>		Norway		Sweden	
	Single people	Couples	Single people	Couples	Single people	Couples	Single people	Couples
<i>Index for the disposable income</i>								
No children	101	106	104	112	104	114	102	114
1 child	102	97	92	106	103	107	94	101
2 children	79	82	89	100	89	102	89	98
3 or more children	66	74	..	83	76	84	83	83
<i>All singles and married/cohabiting couples</i>	100	100	100	100	100	100	100	100
<i>Total disposable income in PPP-Euro</i>	15 943	23 896	12 465	15 508	16 653	21 316	13 179	17 284

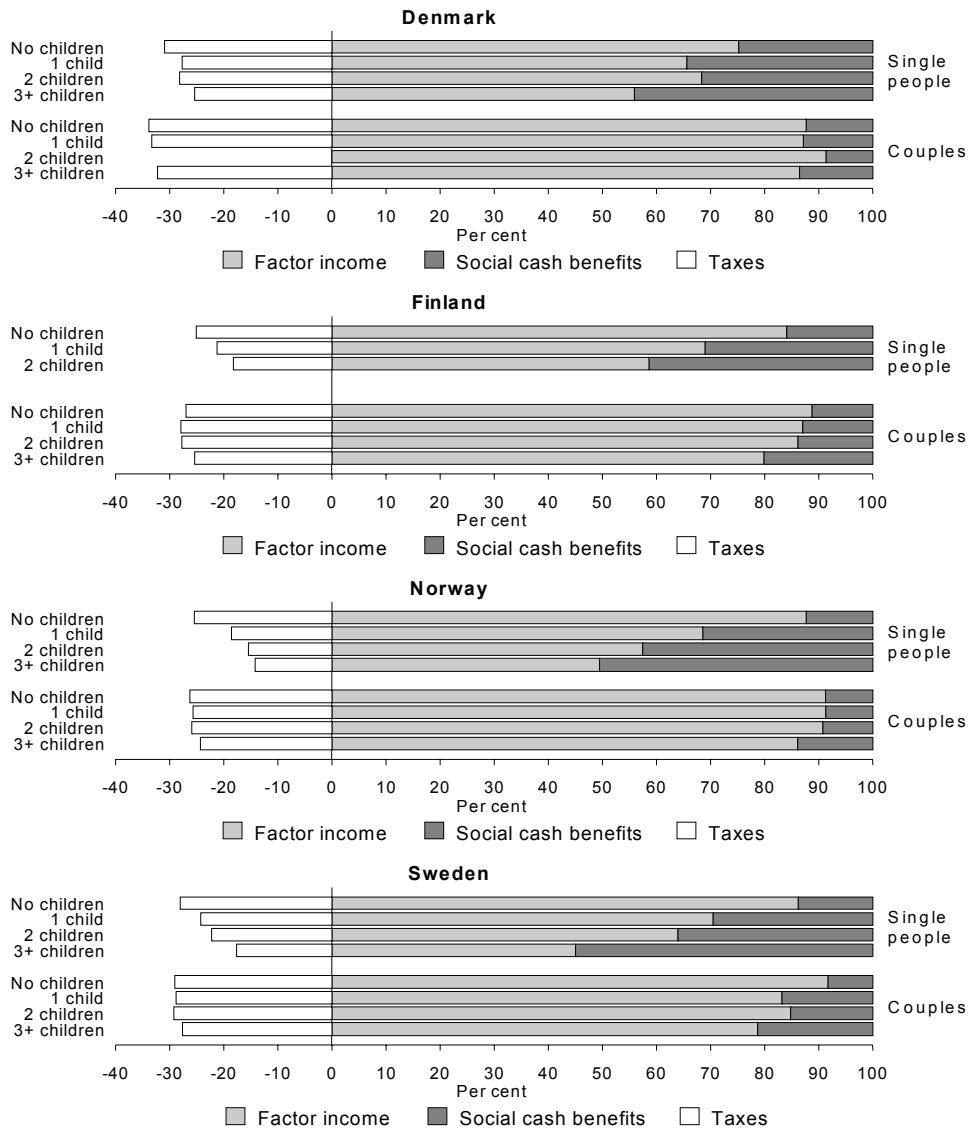
1 The data basis for singles with three or more children in Table 4.3 and Figure 4.1 are inadequate.

children are defined as families with children of the age group 0-17 years living at home. Equivalent incomes were used for the comparison.

As it appears from Table 4.3, the equivalent disposable incomes of childless families are higher than are those of families with children. However, single parents with one child in Denmark have higher disposable incomes than do singles without children. It can furthermore be seen that the disposable incomes of both single parents and couples with children are lower, the more children there are in a family. The income level for childless couples is relatively high in relation to that of couples with children.

**FAMILIES AND CHILDREN**

**Figure 4.1 Income structure in 2002 for single people and couples aged 20-44 years**



From Figure 4.1 it appears that in all the countries social cash benefits represent a considerably larger part of the gross income for single people than is the case for couples. In particular in respect of single people, social cash benefits represent a larger part of the gross income for families with children than is the case for childless families. It is also characteristic that the more children there are in a family, the larger the part of the gross income is represented by social benefits.

For couples with children, social cash benefits play the most important part in Sweden and the least important part in Norway. In all the countries, the social cash benefits constitute a considerable part of the gross income for single providers. It goes for all the countries that social benefits and taxes contribute to reducing the differences in factor incomes between singles and couples, between families with and families without children and between families with one child and families with two or more children.

The differences in the significance of social cash benefits to the individual family types are results of two different factors: firstly, the composition of the social benefits payable to families with children. It is in this connection of consequence that special benefits are granted to single parents in all the countries (with the exception of Sweden) and that in all the countries (with the exception of Denmark) the benefit amount per child is higher, the more children there are in a family. Secondly, the differences are consequences of differences in for example the extent of unemployment in the various families. This is significant to the differences between single people and couples, as the unemployment rate is generally higher among single people than it is among couples.

# Cash Benefits to Families and Children<sup>2</sup>

## Daily Cash Benefits in Connection with Childbirth and Adoption

*- Financial support to all families in connection with childbirth and adoption*

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

In all the countries, the benefit payable is based on previous earnings. In Denmark, Finland and Norway, public-sector employees and some private-sector employees receive full pay during all or part of the leave period. Only mothers qualify for the benefit payable prior to childbirth, whereas in all the countries, the benefit payable after childbirth may also be granted to fathers, but according to varying schemes.

In Denmark, one must be affiliated with the labour market in order to receive the benefit, either by being self-employed, a wage earner or a recipient of unemployment or sickness benefits, or one must have, or will have shortly after the confinement, concluded a vocational qualification course for at least 18 months according to specific rules.

In the Faroe Islands, it is also a condition for receiving the benefit that one is affiliated with the labour market as an employee or a self-employed person, or that one receives 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, however, only a small amount is awarded, and in Norway, the benefit is a non-recurrent payment.

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<sup>2</sup> Pensions payable to children who have lost one or both parents are described in Chapter 7 together with the other pensions. Special benefits that are granted as supplementary social benefits to families and children are described in Chapter 9.

In all the countries, mothers are entitled to compensation for any lack of income if she is forced to terminate her work early in her pregnancy period, due to work that could be harmful 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 will be payable, in some cases sickness benefits and in other cases a special benefit.

In Denmark, the Faroe Islands, Finland and Sweden, fathers are also entitled to daily cash benefits for a number of days immediately following childbirth, at the same time as mothers receive maternity benefit. In Iceland, 13 weeks of the maternity leave is reserved for fathers and can be used at the same time as the mothers' leave. In Norway, four weeks of the birth/adoption period are reserved for fathers. Fathers are also entitled to two weeks of unpaid leave in connection with birth. In the public sector and in large parts of the private sector there are, however, collective agreements granting compensation for those two weeks.

The period, in which daily cash benefit is 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.

In Denmark, the maternity leave period was prolonged to one year as from 2002 and has become more 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 prolonged by eight or 14 weeks, but the total amount of daily cash benefit will not be changed. One of the parents may furthermore postpone between eight and 13 weeks of the leave period till later and use it before the child turns nine.

The compensation level in connection with childbirth also varies considerably from one country to another. Figure 4.2 shows the disposable income at five different income levels, i.e. for a single childless employed person and for a single mother receiving maternity benefit.

Figure 4.3 shows the disposable income at four different income levels, where the person earning the most receive maternity benefit, stated in per cent of the disposable income, when both parents are gainfully employed.

The calculation was made for a couple with no other children than the newborn and for a couple who already has two children.

As can be seen from Figure 4.2, the compensation is higher than the previous wages of single parents in the lowest income brackets in all the Nordic countries, with the exception of Iceland.

This is primarily due to the child allowances payable for newborn children, but also to the housing benefit being higher for families with children than it is for childless families. This also applies to couples, cf. Figure 4.3.

**FAMILIES AND CHILDREN**

**Table 4.4 Rules governing payment of income-substituting cash benefits in the event of childbirth as per December 2003**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Gainfully employed (employees)</i>						
Maximum number of weeks in which maternity benefit is payable	50 <sup>1)</sup>	37	44	39	52 <sup>3)</sup>	Approx. 69
- Maternity benefit to mothers before birth (weeks)*:	4	4-13	5-8	4	3- 12	Approx. 9
Maternity benefit (weeks):						
- Only mother	18	25	18	13	9	8
- Only father	-	-	2)	13	4	8
- Either mother or father	32 <sup>1)</sup>	10	26	13	29/39	Approx. 52
Additionally:						
- Father together with mother	2	2	3	-	2 <sup>4)</sup>	Approx. 2
Benefit taxable?	Yes	Yes	Yes	Yes	Yes	Yes
<i>Not gainfully employed</i>						
Maximum number of weeks in which maternity benefits are payable	.	.	44	39	Non-recurrent payment <sup>5)</sup>	Approx. 69
Benefit taxable?	.	.	Yes	Yes	5)	Yes
Leave period sharable with father?	.	.	Yes, for a max. of 26 weeks	Yes	5)	Yes

\* Note: In the total number of reimbursable weeks are included the number of weeks, in which mothers may receive benefits prior to giving birth.

- 1 The common leave period of 32 weeks may be prolonged by 8 or 14 weeks to 40 or 46 weeks. The total leave period will consequently be 58 or 64 weeks. When a leave period is prolonged, the daily cash benefit will be reduced accordingly, so that the total amount for the 40 or 46 weeks will be the same as the amount payable for the 32 weeks.
- 2 Fathers who receive 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 12 working days (the so-called bonus days of leave).
- 3 42 weeks with a compensation level of 100 per cent, or 52 weeks with a compensation level of 80 per cent.
- 4 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.
- 5 A tax-free minimum amount corresponding to the non-recurrent payment of NOK 33 584 is guaranteed. A father is entitled to a non-recurrent amount if the mother has died and/or he has assumed sole responsibility for the child.

**Table 4.5 Amount of income-substituting cash benefits in the event of childbirth as per December 2003**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Gainfully employed (employees)</i>						
Amount of maternity benefit (per week) in per cent of previous income	100 <sup>2)</sup>	100 <sup>3)</sup>	Normally <sup>4)</sup> 70	80	100/80	80
Income ceiling per week for full compensation in national currency <sup>1)</sup>	DKK 3 438	DKK 8 333			NOK 6 561	SEK 5 567
Income ceiling per week for full compensation in PPP-Euro <sup>1)</sup>	346	838			583	511
Min. amount per week in national currency			EUR 68.7	ISK 14 296 <sup>5)</sup>	<sup>6)</sup>	SEK 420
Min. amount per week in PPP-Euro			56.8	126		38.5
Max. amount per week in national currency	DKK 3 113	DKK 8 333			<sup>7)</sup>	SEK 4 445
Max. amount per week in PPP-Euro	313	838				408
<i>Not gainfully employed</i>						
Amount of maternity benefit (per week), national currency			EUR 68.7	ISK 9 029	<sup>6)</sup>	SEK 1 260
Amount of maternity benefit (per week), PPP-Euro			56.8	80		116

1 The income ceiling is the income limit (previous income) in relation to which the maternity benefit is calculated. The calculation of the income ceiling is made according to differing principles in the various countries.

2 When the common leave period of 32 weeks is prolonged to 40 or 46 weeks, the daily cash benefit will be reduced accordingly, so that it corresponds to 80 per cent for the 40 weeks and to about 70 per cent for the 46 weeks.

3 100 per cent of the average taxable income from work from the past 12 months.

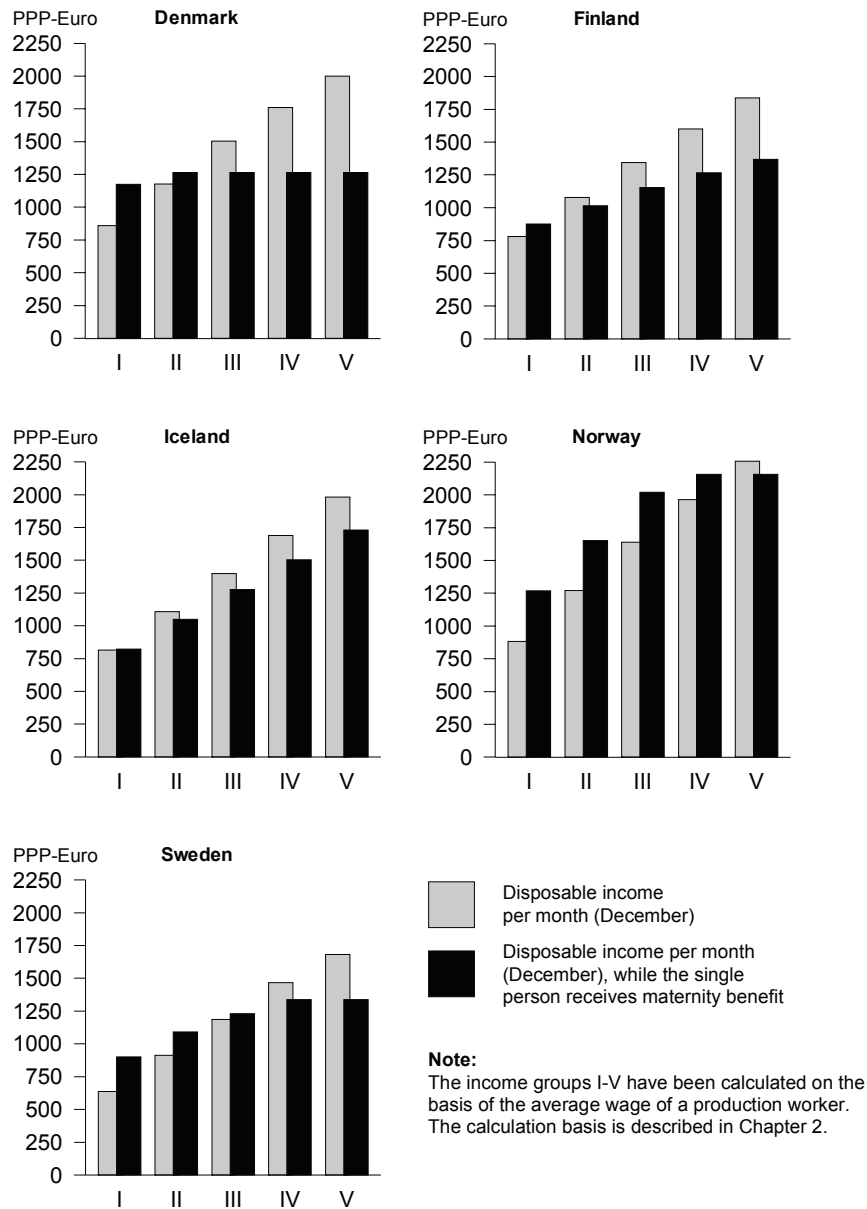
4 70 per cent of the income up to 26 124 EUR per year. For income between 26 125 to 40 191 EUR per year 40 per cent here after 25 percent

5 The minimum amount are payable with an employment rate on 24-49 per cent.

6 There is a guaranteed minimum amount equal to the non-recurrent payment of NOK 33 584 (PPP-Euro 3 017). This amount equals the maternity benefit of NOK 800 (PPP-Euro 72) at 100 per cent compensation for 42 weeks, or NOK 646 (PPP-Euro 58) at 80 per cent compensation for 52 weeks.

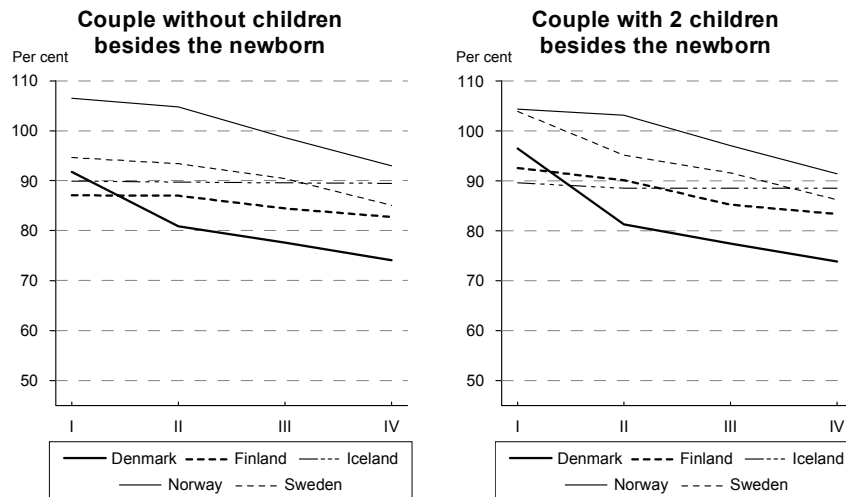
7 Calculated as maternity benefits for employed mothers, the maximum amount will be NOK 6 561 (PPP-Euro 590) per week at 100 per cent for 42 weeks and NOK 5 249 (PPP-Euro 472) at 80 per cent for 52 weeks.

**Figure 4.2 Disposable incomes for a single parent with a newborn child, 2003**





**Figure 4.3 Disposable incomes during receipt of maternity benefit as percentage of disposable income from work, 2003**



**Note:** The income groups I-IV have been calculated on the basis of the average wage of a production worker. The calculation basis is described in Chapter 2.

In respect of couples with two children besides the newborn, the high compensation level in the lowest income groups (in particular in Sweden) can be attributed to the user charges payable for places in day-care institutions for the other two children being lower when the parent earning the most receives maternity benefit.

The compensation levels also depend on the level of the daily cash benefit in relation to the previous income. Daily cash benefits are lowest in Finland and highest in Denmark and Norway, measured in relation to the previous income (cf. Table 4.5). In Finland and Iceland, there is, however, no upper limit to the level of the daily cash benefits. In Finland, the compensation amounts to only 40 per cent for any income exceeding EUR 26 126 per year and only 25 per cent for any income exceeding EUR 40 192 per year. In the other countries, the maximum amount is highest in Norway and lowest in Denmark. The compensation level is generally high in Norway, also in respect of the upper income brackets. In Sweden and Finland, the compensation levels are also relatively high for the upper income brackets, whereas the level in Denmark is relatively low for those groups.

It is characteristic that more and more men make use of the leave schemes in connection with childbirth or adoption. However, both the

**FAMILIES AND CHILDREN**

**Table 4.6 Recipients of daily cash benefits in the event of pregnancy, childbirth and adoption during the year, 1995-2003**

	Denmark <sup>1)</sup>	Finland	Iceland <sup>2)</sup>	Norway	Sweden <sup>3)</sup>
<i>Number of beneficiaries</i>					
<i>Men</i>					
1995	41 003	40 267	10	25 166	130 786
2000	45 559	42 294	1 421	33 806	166 661
2002	44 878	44 624	3 816	34 505	210 000
2003	43 960	45 605	4 724	34 677	228 623
<i>Women</i>					
1995	90 335	108 429	5 066	76 088	327 846
2000	82 657	97 359	5 097	80 368	275 214
2002	79 217	95 277	6 266	78 703	295 000
2003	94 672	96 637	6 338	79 709	306 267
<i>Number of benefit days (1 000)</i>					
1995	14 385	16 947	688	10 699	52 212
2000	13 150	15 232	698	11 152	37 100
2002	13 594	14 977	924	11 005	40 000
2003	19 215	15 054	1 081	11 107	41 745
<i>Of which men, percentage</i>					
1995	4.4	3.6	0.1	5.8	10.3
2000	5.5	4.1	3.3	7.2	13.7
2002	5.5	4.8	19.6	8.6	16.6
2003	5.1	5.3	27.6	8.6	18.3

1 The calculation method was revised in 2002. The large increase from 2002 to 2003 was a result to the new rules on prolonged leave not entering completely into force until 2003.

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

3 Number of days per benefit recipient for the whole period.

number of recipients and the number of days in which maternity benefit is payable vary considerably from one country to another.

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

Norway has seen a rise in the number of men receiving daily cash benefits. This is especially due to a scheme from 1993 giving men an exclusive right to

four weeks of leave with daily cash benefits. As from 2000, fathers have also had an independent accumulation right. Previously, fathers were not entitled to benefits if the mothers had not accumulated such benefits, but now fathers may receive paternity benefits based on their own accumulation. Fathers' entitlement to paternity benefits is still depending on mothers being gainfully employed after childbirth; receiving publicly acknowledged education; or depending on aid 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 benefit is 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. In 2003, 84.3 per cent of the total amount of days for which parental daily cash benefit was paid concerned children under the age of two years. As to women, about 89 per cent of the days were for children under the age of two, and as to men, about 62 per cent.

## Cash Benefits to Parents Minding Children

### *- Entitlement to leave of absence for child-minding*

In Denmark, the rules governing child-minding leave were revoked with effect from 2011 in connection with the prolongation of the maternity leave to one year in 2002. Parents of children, who were born prior to the introduction of the new maternity leave scheme, are still entitled to go on child-minding leave until the child turns nine. Parents are entitled to a minimum of eight and a maximum of 13 weeks of leave, but a minimum of eight weeks and a maximum of 26 weeks if the child was under one year old. In agreement with one's employer or the public employment service, a leave period may be prolonged to a total of 52 weeks. The leave scheme applies to both wage earners, self-employed and unemployed people. During a parental leave period, a child must not occupy a place in a public day-care facility if it is under the age of three years, and may only be in half-day care if it is between three and eight years old. The benefit payable during leave corresponds to 60 per cent of the maximum amount of the daily cash benefit. Moreover, local authorities are in a position to grant a supplementary benefit of up to DKK 35 000 per year. In 2003, there was an average of 4 950 people on child-minding leave, which is considerably less than in previous years.

In Finland, parents are, after having received parental daily cash benefits for a while, entitled to choose between a place in a municipal day-care institution and an allowance for minding young children. The allowance may be granted

towards child minding in the home or towards payment for private child minding. The allowance towards child minding in the home is payable if a family has a child under the age of three years. The allowance may consist of a basic amount plus a supplement. The basic amount is EUR 252 per month for a child under three years, and EUR 84 per month per each additional child under three years. For other children of pre-school age, the allowance amounts to EUR 50 per month.

A supplement (EUR 168) will only be granted for one child and is subject to family income. At the end of 2003, child-minding allowances were being paid for 105 565 children. Allowances payable towards private child minding are described in the section on day-care institutions and family day care.

Parents may also choose to work reduced hours if they have children under the age of three. They will then be awarded a partial minding allowance of EUR 63 per month. At the end of 2003, this allowance was allocated for 2 126 children.

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

In Norway, there is a so-called time-account scheme. The scheme applies in the event of childbirth or adoption and makes it possible for part of the maternity benefit to be paid in combination with income from work for a period exceeding the standard periods of 42 or 52 weeks. Where 52 weeks of absence from work with 80 per cent pay have been chosen, a minimum of six and a maximum of 39 weeks must be used in combination with reduced working hours. Where 42 weeks with full pay have been chosen, between six and 29 weeks must be used in this way. The period of work may be fixed at 50, 60, 75, 80 or 90 per cent, and the rate of the maternity benefit payable as a supplement to the income will consequently be 50, 40, 25, 20 and 10 per cent, respectively. In 2003, 2.2 per cent of the mothers and 0.9 per cent of the fathers made use of the time account. Three fourths of the women chose leave with a compensation level of 80 per cent. 33 164 fathers received daily cash benefits. Of these, 5 023 fathers received paternity benefits for longer than the four weeks that are reserved for fathers.

Cash benefits are granted for children between one and three years. Up until 1 August 2003, the cash benefit amounted to NOK 3 000 per month. After that date, the benefit is NOK 3 657 per month. The benefit is granted per child without being subject to income or need and is tax-free. The Norwegian Parliament fixes the amount of the cash benefit. The condition of receipt of the full amount is that no place is taken up in a state-subsidized kindergarten. A graduated benefit is payable if a child occupies a place part-time in a kindergarten.

In Sweden, parents are entitled to a parental benefit 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.

In all the countries, there are also schemes entitling parents to stay at home without pay to take care of their children. In Sweden, this scheme applies until a child turns 18 months. Besides, one is entitled to part-time work, 75 per cent of full time, until a child turns eight.

### *Minding of children suffering from short-term illness*

In all Nordic countries, parents are to some extent entitled to stay at home to mind a sick child. In Norway and Sweden, this right is governed by law and in the other countries by collective agreements. In the Faroe Islands, only the public sector and part of the private sector are governed by collective agreements.

As to the majority of the private sector, no compensation will be granted in connection with minding sick children.

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

As to the length of the period in which one is entitled to stay at home to mind a sick child, the scheme is most generous in Sweden, allowing 60 days per year per child, and least so in Denmark, the Faroe Islands and Iceland.

In Denmark, the Faroe Islands, Finland and Iceland, full wage compensation is given, however, in connection with child minding during short-term illness. In Norway, a benefit equivalent to the amount of the sickness benefit is payable, while a compensation corresponding to 80 per cent of the income from work is payable in Sweden.

In all the countries, there are special rules concerning minding of chronically or seriously ill children. Those rules are described in Chapter 7.

## Child Allowance

In all 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 means-tested. In Iceland, a fixed amount is payable irrespective of the income as from 2001, however, as an extra supplement for all children under the age of seven. In Denmark 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 Iceland and Sweden, until a child reaches the age of 16 years - 20 years, however, if a child is receiving education. In all the countries, child allowances are financed by Central Government.

In Denmark and Iceland, the family allowance is higher for children between the ages of 0 and six years than it is for children over the age of six. In Denmark, the allowance is furthermore higher for the 0-2 year-olds than it is for the 3-6 year-olds.

In Norway, a supplement was payable for children aged 1-3 years until 1 August 2003. Supplements are payable for children living in the Finnmark and in certain municipalities in Troms County.

**Table 4.7 Rules governing child allowance, 2003**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Child allowance means-tested?	No <sup>1)</sup>	No	No	Yes	No	No
Child allowance exempt from tax?	Yes	Yes	Yes	Yes	Yes	Yes
Same allowance granted for children of all age groups?	No	Yes	Yes	No	Yes <sup>2)</sup>	Yes
Supplements for any additional children?	No	No	Yes	Yes	No	Yes
Extra child allowance to single parents?	Yes	No	Yes	Yes	Yes	No

1 The special child allowance granted where one or both a child's parents receive anticipatory pension granted before 1 January 2003 or retirement pension is, however, means-tested. The special child allowance granted to children, who receive education, is also means-tested.

2 Up until 1 August 2003, children of all age groups were not granted the same allowance. After 1 August 2003, the same allowance is granted as the allowance for children between 12 months and three years was abolished. The infant supplement to single providers with children between 0 and three years was maintained.

**Table 4.8 Annual amount of child allowance as per December 2003**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
	DKK <sup>1)</sup>	DKK	EUR	ISK <sup>2)</sup>	NOK <sup>3)</sup>	SEK <sup>4)</sup>
<i>Couple with:</i>						
1 child	11 700	9 266	1 080	35 422	11 664	11 400
2 children	22 600	18 532	2 406	35 422	23 328	22 800
3 children	33 900	27 798	3 978	41 045	34 992	37 248
<i>Single parent with:</i>						
1 child	19 848	9 266	1 483	198 718	23 328	11 400
2 children	35 588	18 532	3 212	354 852	34 992	22 800
3 children	51 328	27 798	5 188	535 643	46 656	37 248
Average amount of child allowance per child	11 966	9 266	1 301	76 357	13 783	12 078
Average amount of child allowance per child in PPP-Euro	1 203	931	1 075	672	1 238	1 108

1 Calculations were made on the basis of a general family allowance for the 3-6 year-olds of DKK 2 925 per quarter to both single parents and couples. The allowance payable for the 0-2 year-olds amounted to DKK 3 225 per quarter and to DKK 2 300 per quarter for the 7-17 year-olds.

2 In Iceland, the amount of the allowance is subject both to the number of children in a family and to the family income. The maximum allowance to a couple with one child aged 0-16 years is ISK 120 284 and ISK 200 281 to single parents. For each child in addition to the first one, a maximum of ISK 143 135 is payable to cohabiting couples and ISK 205 448 to single parents. Besides, a supplement of ISK 35 422 is payable for children between 0 and 6 years irrespective of income. Where a couple's annual income (in 2002) exceeds ISK 1 408 916 and that of a single parent ISK 704 459, the allowance will be reduced by 3 per cent of the earnings exceeding the maximum amount for one child, 7 per cent for two children and 9 per cent for three or more children. All calculations in the table were made for one child under 7 years and the average annual income for couples with children and for single parents. The average amount is for all children between 0 and 16 years.

3 The average amount includes the infant supplement and the supplement for Northern Norway.

4 The average amount per child was calculated by adding the amounts of child allowance, multiple-birth supplement and prolonged period of child allowance in 2003, divided by the number of children receiving child allowance and the number of children with prolonged periods of receiving child allowance in December 2003.

In all the countries, with the exception of Faroe Islands and Sweden, a special child allowance is payable to single providers, making the allowance per child higher for single parents than for two-parent families. In Denmark, Finland and Norway, an extra child allowance is payable to single providers. In Norway, an extra infant supplement is also payable to single providers who have children between 0 and 3 years and who meet the requirements for entitlement to the increased child allowance according to the Act on Child Welfare and for receiving the full transition allowance accord-

ing to the Social Security Act. The supplement is awarded per single provider. The extra infant supplement amounts to NOK 7 884 per year.

In Denmark, the ordinary child allowance payable to single providers was reduced as from 2000, at the same time as the maintenance allowance, payable by the parent not living with the child, was increased correspondingly.

In Finland, the child allowance per child will be increased for each child in the family.

In Sweden, a multiple-birth supplement is granted to families with three or more children.

In Denmark, special child allowances may be granted where one of a child's parents is an old-age pensioner or the receiver of disability (anticipatory) pension granted before 1 January 2003, or where one of the parents has died, or where paternity has not been established. The special child allowance for children of pensioners is means-tested. As from 2001, a new income-related child allowance to children receiving education was introduced. In Iceland, a benefit that is not means-tested is granted by way of maternity or paternity wages to widows and widowers and single mothers and families with two or more children. If the parents are old-age or anticipatory pensioners, the benefit will be paid as a supplement to the pension. The amount is tax free and not means-tested. In the Faroe Islands, the supplement is granted by way of a tax reduction. People, who have very low or no taxable incomes, will get paid the supplement.

## **Advance on Maintenance Allowance for Children**

*- The allowance is payable in advance by the public authorities*

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.

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 allow-



ance in advance. The age limit for entitlement to advanced payment 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.

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

In Denmark, the public authorities may pay the allowance in advance, if the parent liable to pay does not comply on time, irrespective of his or her income. In order for the allowance to be paid in advance, an application must be sent to the local authorities. The standard allowance, i.e. the basic amount plus supplements, may be paid in advance only until a child turns 18.

In cases, where an increased allowance is, the public authorities will not pay the supplement in addition to the standard allowance payable in advance.

The local authorities must try to recover the amount that is to be paid according to the maintenance-allowance decision from the party, who is liable to pay it.

In the Faroe Islands, the advance allowance is independent of the recipient's income. In case the party liable to pay does not do so on time, the full amount shall be paid in advance by the public authorities.

In Finland, a child is entitled to an allowance advance if the parent who is liable to pay, has not done so, or has not paid the full amount. If the parent, who is liable to pay is unable to pay the full amount due to a poor financial position, the local authorities may upon request pay the remaining amount. Subsequently, the authorities may recover the advanced amount from the parent liable to pay.

In Iceland, advance payment of maintenance allowance is not defined as a social insurance benefit, but parents who have got an administrative resolution to the effect that they are entitled to have the maintenance allowance paid to them in advance, may apply to the social insurance fund for a fixed amount. It is, however, the local authorities that recover the missing payment from the parent liable to pay.

In Norway, advanced payment of the maintenance allowance shall only be payable, where the party liable to pay does not comply on time. Besides, the advance is means-tested. Depending on a recipient's income, 100, 75 or 50 per cent of the full amount shall be awarded. Where the recipient's income is 320 times the full amount, no subsidy shall be payable. The current advanced amounts will be index-linked on 1 June every year. As a result of the fact the allowance will only be paid in advance if and to the extent that current allowances are not paid on time, the number of payments will vary considerably from month to month.

## FAMILIES AND CHILDREN

**Table 4.9 Amounts of maintenance allowance advances in 2003**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Maximum amount per child per year, KR/EUR	11 640	9 732	1 447	186 696	14 580	14 076
Maximum amount per child per year, PPP-Euro	1 170	978	1 196	1 644	1 310	1 291

**Table 4.10 Number of children receiving maintenance-allowance advances as percentages of the population under 18 years, 1995-2003**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden <sup>1)</sup>
1995	15	8	10	17	15	16
2000	14	9	10	19	11	16
2002	14	9	10	19	11	16
2003	15	9	10	18	9	15

1 Number of children under 19.

For parents who live separately there is in Sweden a governmental allowance system. This is to ensure that both parents contribute to the maintenance of their joint children. The allowance amount is fixed, and in case the parent with whom the child lives apply to the Insurance Fund for payment of the amount, the parent who is not living with the child is liable to pay the amount to the Insurance Fund. The due amount shall be reduced in case the parent liable to pay has a low income, and for very low incomes the amount will equal zero.

## Other Benefits

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

In the Faroe Islands, everyone who is liable to pay maintenance allowance is entitled to have half of the amount reimbursed by the public authorities.

In Finland, Iceland, Norway and Sweden, a child pension has been introduced by way of a basic pension and a supplementary/employment pension. In Denmark, a special child allowance is payable.

Child pension is payable to children who have lost one or both parents. The child pension is described in detail in Chapter 7.

## 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 primarily with the local authorities who provide day-care institutions for children and adolescents, pre-school classes, family day care, child-minding in the homes as well as child and youth welfare schemes.

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

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

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

## Day-Care Institutions and Family Day Care

*- Children are looked after in both public and private institutions*

### *Day-care institutions for pre-school children*

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

In Denmark, Finland and Norway, parents may, according to slightly differing rules, be granted a cash amount for minding their children in their own homes, either part-time or full-time.

In all the countries, local authorities must ensure that there are sufficient places available. In Denmark, 90 per cent of the municipalities provided a child-minding guarantee in 2003 for children aged 0-9 years, whereas another 5 per cent guaranteed child minding for part of that age group. Local authorities have been able to grant financial support to parents who choose private child minding over a public day-care facility. At the end of 2003, a little over 3 219 children were covered by this scheme. Besides, local authorities may grant parents

an allowance towards minding their own children instead of a place in public day-care. 737 children were covered by this scheme by the end of 2003.

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 local authorities pay the amount direct to the institution/private individual looking after the child/children. By the end of 2003, subsidies were paid for private minding of 14 114 children.

In the Faroe Islands and Iceland, local authorities are not obliged by law to offer a kindergarten place to all children. In Norway, local authorities are obliged to offer a kindergarten place to those who need it. Parents have no legal right to a place, however.

In Sweden, pre-school activities are a common denunciation for 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 this case the children must be offered at least three hours per day or 15 hours per week
- children, who are in need of the activities.

The places must be provided without any unnecessary delay, i.e. usually within three to four months after their parents having applied for it. The local authorities must take into due consideration the parents’ wishes as to type of minding, and the place should be provided as close to a child’s home as possible. Moreover, all children must be offered at least 525 hours free of charge at a pre-school from the autumn in which they turn four (the so-called ordinary pre-school).

### *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 own 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. Such child-minding options are not included in the Nordic social statistics.

### *Pre-school classes*

In all the countries, there are special classes preparing young children for school. These classes have been established according to somewhat differing rules.

In Denmark, local authorities are obliged to offer children a place in a pre-school class for at least 20 hours per week - an offer that is accepted by 98 per cent of all children. After school hours, children may spend time in either day-care institutions or after-school clubs.

In the Faroe Islands, pre-school classes are only provided in one single place.

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 about 99 per cent of the 6 year-olds participate in measures preparing them for school.

In Iceland, all 6 year-olds must attend school and are consequently not included in these statistics.

In Norway, children start school at the age of six where they receive education adapted to their age.

In Sweden, local authorities are as from 1998 obliged to offer all 6 year-olds a minimum of 525 hours in the new school structure – the pre-school class. In the autumn 2003, 94 per cent of all 6 year-olds attended pre-school classes, whereas a few per cent already had started school proper. 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 the 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.

**FAMILIES AND CHILDREN**

**Table 4.11 Children enrolled in day-care institutions and municipal family day care (1 000) by age, 1995-2003**

	Denmark <sup>1)</sup>	Faroe Islands	Finland <sup>2)</sup>	Iceland <sup>3)</sup>	Norway <sup>4)</sup>	Sweden <sup>5)</sup>
<i>1995</i>						
0-2 years	101	..	34	5	39	123
3-6 years	218	..	145	12	149	367
0-6 years, total	319	..	179	17	188	490
7-10 years	123	..	11	-	.	198
<i>2000</i>						
<1 year	10	..	1	0	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	17	.	434
7-10 years	171	..	8	-	.	255
<i>2002</i>						
<1 year	10	..	1	0	1	0
1-2 years	105	..	41	6	47	120
3-5 years	191	..	117	12	149	249
0-5 years total	307	..	159	18	198	369
6 years	63	..	41	-	.	81
0-6 years total	370	..	200	18	.	450
7-10 years	180	..	7	-	.	267
<i>2003</i>						
<1 year	6	0.4	1	0	1	0
1-2 years	105	0.8	40	6	50	124
3-5 years	191	1.9	117	12	153	260
0-5 years total	302	3.0	158	18	205	384
6 years	62	0.7	40	-	.	77
0-6 years total	364	3.7	198	18	.	461
7-10 years	186	0.6	7	-	.	259

1 The time of calculation of the number of enrolled children has been changed from March to September as from 2004. The number of enrolled children in 1995 concerns January 1996, the number from 2000 concerns March 2001, while the number from 2002 concerns March 2002 and from 2003 March 2003.

2 Figures from 2000 include children in publicly subsidised private day care.

3 As from 1995, only children between 0 and 5 years, as the after-school clubs were taken over completely by the school sector in 1995 (no statistics available).

4 As from 2000, only children between 0 and 5 years.

5 As from 1998, a special pre-school class has been introduced for the 6 year-olds. These children have not been included in the calculation, unless they also attend a day-care institution.

**Table 4.12 Children enrolled in day-care institutions and municipal family day-care, by age as percentages of the respective age groups, 1995-2003**

	Denmark <sup>1)</sup>	Faroe Islands	Finland <sup>2)</sup>	Iceland <sup>3)</sup>	Norway <sup>4)</sup>	Sweden <sup>5)</sup>
<i>1995</i>						
0-2 years	48	..	18	37	22	37
3-6 years	83	..	55	64	61	74
0-6 years, total	68	..	39	53	44	59
7-10 years	53	..	5	-	.	45
<i>2000</i>						
<1 year	15	..	2	7	2	.
1-2 years	77	..	35	59	37	60
3-5 years	92	..	67	92	78	86
0-5 years total	75	..	46	68	52	66
6 years	90	..	67	-	.	77
0-6 years total	77	..	49	58	.	68
7-10 years	63	..	3	.	.	51
<i>2002</i>						
<1 year	15	..	1	8	2	0
1-2 years	78	..	36	72	40	65
3-5 years	94	..	67	93	82	91
0-5 years total	76	..	46	72	56	67
6 years	89	..	68	-	.	83
0-6 years total	78	..	50	62	.	69
7-10 years	65	..	3	.	.	58
<i>2003</i>						
<1 year	9	50	1	7	2	0
1-2 years	78	58	36	75	44	65
3-5 years	94	88	68	94	85	94
0-5 years total	75	72	46	74	58	70
6 years	90	93	68	.	.	83
0-6 years total	77	75	50	63	.	72
7-10 years	66	21	3	.	.	59

1 Cf. table 4.11.

2 Cf. table 4.11.

3 Cf. table 4.11.

4 Cf. table 4.11.

5 Cf. table 4.11.

There are different upper age limits for 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 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.

The number of children who are covered by day-care schemes in day-care institutions and family day care varies significantly from one country to another. Some of the reasons for this are the extent of the unemployment and the fact that children in pre-school classes in Denmark also spend time in day-care institutions after having attended their pre-school classes. The low figures for the 0-2 year-olds in Finland are due to the home-care allowance option. In Sweden, the long maternity-leave period also plays a significant part.

## Child and Youth Welfare

### *- Preventive measures are in focus*

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

Legislation in the various countries also allows for the public authorities to step in lending support if the risk arises of children or adolescents growing up in adverse circumstances.

This year's theme (Chapter 11) deals with social measures for exposed children and adolescents and contains a very detailed description of the scope and type of those measures.

### *Preventive measures*

In Denmark, 35 477 families made use of one or more preventive measures during 2003 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 outside of their homes. Furthermore, at the end of 2003, 7 766 children and youths had been placed in residential care, with foster families or in other relevant institutions, to relieve their parents from taking care of them for a while. 1 005 children and youths had had a personal advisor appointed to them, and 2 565 children a specific



contact person. 3 186 children and youths received financial support towards staying at boarding or continuation schools without that being an actual placement outside of their own homes. Furthermore, 429 young people had been placed as trainees with an employer, and 234 young people were placed in a "halfway scheme" in the institution or home, where they had been placed.

In Finland, the preventive child welfare service is responsible for influencing the development of children's well being as well as for preventing the risks to which a child may be exposed. Such measures may be by way of support staff or support families, help in getting a job, a place to live or support to hobby activities. In 2003, 56 379 people received support. 92 per cent of these were children under 18 years, whereas the remaining 8 per cent were between 18 and 20 years. In 2003, there was an addition of 15 270 new clients, corresponding to 27 per cent of all those receiving assistance.

In Iceland, 2 952 children received help in 2003 by way of preventive measures. Of those, 508 were placed outside of their homes for short or long periods. Preventive measures taken by the Child Welfare Service may be in the shape of advice to or guidance of the parents, support contacts, support families, placement of children in family care or in institutions, etc. In each case brought before a child welfare service, there must be a plan in writing stating the purpose of using the various measures, their reassessment date, as well as a specification of the roles of the child, the parents, the Child Welfare Service Board and any other parties during the duration of the plan.

In Norway, 29 250 children made use of one or more preventive measures from the Child Welfare Service in 2003. During 2003, 6 750 were under the care of the Child Welfare Service at the same time. At the end of 2003, there was about 23 children per 1 000 children under 18 years who made use of one or other of the offers.

In Sweden, preventive measures consist of offers to families with infants with a view to improving the interaction between parents and children. Measures may also take the shape of group activities for young people and/or single mothers as well as for children of alcoholics or of extended pre-school classes combining daily activities with visits to the homes, which measure aims at providing families with practical and psychosocial support in the homes.

For young criminals, abusers and young people with other psychosocial problems, measures have been developed to the effect that an adolescent participates in a number of structured activities in the course of a day, usually work/studies and organized leisure activities.

Another kind of activity is the so-called contact staff. An adult contact person or a contact family is assigned to a child or youth whom they see regularly. A contact person or contact family is the part of the open efforts, which most chil-

dren and youths had contact with in 2003. About 22 500 children and adolescents had such a contact during the year. About 19 600 children and adolescents received personal support based on need, and about 5 700 participated in a structured treatment programme (without placement) in 2003.

### *Placement outside of the home*

In all the countries, it may become necessary to place a child outside of its home. The reasons may be that parents need help to bring up the child, or that the child's health or development is threatened due to lack of minding. 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 outside of 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 be placed outside of 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 placed outside from its home. In Norway, government committees decide whether the Child Welfare Service must assume care of a child and place it outside of its own home, but the law also allows for a child to be placed outside of its home without any decision being made by the welfare service.

The number of children placed outside of their own homes varies from one country to another, and the ratio has gone up in recent years. One trait common to all the countries is that more preventive measures are to a high degree taken in the homes in respect of children and families.

In Denmark, the number of placements is somewhat higher than in the rest of the Nordic countries. This is inter alia due to children and adolescents who are placed outside of the home in Denmark also including children and adolescents with reduced physical and/or mental abilities. Even if those disabled children and adolescents were disregarded, however, the number of placements is still larger than in the other countries.

This mainly applies to the 15-20 year-olds and must be seen in connection with the fact that a relatively large number of young people in Denmark is placed outside of their homes, e.g. at boarding schools or continuation schools, in lodgings or in socio-instructional communal housing. This is only the case to a limited degree in the other Nordic countries.

**Table 4.13 Children and young people placed outside of their own homes during the year, by age and per 1 000 inhabitants in the respective age groups, 1995-2003**

	1995	2000	2002	2003		
				Total	Boys	Girls
<i>Denmark</i>						
0-6 years	3.9	4.5	4.5	4.2	4.3	4.1
7-14 years	11.9	13.0	13.1	12.6	14.1	10.9
15-17 years	29.3	33.1	33.7	32.2	35.2	29.1
18-20 years	15.0	17.1	20.0	19.6	20.4	18.8
0-20 years	12.0	13.0	13.6	13.2	14.3	12.0
<i>Finland</i>						
0-6 years	5.2	5.7	6.2	6.3	6.5	6.0
7-14 years	8.5	9.6	10.3	10.4	11.3	9.4
15-17 years	12.7	16.1	18.5	19.1	18.3	19.9
18-20 years	9.0	11.7	13.6	14.4	14.8	14.1
0-20 years	8.1	9.7	10.7	11.0	11.4	10.6
<i>Iceland<sup>1)</sup></i>						
0-6 years	3.5	2.6	2.6	2.5	2.7	2.2
7-12 years	9.0	4.8	6.0	8.3	10.7	5.8
13-16 years	11.4	8.8	7.6	10.5	7.2	14.2
0-16 years	7.3	5.2	5.1	6.5	7.1	5.8
<i>Norway</i>						
0-6 years	3.4	3.6	4.1	4.2	4.3	4.1
7-14 years	7.9	7.9	8.1	8.4	8.7	8.1
15-17 years	14.2	17.4	18.1	18.2	17.5	18.9
18-19 years	7.4	11.0	14.7	16.0	17.6	14.3
0-19 years	7.1	7.9	8.7	9.1	9.7	8.8
<i>Sweden<sup>2)</sup></i>						
0-6 years	3.6	3.6	3.9	4.0	3.9	4.0
7-14 years	7.0	7.1	7.3	7.5	7.7	7.2
15-17 years	14.4	16.8	17.4	17.5	16.5	18.4
18-20 years	5.1	11.8	12.9	13.3	14.6	11.9
0-20 years	6.5	8.0	8.5	8.8	8.9	8.6

1 In 2002, the age groups are 0-6 years, 7-14 years, 15-18 years and 0-18 years. Distribution by sex and age based on estimates.

2 As from 1999, figures include the group of 18-20 year-olds who receive treatment according to the Social Service Act. This group of mainly 19-20 year-olds was previously included in the statistics as adult abusers.

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

## 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 vary highly, measured in PPP per capita. Denmark and Norway spend the most and the Faroe Islands and Iceland the least. It should be mentioned, however, that only Finland and Iceland have included salaries and wages in their calculations concerning 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 covers leave schemes for child-minding; in Finland, allowances for minding children in the home; and in Sweden, temporary parental benefits. In Norway, the amount covers expenditure on a child-supervision scheme. This is a scheme aimed at granting single providers a subsidy for minding children to enable them to be professionally active. Similar allowances do not exist in the other countries.

Norway and Denmark spends the most on child allowance and Iceland the least due to the income adjustment. Expenditure on other cash benefits mainly consists of the public authorities' advance payment of maintenance allowances to children, where Iceland spends the most.

When it comes to services, Denmark spends the most and the Faroe Islands and Finland the least measures in PPP per child 0-17 years.

In Denmark and the Faroe Islands, the expenditure on day-care institutions and residential institutions, preventive measures, etc., is considerably higher than in the other countries, while Finland and Sweden spend the least. 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.

The considerably higher expenditure on residential institutions, preventive measures, etc., in Denmark than in the other countries is due to the

number of children and young people placed outside of their own homes being relatively high.

### *Changes in the social expenditure on families and children from 2002 to 2003*

In Denmark, the expenditure on cash benefits to families and children increased by 6 per cent from 2002 to 2003. As a result of the prolongation of the maternity-leave period to 1 year in 2002 there was a considerable increase in the expenditure on maternity benefits. The expenditure on services increased by 1 per cent. There was a slight increase in the expenditure on both preventive measures for children and young people and on residential institutions, foster care, etc., for children and young people who had been placed outside of their homes. The expenditure on day facilities stayed almost the same.

In the Faroe Islands, there was an increase in the social expenditure on families and children of 7 per cent. The cash benefits, which account for one third of the total expenditure, increased by about 20.5 per cent, whereas the services increased by about 1 per cent. The increase in the cash benefits was mainly due to the maternity fund having to pay holiday allowances retroactively in connection with the income-substituting benefits.

In Finland, the expenditure on families and children measured at constant prices was 1.8 per cent higher in 2003 than it was in 2002. The number of newborns increased by 1 075 and the expenditure on parental daily cash benefits payable increased. On the other hand, the number of 0-6 year-olds dropped by 3 760 and the number of 0-16 year-olds dropped by 5 000. Consequently, the expenditure on child allowances and allowances towards child minding in the homes decreased. There was also a decrease in the number of children in the day-care institutions of some 2 400, while the expenditure increased by 1.3 per cent measured at constant prices. Besides, the expenditure on children placed outside of their own homes increased.

In Iceland, the social expenditure on families and children increased by 14.7 per cent from 2002 to 2003 measured at constant prices. The expenditure on cash benefits increased by 15 per cent, which was due to an increase in the child allowance and changes in the maternity leave rules. The changes entered into force in 2001, but were only completely developed in 2003. The expenditure on social services increased by 14,6 per cent measured at

**FAMILIES AND CHILDREN**

**Table 4.14 Expenditure on and financing of cash benefits and services to families and children, 2003**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
	DKK	DKK	EUR	ISK	NOK	SEK
<i>Cash benefits, million</i>						
A. Daily cash benefit in the event of childbirth and adoption	7 748	78	602	5 581	8 716	16 071
B. Birth grants	-	0	11	0	419	41
C. Parental leave benefits	489	-	339	-	2 992	-
D. Family or child allowances	14 332	131	1 359	5 641	14 692	20 966
E. Supplements	-	-	-	-	-	-
F. Other	226	17	82	1 024	3 289	2 148
a. Of which advance on maintenance allowance to children	226	-1	82	1 024	405	2 148
Cash benefits, total	22 794	227	2 393	12 247	30 108	39 226
<i>Services, million</i>						
A. Child day care	22 775	142	1 346	9 394	11 159	20 821
B. Accommodation	7 191	25	240	2 138	2 629	7 821
C. Home help	19	0	27	57	96	-
D. Other	2 837	18	275	1 987	5 780	5 152
Services, total	32 821	185	1 888	13 575	19 664	35 501
Total expenditure, million	55 615	412	4 281	25 822	49 772	74 727
Expenditure as percentage of GDP	4.0	4.2	3.0	3.2	2.9	3.1
<i>Financed by (per cent)</i>						
- Public authorities	89.7	93.0	91.2	83.6	84.0	77.3
- Employers	0.4	3.6	4.7	16.4	9.1	22.1
- The insured (contributions and special taxes)	9.9	3.4	4.1	0.0	6.9	0.6
<i>Changes 2002-2003 in terms of 2003 prices</i>						
- Million	1 613	22	75	3 318	1 398	3 235
- Per cent	3.0	5.7	1.8	14.7	2.9	4.5

**Table 4.15 Expenditure on cash benefits and services to families and children, PPP 2003**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Cash benefits, total per capita	425	476	379	373	593	402
Per child 0-17 years of age	1 922	1 702	1 779	1 379	2 508	1 854
Services, total per capita	612	387	299	413	387	364
Per child 0-17 years of age	2 767	1 385	1 403	1 528	1 638	1 678
Families and children, total per capita	1 038	863	679	786	980	765
Total per child 0-17 years of age	4 688	3 088	3 182	2 907	4 146	3 531

constant prices, where the majority of the increase was due to increasing expenditure on day-care institutions as more children have been enrolled full-time in the institutions.

In Norway, the total expenditure on families and children increased by 4.5 per cent at constant prices. The increase was partly due to an increase in the expenditure on births and adoption, while there on the other hand was a decrease in the expenditure on allowance in connection with provision for children. The largest increases concerned the social services in connection with day-care and residential institutions for children. The average increase in the maternity benefits was about 5 per cent from 2002 to 2003.

In Sweden, the total expenditure increased by 4.5 per cent measured at constant prices. The majority of the expenditure increase was a result of an increase in the expenditure on the parental insurance in connection with childbirth, as more children were born. Besides, the expenditure on placement outside of the family homes increased due to more placements taking place.

### *User charges payable for child-minding*

In all the Nordic countries, parents pay part of the costs for having their children minded in day-care institutions. When charges are calculated, a family's income is normally taken into account, just as discounts may be given for siblings. Children of parents who have a very low income may in all the countries be granted a place free of charge.

In Denmark, rules governing the maximum amount of user charges, places free of charge and sibling discounts are laid down centrally. In the Faroe Islands, there are centrally laid down rules on the maximum amount payable

and places free of charge. In Finland, user charges are fixed centrally, whereas the local authorities decide whether or not they will grant places free of charge. In Iceland and Sweden, the local authorities fix user charges.

In Sweden, parents normally pay a charge based both on their incomes and on the period of time that their child spends in the institution, but there may also be a fixed charge independent of income and period. The charge payable for child minding in one of the private care schemes ought in principle to be the same as the charge payable in the municipal schemes. The maximum user charges are laid down by governmental rules. Within that framework, local authorities may freely make their own rules. In none of the countries may the charges exceed the actual costs of a place in an institution.

In Denmark, user charges amounted to approximately 20 per cent of the running costs in 2003 for day care and day-care institutions. In the Faroe Islands, user charges amounted to about 28 per cent of the running costs for day care and day-care institutions.

In Finland, user charges made up about 15 per cent of the running costs for municipal day care. In Iceland, user charges for places in municipal day-care institutions amounted to 20 per cent of the total running costs, and user charges for after-school-club schemes amounted to 53 per cent of the total running costs.

In Norway, user charges payable for private kindergartens amounted to 37 per cent and for municipal kindergartens 28 per cent of the total running costs. Private and municipal kindergartens do, however, calculate their total running costs in different ways. Although private kindergartens on average are more expensive than the municipal ones, the price differences are in reality not as large for the parents as the percentages suggest. Also the after-school-club schemes are mostly based on user charges adjusted by the local authorities. It is, however, impossible to calculate how large a part parents pay themselves.

In Sweden, parents must pay user charges to have their children minded. In 2003, parents' user charges amounted to 8 per cent of the total running costs.



## Chapter 5

# Unemployment

In the countries where the unemployment rate is high, the expenses for curbing unemployment make up a considerable part of the total social expenditure.

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

**Table 5.1 Expenditure on unemployment as percentages of the total social expenditure in the EU, the Faroe Islands, Iceland and Norway, 2002**

Denmark	9.2	Austria	5.4	Italy	1.7
Faroe Islands	2.8	Belgium	12.4	Luxembourg	3.6
Finland	9.8	France	7.6	The Netherlands	5.3
Iceland	2.0	Germany	8.5	Portugal	3.9
Norway	2.6	Greece	6.3	Spain	13.6
Sweden	5.5	Ireland	8.6	United Kingdom	3.5

Note: Cf. Table 4.1.

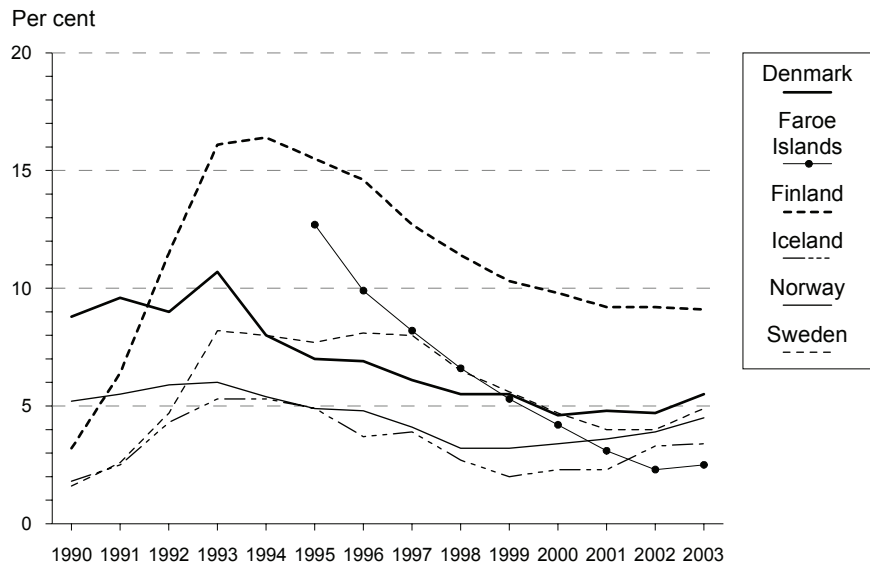
Generally, there are high participation rates in the Nordic countries, but there are significant dissimilarities among the countries, cf. Table 5.2.

The unemployment rate was very high in some of the Nordic countries during the 1990s, but there has been a marked decline in all the countries, of which Finland still has the highest unemployment rate. In all the countries, the unemployment rate for the 16-24 year-olds is considerable higher, however, than it is for the remaining part of the population, cf. Table 5.3.

In all the Nordic countries, the labour market is undergoing a radical transformation, for which reason enhanced demands are made on the qualifications, flexibility and mobility of the labour force.

## UNEMPLOYMENT

Figure 5.1 Development in the unemployment rate, 1990-2003



**Table 5.2 The population aged 16-64 years, broken down by sex and activity, 2003**

	Denmark	Finland <sup>1)</sup>	Iceland <sup>2)</sup>	Norway	Sweden
<i>Men</i>					
Men aged 16-64 years (1 000)	1 775	1 761	91	1 488	2 896
Of whom (per cent):					
Employed, total	80	69	87	79	76
- Full-time	72	63	79	70	68
- Part-time	8	6	8	9	8
Unemployed	4	7	3	4	4
Outside of the labour force	15	24	10	17	20
Total	100	100	100	100	100
<i>Women</i>					
Women aged 16-64 years (1 000)	1 735	1 723	89	1 444	2 805
Of whom (per cent):					
Employed, total	71	66	81	73	73
- Full-time	48	54	51	47	48
- Part-time	22	12	30	26	25
Unemployed	5	6	3	3	3
Outside of the labour force	24	28	16	24	24
Total	100	100	100	100	100
<i>Men and women</i>					
Men and women aged 16-64 years (1 000)	3 511	3 484	179	2 933	5 701
Of whom (per cent):					
Employed, total	76	67	84	76	74
- Full-time	60	59	65	56	58
- Part-time	15	9	19	20	16
Unemployed	4	7	3	4	4
Outside of the labour force	20	26	13	21	22
Total	100	100	100	100	100

1 Population aged 15-64 years.

2 Data based on the labour-force surveys. Until 2003, surveys were conducted twice a year (spring and autumn), but since then continuous surveys have been conducted throughout the year.

## UNEMPLOYMENT

**Table 5.3 Development in the unemployment rate by sex, 1995-2003**

	Average number of unemployed people	Unemployed people as percentages of the labour force					
		Total	Men	Women	16-24 year-olds		
					Total	Men	Women
<b>Denmark<sup>1)</sup></b>							
1995	197 000	7.0	6.1	8.2	9.7	8.8	10.6
2000	131 000	4.6	4.0	5.2	6.5	6.5	6.5
2002	134 000	4.7	4.4	5.1	7.8	7.7	7.9
2003	158 000	5.5	5.0	6.2	9.3	9.2	9.5
<b>Faroe Islands</b>							
1995	2 600	12.7	10.1	16.1	..	..	..
2000	1 000	4.2	2.5	6.6	..	..	..
2002	600	2.3	1.4	3.6	..	..	..
2003	650	2.5	1.7	3.6	..	..	..
<b>Finland<sup>2)</sup></b>							
1995	382 000	15.5	15.8	15.1	29.7	30.7	28.6
2000	253 000	9.8	9.1	10.6	21.4	21.1	21.6
2002	237 000	9.2	9.2	9.1	21.0	21.2	20.9
2003	235 000	9.1	9.3	8.9	21.8	21.9	21.6
<b>Iceland<sup>3)</sup></b>							
1995	7 200	4.9	4.8	4.9	11.0	13.1	8.6
2000	3 700	2.3	1.8	2.9	4.7	5.7	3.6
2002	5 300	3.3	3.6	2.9	7.2	9.7	4.4
2003	5 400	3.4	3.6	3.1	8.3	9.5	7.0
<b>Norway<sup>4)</sup></b>							
1995	107 000	4.9	5.2	4.6	11.8	12.2	11.5
2000	81 000	3.4	3.6	3.2	10.2	9.9	10.6
2002	92 000	3.9	4.1	3.6	11.4	12.4	10.3
2003	107 000	4.5	4.9	4.0	11.7	12.5	10.9
<b>Sweden<sup>5)</sup></b>							
1995	333 000	7.7	8.5	6.9	15.3	16.7	14.0
2000	203 100	4.7	5.0	4.2	8.1	8.6	7.4
2002	176 400	4.0	4.4	3.6	8.6	9.8	7.5
2003	216 800	4.9	5.3	4.4	10.2	11.3	9.0

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

2 15-24 year-olds.

3 Data are based on the labour-force surveys.

4 The statistics were restructured in 1996, for which reason the figures from 1995 are not comparable.

5 Before 2003, the survey was only conducted twice a year, but now it is conducted continuously.

**Table 5.4 Number of people (1 000) who received cash benefits for at least one day in connection with unemployment, 1995-2003**

	Denmark	Faroe Islands	Finland	Iceland <sup>1)</sup>	Norway <sup>1)</sup>	Sweden <sup>2)</sup>
<i>1995</i>						
Insured	672	6	683	19	310	824
Non-insured	111	2	270	..	-	137
Total	783	8	827	19	310	961
Total in per cent of the labour force	28	37	33	..	14	22
<i>2000</i>						
Insured	490	2	340	7	165	622
Non-insured	70	1	287	..	-	55
Total	560	3	603	7	165	677
Total in per cent of the labour force	20	13	23	4	7	16
<i>2002</i>						
Insured	471	2	332	12	174	495
Non-insured	63	1	263	..	-	58
Total	534	2	569	12	174	553
Total in per cent of the labour force	19	8	22	8	7	13
<i>2003</i>						
Insured	492	2	338	15	185	505
Non-insured	76	1	255	..	-	84
Total	568	2	574	15	185	589
Total in per cent of the labour force	20	8	22	9	8	13

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

2 Double registration may appear, as a person during one year may have been registered as being both insured and non-insured. In 2003, 17 000 people were calculated as being both insured and non-insured.

In Table 5.3, the number of unemployed people is shown as an average at a number of given census times, while Table 5.4 shows the number of people affected by unemployment for at least one day during the respective years. A comparison of the figures in the two tables thus indicates that relatively many unemployed people find employment again within less than a year, but the lengths of the unemployment periods also vary from one country to another.

## Cash Benefits in the Event of Unemployment

With the exception of the Faroe Islands, it is a common trait to all the Nordic countries that the labour-market policy has played an important part in the general economic policy, where a high employment rate and a low unemployment rate have been an important goal 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 policy in the Nordic countries must especially contribute to the reduction of the structural unemployment via active measures rather than passive provision for the unemployed. However, the ways in which the individual countries have designed their labour market measures concerning active measures (employment measures, etc.) and passive measures (unemployment benefit and the like) vary considerably.

The activating measures amount to approximately one third of the total expenditure on labour market measures in the Nordic countries.

Unemployment benefit is in all the Nordic countries a statutory benefit payable to people who become unemployed. The benefit is to compensate 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 will ensure that unemployed people are encouraged to seek and take on a new job. Consequently, the benefit schemes also have a labour-market policy function. In all the countries, obligations are connected with the reception 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.

### *Benefits in Case of Unemployment*

In the Nordic countries, 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. Both in Iceland and Norway, there are, however, certain requirements that must be met in order to receive the benefit. 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 a cash benefit that is usually lower than the unemployment benefit.

In Denmark, unemployment insurance is voluntary and is administered by the unemployment funds. The unemployment benefits are financed by member contributions and by the labour-market contribution payable by all employed people. Non-insured people will be awarded cash assistance (social assistance) if they meet certain requirements. It is also possible to retire early from the labour market by way of voluntary early retirement, cf. Chapter 7, but this does not depend on whether the person in question has been or is expected to become unemployed.

In the Faroe Islands, unemployment insurance is compulsory for employees, while the self-employed and others may take out voluntary insurances. The unemployment benefits are administered by a fund, which is financed by the employees, the self-employed and the employers, who pay 0.75 per cent of the income from work and the payroll costs to the insurance fund, respectively. Everyone complying with the requirement as to previous income is entitled to daily cash benefits.

In Finland, unemployment benefits consist of a basic amount (basic daily cash benefits) and a benefit that is based on previous income (income-related daily cash benefits). The income-based benefits are 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 of two years, and who are still unemployed, are entitled to a so-called labour-market assistance, which is based on need, but basically the amount is the same as the basic amount of the daily cash benefit scheme. A pension is payable to people in their sixties who have been unemployed. This benefit is calculated in the same way as is disability pension. In 2003, 55 707 people received an average unemployment pension of EUR 1 100 per month.

In Iceland, the unemployment insurance is compulsory and is administered by the labour market department. The unemployment insurance scheme is completely financed by the employers.

In Norway, the unemployment insurance is also compulsory and everyone meeting the requirements as to previous income is entitled to daily cash benefits. The unemployment insurance scheme is financed via the national budget and administered by the labour-market department.

In Sweden, the 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 (the basic insurance) and the income-dependent amount (the unemployment insurance) are administered by the unemployment insurance funds.

### *Entitlement to Daily Cash Benefits*

Entitlement to receiving benefits from an unemployment insurance fund varies from one country to another:

In Denmark, one must have been a member of an unemployment insurance fund for one year, and full-time insured members must have worked for a minimum of 52 weeks as employees or in self-employment within the past three years. The maximum period during which one is entitled to unemployment benefit is four years within a period of six years. Members of unemployment benefit funds, who at the end of their benefit period have reached the age of 55 and who, by continuing as members, will meet the requirements for entitlement to voluntary early retirement benefit at the age of 60, shall preserve their right to daily cash benefits until they reach the age of 60. Members of unemployment benefit funds who have turned 60 years are entitled to daily cash benefits for a maximum of two and a half years. Entitlement to unemployment benefit cannot be (re)gained through publicly subsidised employment but only through regular employment. Regaining of entitlement to unemployment benefits is subject to at least 26 weeks of work as an employee or as a self-employed person within the past three years.

In the Faroe Islands, the unemployment benefit is based on the average salary or wages from the previous 12 months, and thus no membership or period of employment is required. The total benefit period is 798 days within the past five years, after which one is not entitled to unemployment benefits for the following 24 months. Employees in the fishing industry on land are subject to special conditions to the effect that they will be paid unemployment benefit in case of temporary unemployment in special cases.

In Finland, it is required that one must have worked for at least 43 weeks during the two previous years and at the same time have been a member of an unemployment insurance fund prior to becoming unemployed in order to be entitled to unemployment benefits. The total benefit period is as a rule 500 days. Individuals, who reach the age of 57 before having been paid unemployment benefit for 500 days, are entitled to unemployment benefit until they reach the age of 60. After that, they are entitled to an unemployment pension.



**Table 5.5 Rules applying to payment of cash benefits in the event of unemployment as per December 2003**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Insured individuals</i>						
Age limit for entitlement to unemployment benefit	19-66 years <sup>1)</sup>	16-66 years	17-64 years	16-69 years	16-66 years	16-64 years <sup>5)</sup>
Waiting period	-	1-10	7	-	5	5
Maximum number of days of unemployment benefit	1 040 within 6 years (5 benefit days per week for 4 years) <sup>2)</sup>	798 within the past five years (5 benefit days per week)	500 within 4 years <sup>4)</sup> (5 benefit days per week)	260 days per year for 5 years	520 (104 weeks of 5 working days)	300/600
Benefit reobtainable?	Yes	Yes	Yes	Yes	Yes	Yes
On which conditions?	By complying with the requirement of 26 weeks' work within the past 3 years	Will only be awarded benefits after two years and after having worked for the last one of those two years.	By complying with the requirement of 43 weeks' work within 2 years	By complying with the requirement of 10 weeks' full-time work within the past 12 months.	By complying with the requirement of a minimum income	By complying again with the requirement of 6 months' work prior to becoming unemployed
Benefit taxable?	Yes	Yes	Yes	Yes	Yes	Yes
Supplement for children?	No	No	Yes	Yes	Yes	No
<i>Non-insured individuals</i>						
Age limit for entitlement to unemployment benefit	18-66 years <sup>3)</sup>		17-64 years	.	.	16-64 years
Maximum benefit period	.	.	.	.	.	300/600

1 Individuals between the ages of 18 and 65 are entitled to join an unemployment insurance fund, but entitlement to unemployment benefit applies to people between 19 and 66 years.

2 Members of an unemployment insurance fund, who have reached the age of 55 at the end of the total unemployment benefit period, and who would be entitled to voluntary early retirement benefit from their 60th year, maintain their entitlement to unemployment benefits till they reach the age of 60. Members who have turned 60 years are entitled to unemployment benefits for a maximum of 30 months.

3 Young people under 18 years and people of 67 years or more may in certain cases be entitled to cash assistance.

4 For the 57 year-olds, until the age of 60, however.

5 Entitlement to unemployment benefits is based on compliance with the employment requirement and a 12 months' membership of an unemployment insurance fund.

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**Table 5.6 Amount of cash benefits in the event of unemployment as per December 2003**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Insured individuals</i>						
Amount of unemployment benefit (per week)	90 per cent of the income from work for 5 days a week <sup>2)</sup>	70 per cent of personal income from work	Income-related benefit: on average 58 per cent of previous income from work. Basic amount: EUR 115.10 + child supplement: EUR 21.80 – 41.30 per week	Fixed amount + child supplement <sup>5)</sup>	62.4 per cent of the calculation basis	80 per cent of the income from work, maximum SEK 730/day the first 100 days and then SEK 680/day 5 days a week
Maximum income per week for full compensation <sup>1)</sup>	DKK 3 821	DKK 3 894	.	.	NOK 6 651	SEK 4 653
Maximum income per week for full compensation in PPP-Euro <sup>1)</sup>	384	391	.	.	603	427
Min. amount per week	DKK 2 555	.	EUR 115.10	ISK 4 470	NOK 682	SEK 1 600
Min. amount per week in PPP-Euro	257	.	95.12	39	62	147
Max. amount per week	DKK 3 115	DKK 2 726	.	ISK 17 870	NOK 4 094	SEK 3 650 for 100 days, then 3 400
Max. amount per week in PPP-Euro	313	274	.	157	371	335/342
<i>Non-insured individuals</i>						
Amount of benefit per week	Young people under 25 years: DKK 568/1 178 <sup>3)</sup> ; others: DKK 1 886/2 506+ special assistance <sup>4)</sup>	Social assistance based on need	EUR 115.10 + child supplement: EUR 21.80 – 41.30	Social assistance according to need.	.	SEK 1 600 <sup>6)</sup>

1 See Note 1, Table 4.5.

2 Employers pay daily cash benefits of DKK 623 per day for the first and the second day of unemployment.

3 Special benefits for young people under the age of 25 with no children living at home.

4 The total assistance may not exceed 90 per cent of any previous income and may after 3 months of cash assistance not exceed 100 per cent of the maximum amount of daily cash benefit.

5 The cash assistance will be increased by 4 per cent for each child under the age of 18.

6 Minimum age 20 years. 6 months' work is required prior to becoming unemployed.

In Iceland, one must have been full-time employed for at least 10 weeks during the past 36 months to be entitled to unemployment benefit. The benefit is payable for working days. Unemployment benefit is payable for a maximum of five years.

The first period, in which unemployment benefit is 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 own.

In Norway, a prerequisite for being entitled to the unemployment benefit is that one has earned an income of at least 1.5 times the basic amount, corresponding to NOK 85 292 during the previous calendar year, or at least 3 times the basic amount during the past three years, corresponding to NOK 170 583, prior to becoming unemployed. The basic amount is adjusted once a year and was as at 1 May 2003 NOK 56 861. The maximum benefit period varies according to the amount of any previous income. A previous income of at least twice the basic amount, corresponding to NOK 113 722 results in a benefit period of 104 weeks, whereas an earned income of less than twice the basic amount results in a benefit period of 78 weeks. Individuals over 64 years are ensured daily cash benefits until they reach the pensionable age of the national social security fund, which is 67 years. To be entitled to unemployment benefits, one must have worked hours that were reduced by at least 50 per cent of the normal working hours prior to becoming unemployed.

In Sweden, one must have been employed for at least six months and been working for at least 70 hours per calendar month, or have been employed for at least 450 hours for a consecutive period of six calendar months and been working for at least 45 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 February 2001, daily cash benefits will be payable for a maximum of 300 days during the unemployment period, irrespective of the recipient's age. When the benefit period expires, daily cash benefits may under certain circumstances be payable for another 300 days. Consequently, the maximum period in which daily cash benefits may be received is 600 days.

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 unem-

ployment benefits are not 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 five days, and seven in Finland and five in Sweden.

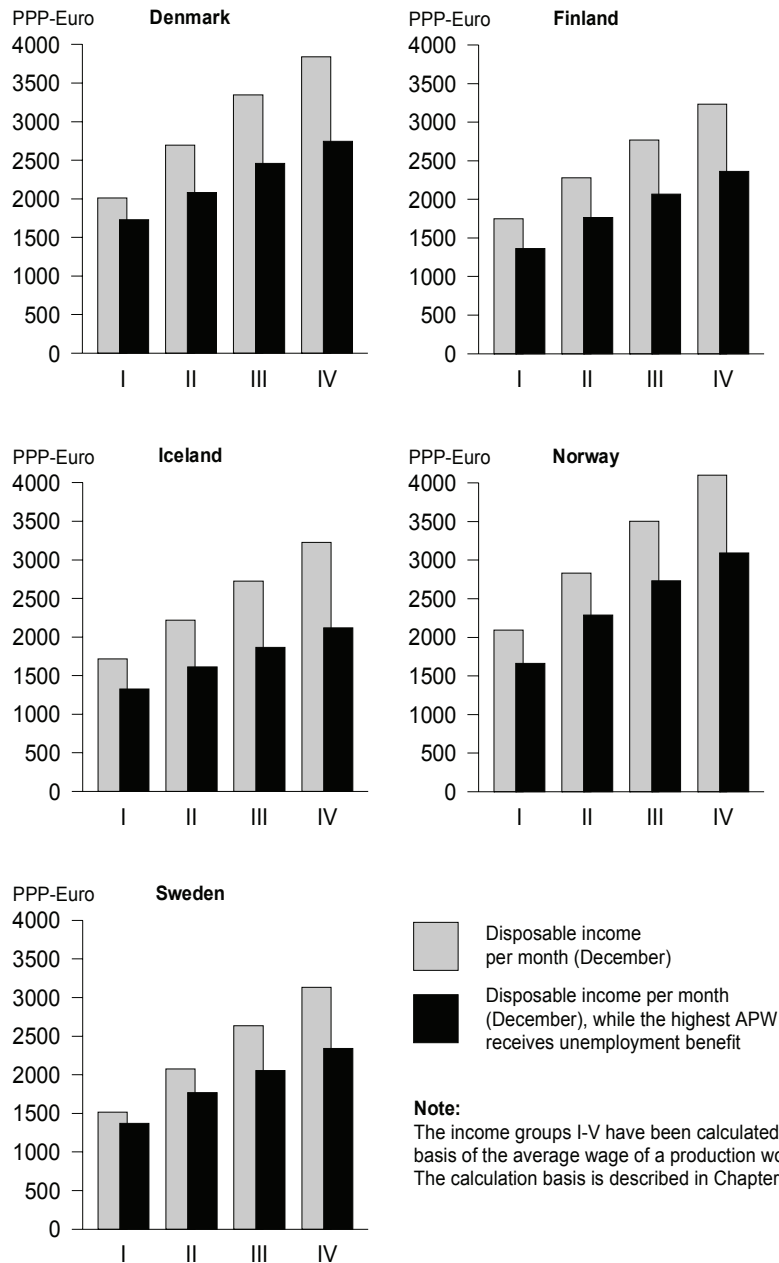
### *Compensation Levels in Case of Unemployment*

Figure 5.2 shows the disposable incomes at four different income levels for a childless couple, where both are employed, and where the one earning the most starts receiving unemployment benefit, respectively. Figures 5.3 and 5.4 show the disposable incomes in the event of unemployment in per cent of the incomes earned from work for single people with and without children, respectively, calculated at five different income levels. The calculation has been made for insured and non-insured people, respectively (the latter only in respect of Denmark, Finland, Iceland and Sweden).

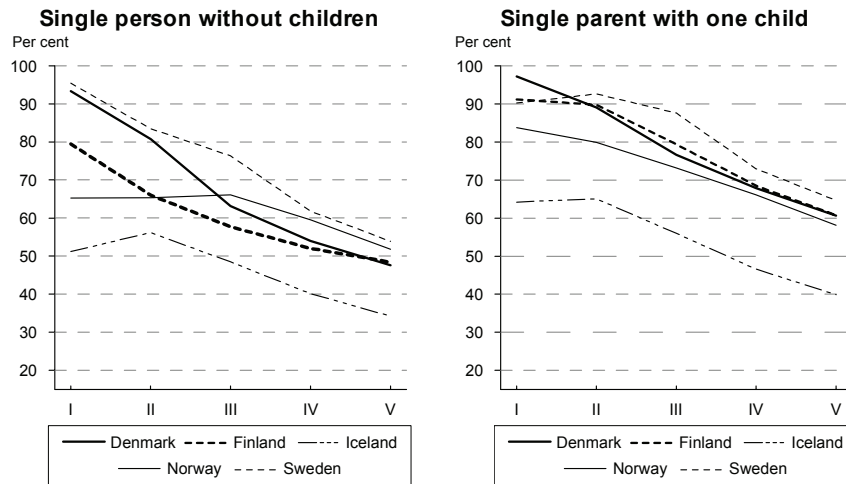
As can be seen from the figures, there are marked differences in the compensation levels for insured and non-insured people, respectively. This applies in particular to single people who have previously earned a high income and for single childless people. The compensation level for insured people depends first and foremost on the amount of the daily cash benefit in relation to previous income. It is highest in Denmark and lowest in Norway. In Iceland, a fixed amount is payable, irrespective of previous income. Secondly, the compensation level depends on the maximum amounts, which is 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, the compensation will only be 20 per cent, however.

As to families with children, it makes a difference whether or not a supplement for children is payable, 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 level for both insured and non-insured people and contributes in particular to providing single parents with a high compensation level.

**Figure 5.2** Disposable incomes for an insured childless couple, 2003

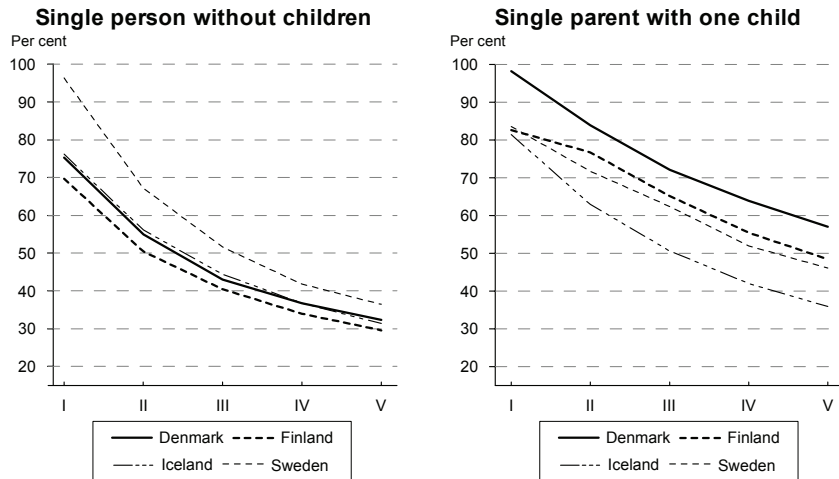


**Figure 5.3 Disposable incomes while receiving unemployment benefits as percentages of disposable incomes while being employed, 2003**



**Note:** The income groups I-V have been calculated on the basis of the average wage of a production worker. The calculation basis is described in Chapter 2.

**Figure 5.4 Disposable incomes for non-insured individuals as percentages of disposable incomes from work, 2003**



**Note:** The income groups I-V have been calculated on the basis of the average wage of a production worker. The calculation basis is described in Chapter 2.

## Job Training and Activation

In all the Nordic countries focus is on activation. 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 and Sweden, the age limit depends on the measure in question.

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 had no vocational training qualifying them for the labour market, are, after 6 months of unemployment, entitled and obliged to receive 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 benefit. 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 and an obligation to accept activation after six months of unemployment by way of education, guidance and 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 one year 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 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 offer of activation.

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

The objective of the activation is primarily to improve the qualifications of the unemployed, so that they can take on ordinary work but also to motivate them to look for employment or education/training themselves.

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; however only for six months for people with an education/training qualifying them to work. Recipients of cash assistance of 30 years or more must be offered activation no later than 12 months after having been granted cash assistance.

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All recipients of cash assistance, apart from people over 30, who receive benefits, not only due to unemployment, are furthermore entitled and obliged to accept a new offer of activation when they have received 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 was over 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 the young getting into the labour market are improved. Besides, these measures are aimed at preventing long-term unemployment and to reduce the regional differences in the unemployment rates. Unemployed people who want to start their own businesses are also entitled to assistance.

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

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

In Norway, increasing support has been given the active labour-market policy during the 1990s. However, there has been a change in recent years in the use of means in connection with job provision in that focus to a higher degree than before has been put on the groups that are most at risk in the labour market, and which have the largest need for assistance. During the first part of the unemployment period, focus is on one's own activation and motivation for work. If this proves insufficient, jobseekers that are in need of more comprehensive assistance will be offered individual follow-up and guidance in his or her search for a job. Only after an unemployment period of six months offers of labour-market measures will be given as a rule. The individual's possibilities in the labour market will be enhanced through job training and qualification. The level and composition of the labour-market measures will be adapted to the labour-market situation. In 2003, some 13 700 special jobs of this kind were established for regular job seekers. Groups with special difficul-



ties in the labour market, such as the long-term unemployed, immigrants and adolescents are given priority to these special jobs.

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 a proper job.

There is an activation guarantee for those who are or who are at risk of becoming long-time unemployed. The aim is considerably to improve unemployed people's possibilities of getting 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 may get help from the employment service and a labour-market institute. These institutes have special resources and qualifications within labour assessment, practical work orientation, adaptation of work places, etc.

The cyclically dependent programmes and measures that are offered include inter alia vocational training, aimed at increasing an unemployed person's possibilities of finding work and at making it easier for the employers to employ people with the relevant skills. There are also work-experience schemes that are to provide unemployed people looking for work via the employment service with vocational guidance, in-service training and vocational experience. As a supplement to the general labour-market measures, an IT/activity centre has been set up for unemployed people, with a view to teaching them how to work with information technology. Young unemployed people under 20 years may receive in-service training in a municipal enterprise. Young unemployed people between 20 and 24 years may be offered an activation programme, the so-called youth guarantee. The programme must be individually adapted and include training or in-service training, or both.

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 a risk of becoming so may in some cases be granted subsidies to start their own businesses.

There are measures for people with reduced working capacities, enabling them to work in subsidized jobs either with a public or a private employer.

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**Table 5.7 Number of activated people, 1995-2003**

	Number of activated people during the year		Number of activated people at the time of survey/average number of activated people		Activated people as percentage of the labour force at the time of survey	
	Total	16-24 year-olds	Total	16-24 year-olds	Total	16-24 year-olds
<i>Denmark</i>						
1995, total	258 392	52 214	110 935	16 030	4.0	3.4
2000, total	221 534	34 828	87 239	10 507	3.2	2.6
2002, total	218 252	34 126	86 953	9 753	3.1	2.6
2003, total	222 033	34 347	74 624	9 159	2.7	2.5
Of whom:						
- Subsidized employment	85 878	16 879	32 096	4 627	1.2	1.3
- Education and training	91 685	6 986	28 553	1 630	1.0	0.4
- Other	90 377	17 935	13 975	2 902	0.5	0.8
<i>Finland</i>						
1995, total	285 575	82 217	103 667	25 973	4.2	9.9
2000, total	226 077	62 748	83 660	18 873	3.2	5.6
2002, total	195 524	50 704	74 086	15 266	2.8	4.7
2003, total	208 969	52 695	80 377	16 013	3.1	5.0
Of whom:						
- Subsidized employment	92 696	12 617	36 532	4 505	1.4	1.4
- Education and training	62 289	9 298	29 898	4 394	1.2	1.4
- Other	53 984	30 780	13 947	7 114	0.5	2.2
<i>Iceland</i>						
1995, total	..	..	..	..	..	..
2000, total	3 811	764	..	..	2.4	2.6
2002, total	4 992	919	..	..	3.1	3.5
2003, total	7 913	1 443	..	..	4.9	5.3
Of whom:						
- Subsidized employment	447	183	..	..	0.3	0.7
- Education and training	4 958	937	..	..	3.1	3.4
- Other	2 508	422	..	..	1.5	1.6
<i>Norway</i>						
1995, total	..	..	42 145	16 482	1.9	5.6
2000, total	..	..	11 439	3 520	0.5	1.1
2002, total	37 706	..	9 285	3 193	0.4	1.0
2003, total	56 206	..	14 309	4 706	0.6	1.5
Of whom:						
- Subsidized employment	8 754	..	2 665	..	0.1	..
- Education and training	33 788	..	6 042	..	0.3	..
- Other	18 402	..	5 602	..	0.2	..
<i>Sweden</i>						
1995, total	781 000	..	275 100	..	6.1	..
2000, total	470 970	..	166 159	..	3.8	..
2002, total	526 339	..	194 733	..	4.4	..
2003, total	395 088	..	151 554	..	3.4	..
Of whom:						
- Subsidized employment	132 930	..	81 802	..	1.8	..
- Education and training	201 976	..	48 548	..	1.1	..
- Other	60 182	..	21 204	..	0.5	..

## Services in Connection with Unemployment

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

### Employment Service

*- Job provision is free of charge*

In all the Nordic countries, there are employment services. They provide services to both job seekers and employers. The employment service is run by the State in all the countries.

The main tasks of the employment services are guidance concerning employment and training/education, provision of work to the unemployed and other job seekers as well as service provision to enterprises in connection with recruitment of labour.

As a rule, the unemployed must be members of the employment service, 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 in order to maintain entitlement to unemployment benefits or other similar benefits. To the extent that the unemployed are unable to find work, the employment service will assist them in the job seeking by for example providing job-seeking courses. The employment service 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 services to help enterprises to find individuals with the proper qualifications for the vacant positions.

Today most of the job provision between employer and employee takes place partly by means of the employment centres' 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 the involvement of the employment 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.

Measured in PPP per person of working age, Denmark spends the most, followed by Finland, while the Faroe Islands and Iceland spend the least.

It should be mentioned, however, that several subsidies are payable to the employers for activation. Those costs have not been included as social expenditure in this report. Sweden, being the country that has an unemployment rate a little lower than that in Denmark, spends considerably less measured in PPP per capita. The high expenditure in Denmark is due partly to the amount of the daily cash benefit, partly to the extent of the activation/job training. The Faroe Islands and Iceland has the lowest unemployment rate, followed by Norway, which also reflects low costs, cf. Table 5.9.

### *Changes in the Expenditure on Unemployment from 2002 to 2003*

In Denmark, there was a considerably increase in the expenditure on unemployment benefits as a result of an increase in the number of full-time recipients of daily cash benefits from 110 000 in 2002 to 133 000 in 2003. The expenditure on activation of daily cash benefit recipients declined, however, from 2002 to 2003 as a result of a decrease in the number of activated recipients, especially in connection with education and training measures.

In the Faroe Islands, the expenditure on unemployment increased by 26.4 per cent. The distinctive percentage increase should be seen in the light of the expenditure on unemployment making up a relatively small part of the total social expenditure, and a slight increase in the unemployment resulting in a steep percentage increase in the expenditure. The unemployment rate increased by 0.2 per cent in 2003.

In Finland, the expenditure on unemployment increased by 4.7 per cent at constant prices. The unemployment situation has improved slightly with

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**Table 5.8 Expenditure on and financing of cash benefits in connection with unemployment, 2003**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
	DKK	DKK	EUR	ISK	NOK	SEK
<i>Cash benefits, millions</i>						
A. Unemployment benefit	22 225	69	2 343	3 923	11 532	29 698
B. Partial unemployment benefit	-	-	74	-	-	-
C. Pension for labour market reasons	-	-	738	-	-	-
D. Cash benefits payable during vocational training	17 634	-	206	154	-	8 586
E. Compensating benefits	-	-	12	-	-	1 566
F. Other	-	-	-	-	-	-
Cash benefits, total	39 858	69	3 373	4 077	11 532	39 850
<i>Services, millions</i>						
A. Mobility and resettlement	-	11	2	-	-	126
B. Vocational training	-	1	200	-	309	3 655
C. Other	1 479	-	132	655	1 297	2 823
a. Of which employment services	937	-	132	655	1 297	-
Services, total	1 479	12	334	655	1 607	6 604
Total expenditure, millions	41 337	80	3 707	4 732	13 138	46 454
Expenditure as percentage of GDP	3.0	0.8	2.6	0.6	0.8	1.9
<i>Financed by (per cent)</i>						
- Public authorities	35.8	13.8	52.6	5.7	45.6	25.4
- Employers	0.0	43.1	38.3	94.3	31.1	67.6
- The insured (contributions and special taxes)	64.2	43.1	9.1	0.0	23.3	7.0
<i>Changes 2002-2003 in terms of 2003 prices</i>						
- Millions	4 007	17	167	1 178	3 145	2 305
- Per cent	10.7	26.4	4.7	33.1	31.5	5.2

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**Table 5.9 Expenditure on cash benefits in connection with unemployment in PPP 2003**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Cash benefits, total per capita	744	144	535	124	227	408
- Per capita of working age	1 141	233	815	194	355	641
Services, total per capita	28	25	53	20	32	68
- Per capita of working age	42	40	81	31	49	106
Unemployment, total per capita	771	168	588	144	259	476
- Per capita of working age	1 184	272	896	225	404	748

a decrease in the unemployment rate by 2 000 people. In 2003, more people received income-related unemployment benefits than was the case in 2002, and the expenditure on those benefits increased by 8.8 per cent at constant prices. The number of people receiving unemployment pension declined by 1 900 people, and consequently the expenditure decreased by 1.5 per cent at constant prices. 15 per cent more than in 2002 measured at constant prices were used for labour-market related adult education and training.

In Iceland, the expenditure on unemployment increased by 33.1 per cent from 2002 to 2003. This was mainly due to an increase in the unemployment rate and the length of the unemployment period. The number of days, in which unemployment benefits were paid, increased by 35 per cent.

In Norway, the expenditure on unemployment benefits increased by 31.5 per cent at constant prices due to an increased number of unemployed people with a resulting need for activation.

In Sweden, the expenditure on unemployment increased by 5.2 per cent at constant prices, which was mainly due to the increasing unemployment rate.

## Chapter 6

# Illness

How large a part the total social expenditure makes up of the expenditure on illness varies considerably. It is lowest in Denmark and highest in Ireland.

**Table 6.1 Expenditure in connection with illness as percentages of the total social expenditure in the EU, the Faroe Islands, Iceland and Norway, 2002**

Denmark	20.9	Austria	25.2	Italy	26.1
Faroe Islands	30.5	Belgium	24.2	Luxembourg	24.9
Finland	24.8	France	29.7	The Netherlands	31.1
Iceland	37.2	Germany	28.3	Portugal	30.9
Norway	34.1	Greece	26.2	Spain	30.0
Sweden	27.4	Ireland	41.6	United Kingdom	27.6

Note: See Table 4.1.

## Paid Absence in Connection with Illness

*- Everyone employed is in Principle Ensured Daily Cash Benefits or Wages in Case of Illness*

The structures of the wage and daily cash benefit schemes concerning illness vary considerably from one country to another. In principle, everyone in employment is entitled to compensation in case of loss of income. The rules governing 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.

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**Table 6.2 Rules governing payment of cash assistance\* to employees in connection with illness as per December 2003**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Maximum period of sickness benefit/sick pay	52 weeks <sup>1)</sup> within 18 months	40 weeks within a year	52 weeks within two years	52 weeks within two years	52 weeks within three years	No time limit
Waiting period?	No	No	No <sup>2)</sup>	Yes <sup>3)</sup>	No	Yes
Length of waiting period	-	-	-	..	-	1 day
Employer period?	Yes	Yes	Yes <sup>2)</sup>	Yes	Yes	Yes
Duration of employer period	2 weeks	2 days	10 working days	1 month <sup>4)</sup>	16 days	3 weeks <sup>5)</sup>
Wages/Salaries payable during illness?	Yes	Yes	Yes	Yes	Yes	Yes
Statutory payment of wages/salaries during illness?	Yes	No	Yes <sup>2)</sup>	Yes	Yes	No
Payment of wages/salaries during illness according to agreement?	Yes	Yes	Yes	Yes	Yes	Yes

\* By cash assistance, sickness benefits or wages are meant.

- 1 The benefit period may be prolonged under special circumstances. This applies, for instance, where it is deemed likely that rehabilitation may be implemented, or where an application for disability pension has been submitted for consideration. In addition, a benefit period may be prolonged by 2×26 weeks in case of serious illness or an industrial injury.
- 2 Sickness benefits will neither be paid for the day on which an employee falls ill nor for the following 9 working days. During that period, employers pay full wages/salaries according to law.
- 3 In the public sickness insurance scheme.
- 4 In accordance with legislation, wages/salaries are payable during illness depending on the length of the employment period. After 1 year of employment, wages/salaries shall be payable for one month, increasing to three months after five years of employment. Most collective agreements contain agreements on pay during illness exceeding those three months.
- 5 During the employer period, there is a waiting period of one day. This also applies to people who are not employed. The employer period is 3 weeks as from 1 July 2003.



**Table 6.3 Amount of sickness benefits payable to employees in connection with illness as per December 2003**

	Denmark	Faroe Islands	Finland	Norway	Sweden
Amount of sickness benefit as percentage of income from work	100	100	Normally <sup>2)</sup> 70	100	77.6 <sup>4)</sup>
Maximum income per week for full compensation <sup>1)</sup>	DKK 3 438	DKK 4 324	.	NOK 6 560	SEK 5 683
Maximum income per week for full compensation in PPP-Euro <sup>1)</sup>	346	435	.	595	521
Min. amount per week in national currency	.	.	EUR 68.7 <sup>3)</sup>	NOK 546	SEK 145
Min. amount per week in PPP-Euro	.	.	58.6	49	13
Max. amount per week	DKK 3 113	DKK 3 459	.	NOK 6 560	SEK 4 546
Max. amount per week in PPP-Euro	313	348	.	595	408
Sickness benefit taxable?	Yes	Yes	Yes	Yes	Yes
Supplement for children?	No	No	No	No	No

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

2 70 per cent of the income from work up to EUR 26 124 per year, then 40 per cent for the part of the income that is between EUR 26 125 and 40 191 per year, then 25 per cent.

3 People, who have a small or no income, may receive minimum daily cash benefits for periods of incapacity for work exceeding 55 days.

4 As from 1 July 2003.

### *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 either by way of statutory sick pay or of sickness benefits during the employer period.

In Denmark, sickness benefits are payable by the employer during the first two weeks, if an employee has been working for that 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 the State the two first days of sickness.

In accordance with the Act on Employment Contracts, employers in Finland pay wages 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 that depends on their seniority. After one year of employment, an employee is entitled to one month's sick pay in the event of illness.

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

In Sweden, a statutory sick pay is payable for the first 14 days of a period of illness up until 30<sup>th</sup> June 2003. As from 1 July 2003, the period of sick pay is 21 days. However, sick pay will not be payable on the first day of illness. The sick pay corresponds to the sickness benefit amount.

### *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 will normally be payable to the employer.

In Denmark, public-sector employees will be paid in full during the entire period of illness. Officials 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 four weeks of their absence due to illness. In some cases they will not be paid in full but only up to a maximum amount fixed in the collective agreements.

In the Faroe Islands, public employees and the majority of the white-collar workers in the private sector will be paid in full during their absence due to illness.

In Finland, employees in the public sector are paid in full during the first two months of illness, and then 66-75 per cent of their wages/salaries. 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 depending on their seniority, which is longer than the statutory minimum. Employees working for Central and Local Government are covered by the most favourable rules in that they may be paid in full for an entire year, if they have been employed for more than 15 years. Employers

in the private labour market are obliged to pay 1 per cent of the wage sum to a supplementary daily cash benefit scheme that is administered by the various unions. From those schemes, daily cash benefits are payable after the employer period, usually for 120-150 days. Due to these schemes, daily cash benefits from the public sickness insurance scheme are of little importance.

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

In Sweden, all employees in the public sector are paid according to collective agreements as a supplement to the sickness benefit. The sickness benefit corresponds to 77.6 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 almost 90 per cent of their wages/salaries during the first 15-90 days. Those earning more than the income ceiling will be compensated at an amount that corresponds to about 90 per cent of their earnings. In cases where the sickness period exceeds 90 days, public employees shall be compensated by their employers at 80 per cent of their wages/salaries, although the employee in question may earn more than the ceiling amount. Also officials in the private sector are ensured compensation from their employers through collective agreements. It applies to this category that an employer pays a compensation that equals 65 per cent of the part of the earnings that exceeds the income-ceiling amount of the sickness insurance scheme.

### *Sickness Benefits*

After the statutory employer period, sickness benefits shall be payable by either the public authorities or by the social insurance schemes. People who are not entitled to wages/salaries or sickness benefits during the employer period shall be compensated according to the general rules governing sickness benefits from the beginning of the period of illness.

In Denmark, employees are entitled to sickness benefits from the local authorities, provided they have been active in the labour market for the past 13 weeks prior to their absence and during that period have been employed for at least 120 hours. People who are entitled to unemployment benefits, or have concluded vocational training of a duration of at least 18 months, or have been in work-training schemes with pay, are also entitled to sickness benefits from the local authorities. As to self-employed people, it is a condition that they 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

## ILLNESS

immediately prior to the illness. The compensation is 100 per cent of the income, but a maximum of DKK 3 113 per week.

For self-employed people, the sickness benefit is calculated on the basis of their income from work, and just as for wage earners, it must not exceed DKK 3 113 per week.

In the Faroe Islands, sickness benefits are payable to wage/salary earners 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 before the absence, however, a maximum of DKK 3 459 per week. For the self-employed, the income basis is the income from work in their business the past year and must at most amount to DKK 3 459 per week, as is the case for employees.

In Finland, sickness benefits shall be paid both to those in work and those who work for themselves (e.g. work in the home or study). No income-related sickness benefits shall be payable if the annual income from work amounts to less than EUR 1 004. Up to an annual income of EUR 26 124, the compensation rate is 70 per cent, after which, the compensation is gradually reduced. People with low or no incomes are 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 wage earners to sickness benefits payable by the public authorities but may also take out insurance against sickness, normally for a period of six months. After such a period, payments may be made by the pension schemes.

In Norway, a condition for being awarded sickness benefits from the National Social Security Fund is that the ill person has been in work for at least four weeks immediately prior to falling ill. The income basis for sickness benefits must amount to at least 50 per cent of the basic amount, corresponding to an annual income of NOK 27 982. This income limit does not apply to sickness benefits payable during the employer period. The maximum amount of sickness benefits is NOK 335 784 per year.

Self-employed people have the same right as have wage-earners to sickness benefits if they lose any pensionable income due to lack of working capacity, sickness or injuries. A compensation will be payable from the 17th day of sickness at 65 per cent of the sickness benefit basis. When sickness benefits have been paid for 250 days within the past three years, the entitlement will 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 2003 was SEK 38 600. The compensation is 77.6 per cent but only for an earned income of maximum SEK 289 500.

### *Waiting Periods*

The rules governing waiting periods also vary from one country to another. In Denmark and Norway, 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 two weeks, which may, however, be reduced by a voluntary insurance. In Denmark, voluntary insurances may be taken out in order for a self-employed person to be entitled to sickness benefit 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, the daily cash benefits will amount to at least two thirds of the maximum amount of DKK 3 113 per week. Self-employed people may take out an insurance (at a higher premium) that entitles them to the full maximum amount.

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. This period equals the statutory period with sick pay for employees. In Finland, self-employed people are entitled to sickness benefits according to the same principles as apply to wage earners.

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

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

In the Faroe Islands, there is no waiting period.

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

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. Self-employed people may

choose a waiting period of one, three or 30 days, depending on the nature of the insurance they have taken out.

### *Miscellaneous*

In Denmark, Finland, Iceland and Norway, sickness benefits may normally be payable for a maximum of one year (52 weeks), and a period may consist of several separate sickness benefit periods. In the Faroe Islands, sickness benefits will be payable for a maximum of 40 weeks within a 12 months period, after which income-tested social assistance may be payable.

In Denmark, the period may, in certain cases, be prolonged beyond the 52 weeks. In Sweden, there is no time limit for receipt of sickness benefits.

In all the countries, sickness benefits are taxable income.

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 will be reimbursed at 50 per cent. After 52 weeks, local authorities themselves defray the expenditure on sickness benefits in full.

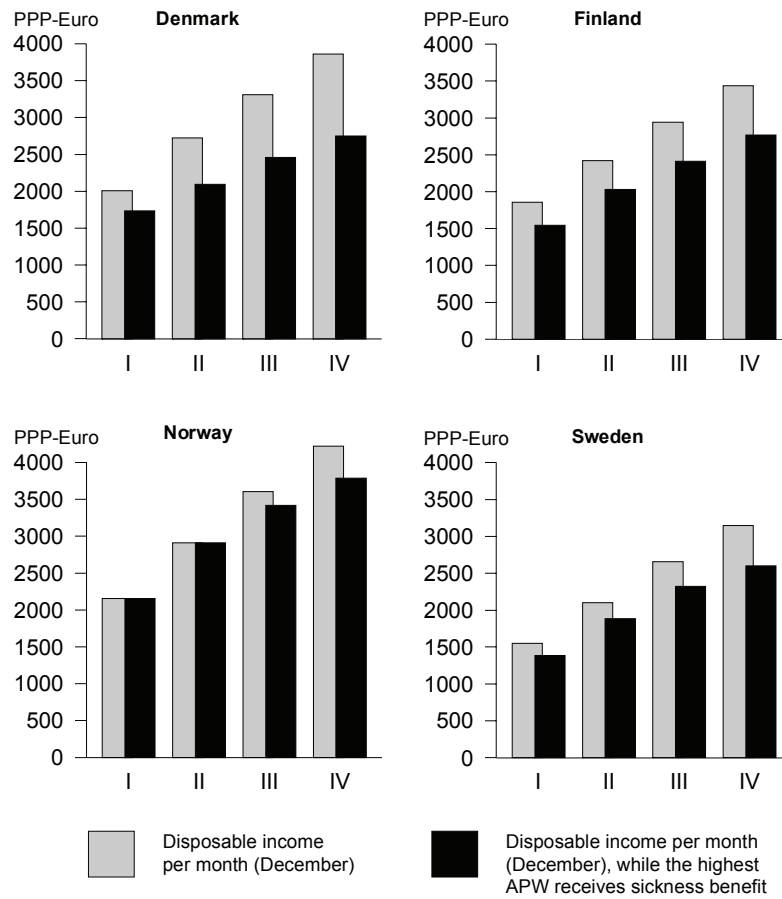
In the Faroe Islands, sickness benefits are paid by the Faroese Social Administration.

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

### *Degrees of Compensation*

Figure 6.1 shows the disposable income at four different income levels for a childless couple, where both are employed, and where the person earning the most starts receiving sickness benefit. Figure 6.2 shows the disposable income at five different income levels for a single childless person and for a single parent with one child receiving sickness benefits, in per cent of the disposable income from work.

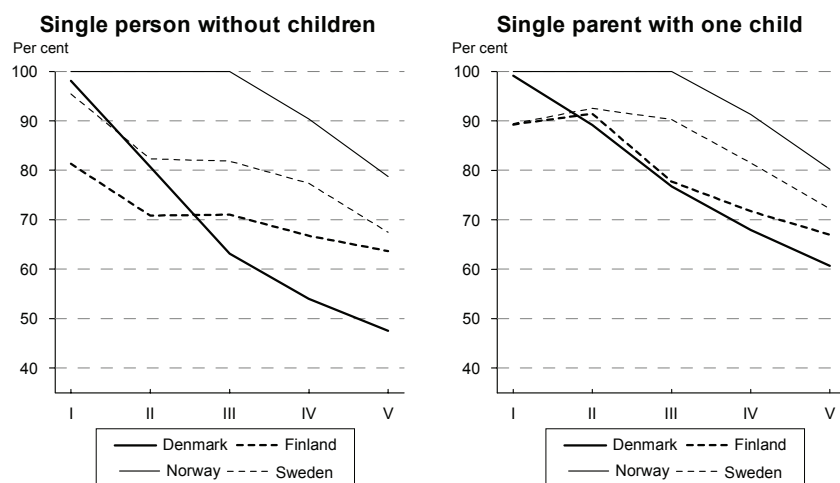
**Figure 6.1 Disposable incomes for a childless couple, 2003**



**Note:**

The income groups I-IV have been calculated on the basis of the average wage of a production worker. The calculation basis is described in Chapter 2.

**Figure 6.2 Disposable incomes while receiving sickness benefit as percentages of disposable income from work, 2003**



**Note:** The income groups I-V have been calculated on the basis of the average wage of a production worker. The calculation basis is described in Chapter 2.

As can be seen from the figures, the compensation levels in connection with illness differ considerably. For single childless people in the lowest income brackets, compensation is highest in Denmark and Norway and lowest in Finland, whereas it for single people in the highest income brackets is lowest in Denmark and highest in Norway. For childless couples, the compensation is generally highest in Norway and lowest in Denmark. The differences depend partly on the amount of the daily cash benefits in relation to the income from work (they are highest in Denmark and Norway and lowest in Finland), partly on the maximum amount which is relatively low in Denmark in relation to Sweden and - in particular - to Norway. In addition, it is significant that Finland has no upper limit to the amount of the daily cash benefits. There is, however, only a compensation level of 25 per cent in connection with an annual income exceeding EUR 40 191.

The higher compensation levels in Denmark and Finland for single parents with one child in relation to single childless people are mainly a result of the fact that the price of places in day care institutions decreases when a person starts receiving sickness benefit; apart from that, single parents with one child are also entitled to higher rent subsidies, as the rules governing this subsidy are generally more favourable for families with children than it is for childless families.



### *Length of Absence Periods*

In Denmark, Finland and partly in Sweden, the absence due to illness dropped slightly during the 1990s. There are several reasons for this, among others the increasing rate of unemployment up through the 1990s. Norway and Sweden have the highest degree of absence, which is due to increased employment and a decrease in the unemployment rate. The extent of the absence varies considerably from one country to another; it is least pronounced in Iceland, followed by Denmark, and most so in Norway and Sweden, where the absence in both countries has increased considerably since 1995. In Denmark and Finland, the absence patterns were by and large unaltered while the absence in Iceland declined.

In Table 6.5 the number of days for which sickness benefit has been paid converted into full-time equivalents and in per cent of the labour force has been included. The differences among the countries are substantial, with the fewest full-time equivalents of absence in relation to the workforce on Faroe Islands in Finland and Denmark and relatively most in Norway and Sweden. Converted into full-time equivalents, women receive sickness benefits to the largest extent.

There are differences among the countries in how the sickness benefit payments are calculated. In some countries, sickness benefits are payable for 5 days per week, in other countries for 6 or 7 days. This has been taken into consideration in the calculations. 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 received regardless of whether the individual was considered “full-time” or “part-time” ill.

As furthermore only days in which sickness benefits will be payable 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 contains sick days in connection with industrial injuries, while industrial injuries and accidents in the Faroe Islands and Finland are registered in a separate system.

In Denmark part-time sickness was 4.1 per cent of all current sickness-benefit cases in 2003, of which 4.6 per cent for women and 3.6 per cent for men. In Norway, 20.6 per cent of all concluded sickness-benefit payments from the National Insurance Scheme in 2003 were part-time absences. In Sweden, the absence is about 17 per cent less, calculated as net days. In the other countries, it is not possible to be absent due to illness on a part-time basis.

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**Table 6.4 Employees' calculated absence due to illness for at least one week as percentages of all employees, 1995-2003<sup>1)</sup>**

	Denmark <sup>2)</sup>	Finland	Iceland	Norway	Sweden
<i>1995</i>					
Men	1.4	2.0	1.3	2.2	2.2
Women	2.2	2.3	2.1	3.1	3.4
Total	1.7	2.1	1.7	2.6	2.7
<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	1.4	2.2	1.1	3.4	2.6
<i>2002</i>					
Men	1.4	2.1	1.0	3.3	2.9
Women	2.2	2.6	1.4	4.8	5.3
Total	1.7	2.4	1.2	4.0	4.1
<i>2003</i>					
Men	1.3	2.2	..	3.1	3.0
Women	2.1	2.7	..	4.7	5.3
Total	1.7	2.4	..	3.9	4.1

1 The figures were calculated on the basis of labour-force surveys as an average of the censuses.

2 15-66 year-olds.

**Table 6.5 Number of recipients of sickness benefits calculated as full-time equivalents, total and as percentages of the labour force broken down by sex, 2003**

	Denmark	Faroe Islands	Finland	Norway	Sweden
<i>Total</i>					
Men	32 200	179	24 487	56 846	110 047
Women	40 800	166	25 691	74 330	186 993
Men and women	73 000	345	50 178	131 176	297 039
<i>Per cent of the labour force</i>					
Men	2.2	1.2	1.8	4.7	4.7
Women	3.1	1.4	2.1	6.9	8.8
Men and women	2.6	1.3	1.9	5.8	6.7

**Table 6.6 Number of terminated sickness benefit periods of at least 15 days (per cent), 2003**

	Denmark	Faroe Islands	Finland	Norway <sup>1)</sup>	Sweden <sup>2)</sup>
<i>Men</i>					
Duration (days)					
15-29	33.0	41.9	40.7	32.5	24.8
30-89	35.3	42.0	37.1	33.3	34.7
90-179	14.0	9.9	9.8	13.8	13.6
180-359	9.6	6.2	9.7	12.3	9.5
360+	8.1	0.0	2.8	8.0	17.3
Total	100.0	100.0	100.0	100.0	100.0
<i>Women</i>					
Duration (days)					
15-29	29.5	41.7	43.8	31.9	23.4
30-89	35.7	40.4	39.1	34.5	35.8
90-179	14.4	9.8	7.9	14.6	14.3
180-359	10.4	8.1	7.5	12.1	9.0
360+	10.0	0.0	1.6	6.8	17.6
Total	100.0	100.0	100.0	100.0	100.0
<i>Men and women</i>					
Duration (days)					
15-29	31.1	41.7	42.5	32.1	23.9
30-89	35.5	41.2	38.3	34.1	35.4
90-179	14.2	9.9	8.7	14.3	14.1
180-359	10.0	7.1	8.5	12.2	9.2
360+	9.1	0.0	2.1	7.3	17.5
Total	100.0	100.0	100.0	100.0	100.0

1 The figures for Norway include the 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 15<sup>th</sup> day of illness.

2 The differences in the distribution in relation to 2002 are due to the introduction of a third waiting week on 1 July 2003. Consequently, there are less people with short sickness periods.

There are certain 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 parts of the social system. This applies for instance to the transition to rehabilitation benefit or disability pension. In Sweden, there is no limit to the period in which sickness benefit is payable, and consequently the benefit may be payable for more than one year of illness. In some cases, this may also occur in Denmark. The approximately 7 per cent in Norway of over 360 days also cover people who are ill

for more than one year (365 days). They are not entitled to sickness benefits for more than one year, but will qualify for a rehabilitation benefit.

Men and women's absence due to illness shows a rather unequal pattern in the various countries. In general, men have the highest absence rate as to the long periods of absence, with the exception of Denmark, where women range somewhat higher than do men as to periods of absence of more than 180 days.

## **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. The 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**

It is a common trait of the Nordic countries 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 authorities are responsible for the organization of the health sectors, while it in Iceland is Central Government and in the Faroe Islands the Government. In Norway, Central Government is responsible for the specialized health sector (first and foremost the hospitals) whereas local authorities are responsible for the primary health sector. In the present system within the primary health sector everyone is attached to a specific general practitioner, as is the case in Denmark and the Faroe Islands.

Occupational health services have been established in Denmark, Norway and Sweden. The purpose of these services is to initiate preventive measures and exercise health control within the framework of the individual work places. In Finland, there is also a statutory occupational health service, which is responsible for preventive measures. This service may be supplemented by voluntary schemes, which may be preventive measures or general treatment of illness, subsidized by the sickness insurance scheme. For

the statistical data on this area, please see the NOMESCO publication *Health Statistics in the Nordic Countries*, which can be downloaded from [www.nom-nos.dk](http://www.nom-nos.dk).

## Hospitals

### *- The Hospital Sector is Principally a Public Matter*

In all the Nordic countries, there are general hospitals with outpatient clinics/policlinics and emergency wards. There are also highly specialized hospitals, psychiatric hospitals and, in some of the countries, hospitals for long-term care. The hospitals are mainly run by Central Government, the 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 length of hospitalization becoming still shorter and towards more and more patients being treated at the 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.

### *- Preventive and General Medical Treatment Takes Place Outside of Hospitals*

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 and according to agreements with the public authorities.

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

In Norway, about 90 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 and Iceland, 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 inhabitant.

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

In all countries, pregnant women and infants are offered public health care. In addition, all the countries provide school health care services. Most children are 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, the health centres perform these tasks.

In all countries, subsidies are payable for transport expenses in connection with illness.

## Dental Treatment

### *- Children and Youth Entitled to Dental Treatment Free of Charge*

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. In all the countries, treatment is completely or partly free of charge.

Dental treatment of adults is mainly performed by self-employed dentists.

As from December 2002, the entire Finnish 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, the counties organise the public dental care services.

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

### *Differences and Similarities in the Expenditure on Illness*

There are certain differences in the expenditure on illness in the Nordic countries measured in PPP per capita, where the Faroe Islands and Finland spends the least and Norway 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. This is mainly due to the amount of the sickness benefits (cf. Table 6.3), but the low unemployment rate in Norway also affects the absence due to illness.

As regards the expenditure on services (medical treatment), measured as PPP per capita, it is lowest in Finland 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 the treatment of the elderly and the disabled, which is organized in somewhat differing ways in the various countries.

### *Changes in the Social Expenditure on Illness from 2002 to 2003*

In Denmark, the expenditure on sickness benefits defrayed by the local authorities increased from 2002 to 2003. The increase was largely due to a continuous increase in the average duration of the sickness-benefit periods, while the number of sickness benefit recipients only increased to a limited extent. The expenditure on services in the health sector increased by 2 per cent from 2002 to 2003. In particular the expenditure on medicine and the hospital sector increased.

In the Faroe Islands, the expenditure in connection with illness increased by 2.2 per cent. The increase was mainly due to increased expenditure on specialized treatment abroad, which increased by 6.1 per cent. The expenditure on medicine increased by 4.3 per cent.

In Finland, the expenditure on sickness increased by 4.9 per cent at constant prices. This was mainly due to the expenditure on the primary health sector increasing by 4.5 per cent at constant prices and that the expenditure on specialized treatment increased by 5 per cent. The expenditure on medicine increased by 5.8 per cent at constant prices.

In Iceland, the social expenditure on illness increased by 5.9 per cent at constant prices. The increase in the expenditure on cash benefits was 3.9 per cent, while it was 6.4 per cent on services. This increase was mainly due to pay increases, both in respect of cash benefits and services.

In Norway, the expenditure in connection with illness increased by 6.6 per cent at constant prices. The expenditure increase was about 8 per cent on cash benefits and about 6 per cent on services. The increase in the expenditure on cash benefits was a result of an increase in the absence due to illness and in the income basis, on which the sickness benefits are based. The number of sickness-benefit days paid by the National Insurance Scheme per employee was in 2003 14 as against 13.4 in 2002.

In Sweden, the expenditure increased by 1.4 per cent at constant prices. The relatively low expenditure increase was a result of more sick people than previously having been awarded disability pension and consequently having been moved to another expenditure account.



**Table 6.7 Expenditure on and financing of cash benefits and services in connection with illness, 2003**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
	DKK	DKK	EUR	ISK	NOK	SEK
<i>Cash benefits, millions</i>						
A. Paid sick leave	13 731	65	1 794	13 295	54 739	60 007
Of which:						
a. General sickness benefit	10 528	53	634	911	28 952	44 438
b. Daily cash benefits in employer period	3 203	2	1 018	12 089	25 787	14 200
c. Special insurance in the event of industrial injury or occupational disease	..	10	116	295	-	1 369
B. Other	400	10	-	-	-	70
Cash benefits, total	14 131	75	1 794	13 295	54 739	60 077
<i>Services, millions</i>						
Services, total	71 995	643	7 605	55 370	91 635	147 385
Total expenditure, millions	86 126	717	9 399	68 665	146 374	207 462
Expenditure as percentage of the GDP	6.2	7.2	6.6	8.6	8.7	8.5
<i>Financed by (per cent)</i>						
- Public authorities	91.6	99.0	69.5	80.2	60.5	65.1
- Employers	3.9	0.9	22.3	19.7	30.1	34.2
- The insured (contributions and special taxes)	4.5	0.1	8.2	0.0	9.3	0.7
<i>Changes 2002-2003 in terms of 2003 prices</i>						
- Millions	1 582	15	441	3 840	9 036	2 778
- Per cent	1.9	2.2	4.9	5.9	6.6	1.4

**Table 6.8 Expenditure on cash benefits and services in connection with illness, in PPP 2003**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Cash benefits, total per capita	264	157	284	405	1 078	615
Cash benefits per person aged 16-64 years	405	254	433	633	1 684	967
Services, total per capita	1 343	1 347	1 206	1 685	1 804	1 509
Illness, total per capita	1 607	1 503	1 490	2 090	2 882	2 124

### *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 free from paying. In Denmark, such rules apply only to medicine.

#### *Maximum User Charges*

In Denmark, a new subsidy system based on need was introduced on 1 March 2000, where the subsidy granted depends on an individual's consumption of subsidized medicine. In 2003, subsidies to a consumption of medicine of less than DKK 540 per year shall not be granted, after which the subsidy will gradually be increased to 85 per cent of expenses exceeding DKK 3 045 per year. User charges must not exceed DKK 3 925 per year.

In the Faroe Islands, subsidies may be granted towards medicine to people with disabilities or permanent illness or weaknesses due to old age. No subsidy is payable to an expenditure of less than DKK 400 per quarter. After that the subsidy will amount to 100 per cent of the expenditure. As to pensioners, user charges are income-adjusted.

In Finland, there is a so-called expenditure ceiling of EUR 590 in the municipal social and health sector. When the ceiling has been reached, treatment is free of charge. The ceiling applies to medical treatment in the primary health sector at the health clinics, physiotherapy, on-going treatment, visits to out-patient clinics, day surgery and short-term stays in institutions within the social and health sector. Transport expenses in connection with treatment will be reimbursed in full, if they exceed EUR 157 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 18 000 per year for people in the age group 18-66 years and ISK 6 000 for children under 18 years. For pensioners between 67 and 69 years who receive full basic pension, and for pensioners who are 70 years old or more and recipients of disability pension and people who have been unemployed for more than six months, the maximum user charge payable is ISK 4 500. When a patient reaches the maximum amount, he only has to pay one third 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 medicine was NOK 1 350 in 2003. Other expenses are

covered by the State. The Social Security Scheme financed about 57 per cent of the total expenditure on pharmaceutical products in 2003.

In Sweden, there is a maximum user charge per year for general medical treatment, physiotherapy, etc., of SEK 900 and another maximum user charge for medicine of SEK 1 800.

In case one or both parents jointly have several children under 18 years, these children are free from paying user charges if the purchase of pharmaceutical products for them in total exceeds the maximum amount fixed for user charges. As to the municipal care schemes, there are no government rules concerning maximum user charges.

### *Medical Treatment, etc.*

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, the amount will not exceed EUR 22 per year or EUR 11 for the first three treatments in an outpatient clinic in the primary health sector. For temporary home nursing, EUR 11 is payable per visit by a doctor and EUR 7 per visit by a nurse. For continuous care in the home, an amount is payable, which depends 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. For a visit to a specialist, user charges normally vary from ISK 2 820 to ISK 18 000, and for children and pensioners from ISK 1 127 to ISK 18 000. For visits to the primary health-care sector, ISK 500 is normally payable, and children and pensioners pay ISK 250. Home nursing is free of charge.

In Norway user charges payable for medical visits vary. In connection with visits to a general practitioner and visits to an emergency medical service during the day, user charges are NOK 117, whereas charges are NOK 220 for treatment by a specialist. For treatment outside of the daytime hours by the medical emergency service, user payment is NOK 185. No user charges are payable for home nursing.

In Sweden, user charges vary from one county to another from SEK 0 to SEK 250. For medical treatment and for visits to a physiotherapist, psychologist, chiropractor, etc., user charges are between SEK 50 and SEK 250. As a rule, user charges are highest in connection with visits to a specialist (from SEK 150 to SEK 250), but visits to general practitioners cost between SEK 100 and SEK 150.

### *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 these costs.

In Denmark, patients' payments amounted in 2003 to about 62 per cent of the total costs, including expenses for the municipal dental care schemes for children and young people, which are free of charge.

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

In Finland, adults' payment of user charges for municipal dental treatment made up 23 per cent of the expenditure. Treatment of children under 18 years is free of charge. The sickness insurance fund reimburses part of the costs for dental treatment in the private sector. On average, patients' user charges totalled 63 per cent of the expenditure.

In Iceland, people over 67 years and disabled people are reimbursed between 50 and 100 per cent of the expenses, depending on their incomes. Children under the age of 18 are reimbursed between 60 and 65 per cent of the expenses.

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.

In Sweden, everyone aged 20 or more will receive a subsidy from the dental insurance scheme. In 2003, this subsidy amounted to 15 per cent of the total costs. Elderly and disabled people, who are covered by the local authorities' treatment schemes, pay the same as for any other outpatient treatment. This cost will amount to no more than SEK 900 per year for medical and dental treatment, after which all other treatment will be free of charge.

### *Medicine*

In Denmark, patients' share of the costs for medicine, including over-the-counter products, amounted to about 40 per cent. The National Health Insurance Service (the counties) financed about 56 per cent, and the municipalities financed the remaining 4 per cent of the expenses.

In the Faroe Islands, patients' share of the costs for medicine on prescribed medicine amounted to about 40 per cent.

In Finland, user charges amounted on average to about 58 per cent of the expenses for medicine with basic reimbursement. For specially subsidized medicine, patients pay 30 per cent or 3 per cent.

In Iceland patients pay a certain amount for prescribed medicine up to a maximum amount. The calculated user charges for this was 36.2 per cent in 2003, but pharmacies may give a number of discounts, for which reason the actual user charges cannot be calculated.

In Norway, user charges for reimbursed medication were in 2003 36 per cent of the subscription amount up to a maximum of NOK 400 per prescription. Patients' actual user payment for pharmaceuticals (including pharmaceuticals that are not reimbursable) was 30.9 per cent in 2003.

In Sweden, user charges for subsidized medicine amounted to 22.5 per cent of the total expenses for pharmaceuticals.

### *Hospitalization*

In Denmark, Iceland and Norway, hospitalization is free of charge. In Finland, a maximum of EUR 26 per day is payable for short-term hospitalization and EUR 12 per day for hospitalization in psychiatric wards. Besides, EUR 22 are payable for each medical visit to the primary sector and for outpatient treatment. A maximum of SEK 80 per day is payable in Sweden, irrespective of the length of the hospitalization.

## Chapter 7

# Old Age, Disability and Survivors

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. The relatively small part of these expenses spent in the Nordic countries is first and foremost a result of enhanced efforts being made in respect of families, children, and unemployed people.

**Table 7.1 Expenditure on the elderly, the disabled and survivors as percentages of the total social expenditure in the EU, the Faroe Islands, Iceland and Norway, 2002**

Denmark	50.5	Austria	57.1	Italy	68.0
Faroe Islands	47.1	Belgium	53.0	Luxembourg	51.6
Finland	50.3	France	49.0	The Netherlands	52.3
Iceland	44.5	Germany	50.2	Portugal	55.8
Norway	48.0	Greece	55.8	Spain	52.3
Sweden	53.4	Ireland	28.5	United Kingdom	55.7

Note: See Table 4.1.

## The Structure of this Chapter

While the other chapters have followed the chapter structure of the ES-SPROS, the descriptions of the elderly, the disabled and survivors have in this report been gathered in one chapter. As the rules in the Nordic countries governing pensions are largely identical and more often than not based on the pension systems for the elderly, it was considered most expedient to describe the pension systems together. The expenditure on home nursing has, where possible, been included in the chapter on illness. As to Sweden, it has only partly been possible to separate home nursing from the rest.

The structure of this chapter is as follows: first, a description is given of retirement from the labour market for people aged 50-65/67 years; then follows a general description of pensioners' incomes followed by a general description of the pension system as well as a description of cash benefits and services provided to the elderly, the disabled and survivors, respectively. At the end of this chapter, there is an overall description of the social expenditure on the elderly, the disabled and survivors.

## Early Retirement from the Labour Market

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

Figure 7.1 shows the employment rate for men and women in the age group 50-66 years in 2002, and Figures 7.2 and 7.3 show the development in the employment rate for 60- and 64-year-old men and women, respectively, for the period 1990-2003.

As it appears from Figure 7.1, men have a higher employment rate in general than have 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. Both in respect of men and women, the highest employment rate is found in Iceland, and the lowest in Finland. These differences are mainly to be found in different occupational structures, with the resulting different damages to the health of the labour force, differences in the unemployment situation in the 1990s, as well as differences in the possibilities of withdrawing early from work with public income-substituting benefits.

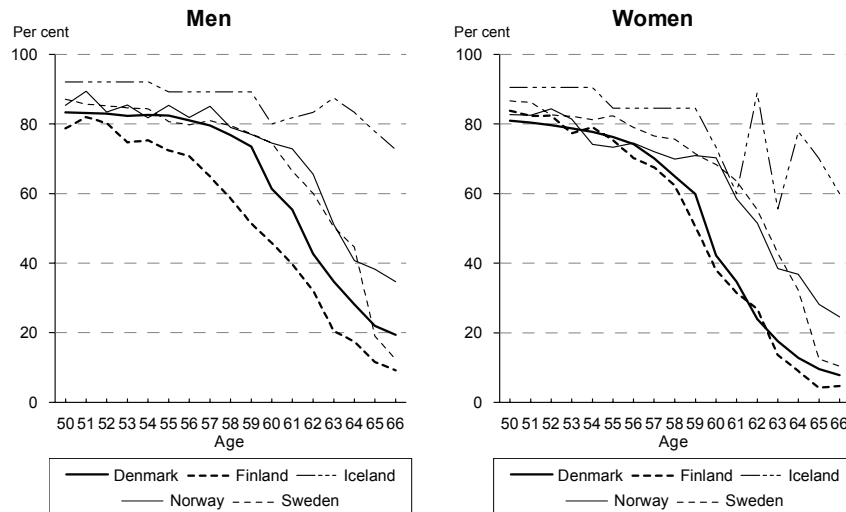
Early retirement from the labour market is most common in Denmark and Finland. Those two countries have the most comprehensive public retirement schemes, and the unemployment rate has been relatively high for a long period of time. Early retirement is least common in Norway and especially so in Iceland, where there are no other public retirement schemes than health-related disability pension as well as a very limited unemployment problem. Sweden holds a position in the middle, both in respect of public retirement schemes and the extent of the unemployment.

There are distinct differences amongst the countries as to the employment rate for the 60- and 64-year-old men and women, with the highest rate of employment found in Iceland and the lowest in Finland, followed by Denmark.

**OLD AGE, DISABILITY AND SURVIVORS**

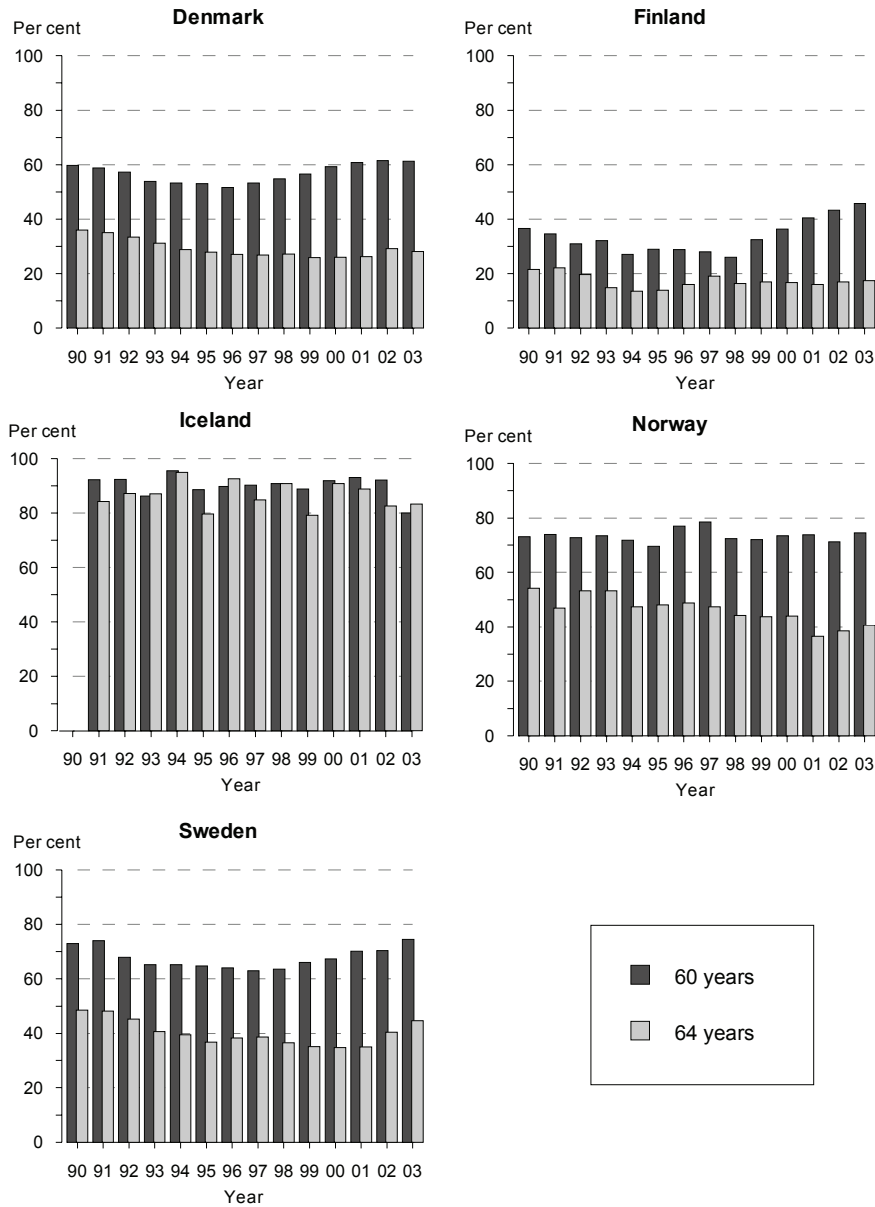
The development during that same period also differs from one country to another. While there was a decline in the employment rate for men in Denmark and Sweden until the middle of the 1990s, the rate has risen again. In Finland, the employment rate for men, however, declined generally until 1998, but is again increasing. As regards women, recent years have seen an increase in the employment rate for the 60 year-olds in Denmark, Finland and Sweden, while the employment rate for the 64 year-olds shows a somewhat uneven pattern.

**Figure 7.1 People in employment as percentages of the population, broken down by age and sex, 2003**



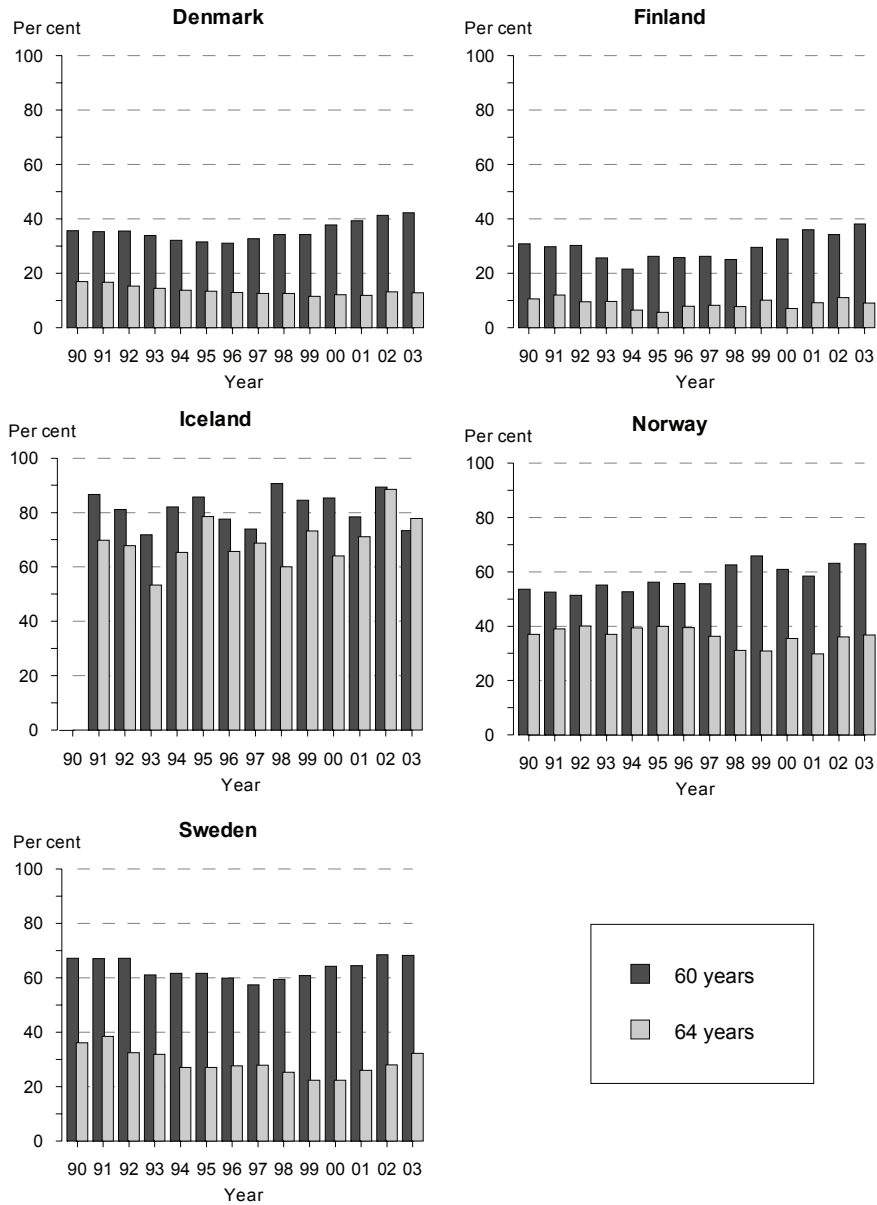


**Figure 7.2 Men of the ages 60 and 64 years in employment. Per cent, 1990-2003**



Note concerning Denmark: Calculation method changed as from 2002.

**Figure 7.3 Women of the ages 60 and 64 years in employment. Per cent, 1990-2003**



Note concerning Denmark: Calculation method changed as from 2002.

## Pensioners' Income

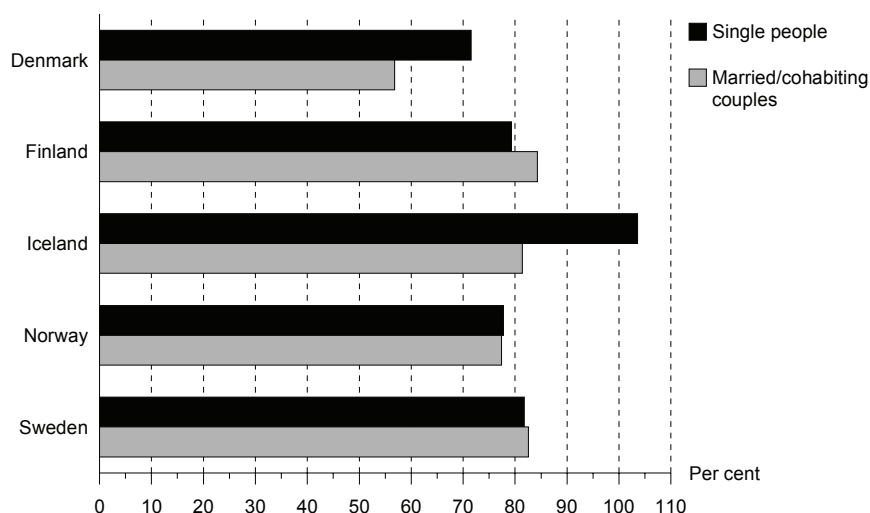
Figure 7.4 shows the disposable income for families, where the key person, i.e. the person earning the most, is over 65/67 years, as a percentage of the disposable income for single people and couples under 65/67 years. As in the other chapters, equivalent incomes have been used. The disposable income is the factor income (income from work + capital income) plus social cash benefits less tax. A different family definition is used in Iceland, where children under the age of 17 living at home count as independent families in the statistics, which is not the case in the other four countries, and consequently the result in Figure 7.4 will be different.

As can be seen from the figure, families over 65/67 years have a lower disposable income on average in all the countries than have families under 65/67 years. This applies to both single people and couples. Single people in Iceland over 67 years do, however, have a slightly higher income. This should be seen in relation to the fact that a different family definition. Besides, the actual pensionable age is very high in Iceland.

In Denmark and Iceland, single people over 65/67 years have a relatively higher disposable income than have couples.

As to single people over or under 65/67 years, the differences in the average disposable incomes are least significant in Iceland and most significant in Denmark. As to couples, the difference is most significant in Denmark and least so in Finland. This is due to the employment pension being relatively small in Denmark. Income from supplementary pension schemes, included in Figure 7.4 (but not in Figure 7.5), probably plays a more important part in Denmark and Norway than it does in Sweden and Finland. Apparently, the schemes are not sufficiently developed to level off the considerable differences in the statutory employment pension schemes.

**Figure 7.4 Disposable incomes for single people and couples over 65/67 years as percentages of the disposable incomes for single people and couples under 65/67 years, 2002**



## Pensions

The purpose of pensions is to guarantee all citizens a certain level of income in connection with old age, disability, early retirement from the labour market or loss of provider. In all the countries, pension is payable to the elderly. In addition, there are a number of schemes, which ease the transition to retirement pension: the so-called special retirement pensions.

The various pension types are in this publication divided as follows: Pensions where the health criteria are predominant are described under disability pension. As from 2003, the disability pension was replaced by an activity or sickness allowance. These have been included here instead of the previous disability pensions. The allowance is in principle the same as before.

The special retirement pensions cover many different types of pensions, which ease the transition from work to retirement. In respect of the Danish disability pensions (anticipatory pensions), it applies that the ordinary and the increased ordinary disability pensions, according to the rules applying until 1 January 2003, are regarded as special retirement pensions. As to the Faroese disability pensions, it applies that the intermediate and the highest amounts of disability pensions are regarded as disability pensions, whereas the lowest di-

sability pension is regarded as special retirement pensions. The Finnish unemployment pensions are included in Chapter 5, Unemployment.

As regards loss of provider, Finland, Iceland, Norway and Sweden have a special survivors' pension payable to surviving spouses and children. Surviving spouses may in the Faroe Islands be awarded intermediate or lowest disability pension. In all the countries, a pension is payable to children, in Denmark and in the Faroe Islands by way of a special child allowance, however.

## 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 pensions (employment pensions) to those who have been active in the labour market. Besides, there are supplementary pension schemes laid down by law or by collective agreements. In all the countries, there are also private pension-saving schemes, but they have not been included in the present report.

No clear distinctions can be made between the three pension systems, especially not between the employment pensions and the supplementary pensions.

The Nordic statistics consequently differ somewhat from the European statistics, where the basic and the employment pensions are described together as the first pillar in the pension system and the supplementary pensions as the second pillar, while the private pensions, which are not included in this report, are described 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 employment pensions are described together.

In Denmark and Iceland, the statutory basic pension may be discontinued, if a recipient has any other income exceeding a certain level, in Denmark, however, only by way of income from work in respect of retirement pensioners.

In the Faroe Islands, the statutory basic pension may be discontinued for disability pensioners as a result of other incomes, while everyone over the age of 67 is guaranteed the statutory basic pension irrespective of any other income. Individuals, who stay in nursing home, receive a special reduced pension towards payment for special needs, however.

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

The Finnish reform has been implemented, where the Swedish one is still in the making.

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

In Finland, the employment pension is the most important part of the pension system as 80 per cent of the pension expenditure stem from the employment pensions.

In Norway, everyone is guaranteed a minimum pension, irrespective of any previous affiliation to the labour market. In order to become entitled to any pension in addition to the minimum pension, a person must have accumulated sufficient employment pension through activities in the labour market.

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

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

**Table 7.2 Pension recipients by type of pension, 2003<sup>1)</sup>**

	Denmark	Faroe Islands <sup>2)</sup>	Finland	Iceland <sup>3)</sup>	Norway <sup>3)</sup>	Sweden
<i>Recipients of:</i>						
Basic pension/ guaranteed minimum pension	Everyone resident in the country for at least 3 years	Everyone resident in the Danish Kingdom for at least 3 years.	Everyone resident in the country for at least 3 years	Everyone resident in the country for at least 3 years	Everyone resident in the country for at least 3 years	Everyone resident in the country for at least 3 years
Length of residence to obtain full basic pension	40 years	40 years	40 years	40 years	40 years	40 years
Employment pension	Employees	.	Employees and self-employed people	Employees and self-employed people	Employees and self-employed people	Employees and self-employed people having worked for at least 3 years
Supplementary pensions	Statutory for public-sector employees (civil servants)	Statutory for public-sector employees (civil servants)	-	-	Statutory for public-sector employees (civil servants)	-
	Public collective agreements	Public collective agreements	-	-	Public collective agreements	Public collective agreements
	Private collective agreements	Private collective agreements	Private collective agreements	-	-	Private collective agreements

1As a result of the concluded EU/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 between the ages of 15 and 65-67 in order to become entitled to a pension. Periods of employment in an EU Member State, or in another country with which a social-insurance convention has been concluded, may be taken into account in the calculation of compliance with the residence requirement. The rules governing employment pension in Denmark apply only to retirement pensioners.

2In the Faroe Islands, the employment pension scheme is financed and administered by the labour-market parties, but this part of the pension is solidary, and everyone over the age of 67 is paid the same amount. In principle, it has the same effect as the basic amount of the retirement pension, and so it is in this report regarded as a basic pension and is called special basic pension.

3 The limit of three years does not apply in case of industrial injuries.

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**Table 7.3 Supplements to the basic pension/guaranteed minimum pension, 2003**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Child supplement</i>	No/Yes <sup>1)</sup>	Yes	Yes	Yes	Yes	No <sup>8)</sup>
- Income-tested?	No/Yes <sup>2)</sup>	No	No	No	Yes	-
- Taxable?	No	No	Yes	No	Yes	-
<i>Supplements to people receiving only the basic pension/guaranteed minimum pension</i>	Yes/No <sup>3)</sup>	Yes	. <sup>5)</sup>	Yes	Yes	No
- Income-tested?	Yes	Yes	. <sup>5)</sup>	Yes	Yes	Yes <sup>7)</sup>
- Taxable?	Yes	No	. <sup>5)</sup>	Yes	Yes	Yes
<i>Housing benefit</i>	Yes <sup>4)</sup>	No	Yes	No <sup>6)</sup>	Yes	Yes
- Income-tested?	Yes	-	Yes	Yes	Yes	Yes
- Taxable?	No	-	No	Yes	No	No
<i>Spouse supplement where only one spouse receives pension</i>	No	No	No	No	Yes	No
- Income-tested?	-	-	-	-	Yes	-
- Taxable?	-	-	-	-	Yes	-
<i>Wife/spouse supplement</i>	No	No	No	No	No	No <sup>8)</sup>
<i>Outside assistance or attendance allowance to disabled people</i>	Yes	Yes	Yes	Yes <sup>7)</sup>	Yes	Yes
- Income-tested?	No	No	No	Yes	No	No
- Taxable?	No	No	No	Yes	No	No

- 1 Parents, who are retirement pensioners, or who have been awarded disability pension before 1 January 2003, are entitled to ordinary and special child allowances. Disability pensioners are according to the new rules from 2003 only entitled to payment of child allowance, if they are single providers (similar to all other citizens).
- 2 Retirement pensioners and people who have been awarded disability pension before 1 January 2003 may be awarded a pension supplement in addition to the basic pension. Disability pension consists according to the new rules from 2003 of one total amount, which will be income-adjusted and is subject to tax.
- 3 The ordinary child allowance is not income-adjusted as is the special child allowance.
- 4 Pensioners may qualify for a housing benefit depending on income and size of their accommodation. The benefit is not part of the pension.
- 5 The retirement pension is totally dependent on the employment pension. People who have either a small or no employment pension are guaranteed a minimum amount. The basic pension is taxable.
- 6 There are special pension supplements that are not directly linked to the housing expenses, but they are primarily given to pensioners who have high housing costs and who live alone.
- 7 Usually payable to all pensioners.
- 8 Since 1990, no new child supplement has been granted, and it will have totally disappeared by the year 2005. The wife supplement has been phased out since 1990 and will only be granted in special cases according to transition rules.



In Denmark, the employment pension depends solely on the length of the contribution period and the extent of the employment, whereas it in the other countries depends on the pension creditable period and the amount of income from work.

The statutory retirement pension in Finland depends on the amount of the employment pension and the supplementary pensions. The basic pension will not be payable if the employment pension exceeds EUR 1 011 per month.

Income-substituting benefits, other than pensions, entitle recipients to pensions in some countries in relation to the supplementary/employment pensions, and in other countries only in certain cases.

In Denmark, the basic amount of the statutory retirement pension is income-adjusted/income-tested on the basis of a recipient's own income.

Retirement pensioners and disability pensioners, who were awarded disability pension before 1 January 2003, may be awarded a pension supplement and personal supplements, which will be income-adjusted in relation to the household income. The total basic amount, which is awarded to disability pensioners, will be income-adjusted in relation to a household's income, however with the limitation that the income of a spouse or partner only contributes to a reduction of the pension until a certain level. The special child allowance and housing benefits to pensioners will be income adjusted, also according to a household's income. The various supplements awarded to the disabled will not be income-adjusted.

In the Faroe Islands, there is no income-adjustment of the basic amount of the retirement pension, while the basic amount of the disability pension will be income-adjusted in relation to any personal income. This also applies to pension supplements and the special supplement to retirement pensioners. Other personal supplements will not be income-adjusted.

In Finland, the statutory retirement pension is completely dependent on the employment pension. The full amount of the statutory retirement pension guarantees a minimum amount to people who receive only a small or no employment pension. The basic pension shall be payable if the employment pension does not exceed EUR 1 011 per month. Other incomes (other than pensions) do not affect the amount of the statutory retirement pension. The rent subsidies payable to pensioners depend largely on a pensioner's and any spouse's incomes. The value of a pensioner's and any spouse's accommodation is, however, not taken into account, if they are owner-occupiers.

There are no income-tested supplements in general to people who receive basic pensions (cf. Table 7.3), but such a supplement is, however, payable to front veterans who receive a small employment pension or none at all. The extra front supplement is influenced by the same pension inco-

mes, as is the basic pension. All front veterans who participated in the war 1939-1944 or in 1918 are entitled to the front supplement. In 2003, there were 113 924 recipients of the front supplement.

In Iceland, the basic amount payable to retirement and disability pensioners is adjusted both in relation to their own income from work and to half of their household's income from capital. Similar rules apply to the pension supplement that 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 the working life. The pension supplement will be stopped completely, if an income exceeds a certain level.

In Norway, retirement pension is income-tested in relation to income from work for pensioners aged 67-70 years. Income testing ceases when a pensioner reaches the age of 70.

The early retirement pension will also be income-tested in relation to income from work over a certain level.

For all pensioners, the basic pension will be fixed according to marital status and the income from work and capital of any spouse.

Married and cohabiting couples are treated equally according to a set of rules.

In Sweden, the housing supplement to pensioners is income-tested. The supplement to people having a low employment pension (ATP) will only be income-tested in relation to the ATP. In accordance with the new legislation from 2003, the housing supplement will be payable to those living in Sweden, who receive a benefit by way of full retirement pension, activity or sickness allowances, widower's pension, special survivor's pension or wife supplement. Even those, who have a pension or a disability allowance from another EU state, may be awarded housing benefits.

## **Taxation of Pensions**

In Denmark, pensioners are taxed according to the same rules as apply to other taxpayers. This is also the case in Iceland. In the other countries, tax rules are especially favourable for pensioners, which means that persons with low pension incomes are not liable to pay tax.

Housing benefits to pensioners, as well as special supplements to disabled persons, 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 and Iceland, but subject to tax in Norway.

## Number of Pension Recipients

The figures in Table 7.4 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 benefit (182 565 people) aged 60-66 years, as well as recipients of transition benefit (9 151 people) aged 56-59 years. As the widow's pension is abolished in Denmark and the Faroe Islands, the number of pension recipients in Denmark is overestimated in relation to the other Nordic countries.

In Denmark, there were 703 people aged 60-64 years and 972 people aged 65-66 years in 2003, who received partial retirement pension. Were they to be included in the calculation, about 60 per cent of the 60-64 year-olds and about 81 per cent of the 65-66 year-olds were pensioners.

One reason for the high rates of pension in Finland to the 60-64 year-olds is that public-sector employees are usually pensioned off at the age of 63. Besides, there are several early retirement pension schemes in Finland, such as unemployment pension and an early retirement pension for the 60-64 year-olds, as well as an individual early retirement pension for the 58/60-64 year-olds. There were, moreover, 41 195 people in 2003 aged 56-64 years who received partial retirement pension. Were they to be included in the calculations, 75.5 per cent of the 60-64 year-olds and 26.5 per cent of the 55-59 year-olds would be pensioners.

In Sweden, there were 2 600 persons aged 61-64 years in 2003, who received partial retirement pensions. Were they to be included in the calculations, about 40 per cent of the 60-64 year-olds in this group would be pensioners, corresponding to a total of 203 700 persons.

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

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**Table 7.4 Pension recipients by age, in thousands and as percentages of the age group as at December 2003**

	Denmark		Faroe Islands		Finland		Iceland		Norway		Sweden	
	1 000	As per-centage of each age group	1 000	As per-centage of each age group	1 000	As per-centage of each age group	1 000	As per-centage of each age group	1 000	As per-centage of each age group	1 000	As per-centage of each age group
<i>Men</i>												
16-39 years	17	2.0	0.1	1.7	16	2.0	1.5	2.9	15	2.2	45	3.2
40-49 "	24	6.2	0.1	3.4	23	6.0	1.2	5.7	22	6.8	37	6.2
50-54 "	17	9.4	0.1	5.7	26	12.6	0.6	6.7	18	11.5	31	10.4
55-59 "	26	13.0	0.1	9.9	43	21.9	0.7	8.7	27	17.9	50	15.3
60-64 "	77	51.7	0.2	16.8	90	67.5	0.7	13.2	42	40.0	84	33.1
65-66 "	37	75.3	0.1	28.9	48	104.0	0.8	43.8	23	67.1	84	101.0
67+ "	301	102.7	2.5	101.7	286	103.1	13.5	99.4	258	103.7	612	105.7
Total	498	23.5	3.3	17.9	531	25.9	19.0	17.3	405	23.6	943	26.4
<i>Women</i>												
16-39 years	14	1.7	0.1	2.1	12	1.5	2.0	4.1	17	2.4	52	3.8
40-49 "	26	6.9	0.2	6.3	18	4.8	1.8	8.5	31	9.8	60	10.4
50-54 "	22	12.0	0.2	11.1	20	10.2	0.9	10.7	26	18.0	54	18.4
55-59 "	37	19.0	0.2	16.6	38	19.1	1.1	14.6	40	27.3	87	27.2
60-64 "	103	68.2	0.3	29.3	100	70.5	1.1	20.7	49	46.8	117	46.5
65-66 "	44	84.1	0.1	43.8	54	103.9	0.9	50.9	24	65.8	86	99.6
67+ "	417	101.5	3.2	102.0	454	102.1	17.0	101.2	367	103.0	823	103.7
Total	662	30.1	4.3	26.7	696	31.8	24.9	22.5	554	31.1	1 279	34.6
<i>Men and women</i>												
16-39 years	31	1.8	0.3	1.6	28	1.7	3.5	3.5	32	2.3	97	3.5
40-49 "	50	6.5	0.3	4.5	41	5.4	3.0	7.1	53	8.3	97	8.2
50-54 "	39	10.7	0.3	7.9	46	11.4	1.5	8.7	44	14.7	85	14.3
55-59 "	63	16.0	0.3	12.5	80	20.5	1.7	11.6	67	22.5	137	21.2
60-64 "	180	60.0	0.5	22.5	190	69.1	1.9	17.0	91	43.4	201	39.7
65-66 "	81	79.9	0.3	35.5	101	103.9	1.8	47.3	47	66.4	170	100.3
67+ "	717	102.0	5.7	101.9	741	102.5	30.6	100.4	625	103.3	1 434	104.5
Total	1 160	26.9	7.6	22.0	1 227	29.0	43.9	19.9	959	27.4	2 222	30.6

Note: As it is possible in all the countries to live outside the country in question and receive pension at the same time, the number of recipients may exceed 100 per cent.

# Old Age

## Pensions to the Elderly

### *- Various Forms of Transition to Retirement*

The qualifying age for the basic pension and the guaranteed minimum pension is 65 years in Finland and Sweden and 67 years in Denmark, the Faroe Islands, Norway and Iceland. The qualifying age will be lowered to 65 years in Denmark with effect from 2004.

In Denmark, Finland, Norway and in the old Swedish system, the qualifying age for employment pension is the same as for basic pension, whereas it is 65-70 years in Iceland. In Finland, the general pensionable age for public-sector employees is 63 years, but it is currently being raised successively to 65 years. As from 2005, the retirement age is optional between the ages of 63 and 68 years. In the new Swedish pension system, the qualifying age for the employment pension is flexible from the age of 61 years.

The qualifying age for the supplementary and individual pension schemes is 60 years in Denmark.

In all the countries, retirement pension is payable both by way of a basic and a guaranteed minimum pension and of an employment pension, with the exception of the Faroe Islands.

The pensions are usually adjusted in relation to the general wage and/or price development in the various countries. In the Faroe Islands, there is no adjustment of the basic amount of the retirement pension, whereas all pension supplements and personal supplements will be augmented by 4 per cent per year. Besides, the special basic pension will be adjusted once a year.

In Norway, the Government adjusts the basic amount annually, following negotiations between the State, the unions and the insured's associations.

In Finland and in the old Swedish system, one may be granted a basic pension and/or an employment pension before the statutory pensionable age, but in that case the pension amount will be reduced. Similarly, the pension amount will be higher if retirement is postponed beyond the statutory pensionable age. In Denmark, the employment pension will be increased if it has not been paid out before a pensioner reaches the age of 70. In Norway, people between the ages of 67 and 70 will have their retirement pension means-tested against any income from work, and it is still possible to accumulate further pension points.

### *Basic Pension/Guaranteed Minimum Pension to the Elderly*

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

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

Moreover, pensioners with low incomes besides their pensions and high expenses for inter alia heating and medicine may be granted a personal supplement. In 2003, a supplementary pension allowance was introduced (pensioners' cheque) to retirement pensioners, which is payable once every year in January. The supplementary pension allowance is income-adjusted and taxable.

In the Faroe Islands, there is no income-adjustment of the basic amount of the retirement pension and the special basic pension. The ordinary pension supplement is adjusted in relation to a household's income. Pensioners, who live in nursing homes, receive a special, reduced pension towards coverage of personal needs. This benefit amounted in 2003 to DKK 759 per month.

**Table 7.5 Income for single people and couples, who have never had any income from work, at the time of pensioning, 2003**

	Denmark	Faroe Islands	Finland	Iceland <sup>1)</sup>	Norway	Sweden
	DKK	DKK	EUR	ISK	NOK	SEK
<i>Single people</i>						
- Basic amount	4 517	4 169	493	20 630	4 738	7 017/ 6 852 <sup>2)</sup>
- Supplement	4 547	3 126		76 521	3 759	-
- Housing benefit	1 544		272	-	-	4 423
- Total before tax	10 608	7 295	765	97 151	8 497	10 440
- After tax	8 243	6 923	765	86 071	8 497	8 788
- After tax in PPP-Euro	828	696	632	758	770	806
<i>Married couples (both pensioners)</i>						
- Basic amount	9 034	6 626	868	41 260	3 791	12 502
- Supplement	4 244	5 146		109 512	3 759	-
- Housing benefit	1 848		274	-	-	3 412
- Total before tax	15 126	11 772	1 142	150 772	7 550	15 915
- After tax	12 276	11 331	1 142	145 393	7 550	12 999
- After tax in PPP-Euro	1 234	1 139	9 44	1 280	678	1 193

1 A supplement of ISK 17 667 is payable to single people who live alone.

2 Guaranteed pension payable to people born in or before 1937 or in or after 1938, respectively.

In Finland, a pension reform was implemented in 1996 to the effect that entitlement to basic pension was evaluated in relation to other pension incomes. At the beginning of 1997, the basic amount and the pension supplement were combined into one benefit (guaranteed minimum pension). The basic pension plays a less significant part after the reforms in 1996.

In Iceland, the basic/minimum pension is adjusted according to special rules in relation to any other taxable income, such as one's own and any spouse's incomes. A supplement is payable in addition to the basic amount. The amount of this supplement depends on a pensioner's other income and on 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 who do not qualify for employment pension, or who receive a very low employment pension.

In Sweden, a completely new pension system has gradually been introduced as from 1999. The basic pension, which in the old system was independent of any other income, will be replaced by a guaranteed minimum pension payable to those who either do not qualify for or who receive a very low employment pension. The guaranteed minimum pension is payable as from 2003.

### *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 to the labour market. In Finland the employment pensions are insurance based and cover all employees and self-employed individuals without any income ceiling. The pension is calculated on the basis of the past 10 years' earnings.

The pension is financed through contributions from employees and employers. In 2003, the average contribution was 16.8 per cent of the income from work from employees and 4.6 per cent from the employers.

In Iceland, the employment pension funds paid out more than what was payable as basic pension by the public authorities in 2002. 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. In Denmark, a special pension saving scheme (SP) was introduced in 1999, to which all employees and recipients of various transfer incomes contribute. The contribution is 1 per cent of the wage/salary or of the income-substituting benefit. The contributors will, when they turn 67 years (65 years as from 2004) receive a month-

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ly pension from the SP for 10 years. The payment will be individual, depending on the amount of the individual's contribution.

As it appears from Table 7.6, 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 a basic pension.

**Table 7.6 Pensioners receiving retirement pension in total and pensioners receiving basic pension/guaranteed minimum pension at the end of the years 1995-2003 (1 000)**

	Retirement pensioners, total			Retirement pensioners who only receive basic/ minimum 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>								
1995	709	288	421	328	79	250	24.0	76.0
2000	706	290	416	244	49	195	20.0	80.0
2002	713	297	416	224	47	177	21.1	78.9
2003	717	301	417	212	44	167	21.0	79.0
<i>Faroe Islands</i>								
1995	..	..	..	..	..	..	..	..
2000	6	..	..	..	..	..	..	..
2002	6	..	..	..	..	..	..	..
2003	6	..	..	..	..	..	..	..
<i>Finland<sup>1)</sup></i>								
1995	804	304	501	108	13	95	12.0	88.0
2000	870	339	531	90	14	76	15.6	84.4
2002	890	353	538	75	12	63	16.0	84.0
2003	902	361	541	71	12	59	16.9	83.1
<i>Iceland</i>								
1995	26	..	..	..	..	..	..	..
2000	28	13	15	2	1	1	31.2	68.8
2002	29	13	16	1	0	1	31.0	69.0
2003	30	14	16	1	0	1	30.8	69.2
<i>Norway</i>								
1995	625	309	316	258	40	218	15.5	84.5
2000	629	259	370	237	33	204	13.9	86.1
2002	624	257	367	218	28	190	12.8	87.2
2003	624	258	366	208	26	182	12.5	87.5
<i>Sweden</i>								
1995	1 590	682	908	307	28	279	9.1	90.9
2000	1 604	694	910	226	24	202	10.6	89.4
2002 <sup>2)</sup>	1 616	704	912	198	23	175	11.6	88.4
2003 <sup>2)</sup>	1 625	711	914	182	20	162	11.0	89.0

1 The figures comprise people who have been awarded retirement pension before time as well as retirement pensioners under 65 years.

2 914 000 women in total. 357 000 received the guaranteed pension in combination with some other type of pension. 215 000 only received income-adjusted pension, including the 49 000, who received income pension. 711 000 men in total, of whom 169 000 received the guaranteed pension in combination with some other type of pension. 522 000 only received an income-adjusted pension, including the 55 000, who received only income pension.



**Table 7.7 Pensioners receiving retirement pension by way of basic pension/guaranteed minimum pension and employment pension at the end of the years 1995-2003 (1 000)**

	Retirement pensioners who receive both basic/ minimum and employment pension					Retirement pensioners who only receive employment pension (new Finnish and Swedish system)				
	Total (1 000)	Men (1 000)	Women (1 000)	Men, per cent	Women, per cent	Total (1 000)	Men (1 000)	Women (1 000)	Men, per cent	Women, per cent
<i>Denmark</i>										
1995	381	209	171	55.0	45.0	.	.	.	.	.
2000	463	242	221	52.2	47.8	.	.	.	.	.
2002	489	250	239	51.1	48.9	.	.	.	.	.
2003	506	256	249	50.7	49.3	.	.	.	.	.
<i>Finland<sup>1)</sup></i>										
1995	641	265	377	41.3	58.7	55	26	29	47.3	52.7
2000	683	278	405	40.7	59.3	97	47	50	48.5	51.5
2002	429	139	291	32.3	67.7	385	202	184	52.3	47.7
2003	425	136	289	32.0	68.0	406	213	193	52.5	47.5
<i>Iceland</i>										
1995	..	..	..	..	..	.	.	.	.	.
2000	25	11	14	43.7	56.3	.	.	.	.	.
2002	27	12	15	43.6	56.4	.	.	.	.	.
2003	27	12	15	43.5	56.5	.	.	.	.	.
<i>Norway</i>										
1995	367	214	153	58.3	41.7	.	.	.	.	.
2000	392	226	166	57.7	42.3	.	.	.	.	.
2002	406	229	177	56.4	43.6	.	.	.	.	.
2003	416	232	184	55.8	44.2	.	.	.	.	.
<i>Sweden</i>										
1995	1 283	654	629	51.0	49.0	.	.	.	.	.
2000	1 378	670	708	48.6	51.4	.	.	.	.	.
2002	1 418	681	737	48.0	52.0	0	0	0	0	0
2003 <sup>2)</sup>	1 339	636	703	47.5	52.5	104	55	49	52.9	47.1

1 The figures comprise people who have been awarded retirement pension before time as well as retirement pensioners under 65 years.

2 914 000 women in total. 357 000 received the guaranteed pension in combination with some other type of pension. 215 000 only received income-adjusted pension, including the 49 000, who received income pension. 711 000 men in total, of whom 169 000 received the guaranteed pension in combination with some other type of pension. 522 000 only received an income-adjusted pension, including the 55 000, who received only income pension.

### *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 these schemes to varying degrees.

In Denmark, about 90 per cents of all full-time employees and in Norway about 60 per cent are covered, while in Sweden, almost all wage earners are covered by the supplementary pension schemes. In Finland, these pension schemes are insignificant, as there is no upper limit to the amount of the employment pension.

## Pension Amounts

As can be seen, 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 the Faroe Islands receive the least, which is a result of more men receiving supplementary pensions, which has a bearing on the basic pension.

**Table 7.8 Average payment of statutory retirement pensions per month, 2003**

	KR/EUR			PPP-Euro		
	Men	Women	All	Men	Women	All
Denmark <sup>1)</sup>	7 324	7 842	7 626	736	788	766
Faroe Islands <sup>2)</sup>	5 940	6 225	6 097	597	626	613
Finland <sup>3)</sup>	1 299	813	1 007	1 074	672	832
Iceland <sup>4)</sup>	..	..	119 288	..	..	1 050
Norway <sup>3)</sup>	12 485	9 187	10 550	1 132	825	956
Sweden <sup>5)</sup>	11 427	8 191	9 659	1 048	751	886

1 Average payment of statutory retirement pension in January 2003 and calculated payment of own pension by way of ATP in 2003 per recipient of statutory retirement pension.

2 Average payment of retirement pension in May 2003 and payment of special basic pension. People in nursing homes, who receive a special, reduced pension, are not included.

3 Average payment of pension in December.

4 Expenditure on both basic and employment pensions, divided by the number of recipients of basic pension have been included. About 90 per cent of those receiving basic pension also receive employment pension.

5 Average payments in December, including housing supplements. As from 2003 pensioners are taxed in the same way as are people with earned incomes.

**Figure 7.5 Disposable incomes when receiving retirement pension (including employment pension) as percentages of disposable income from work, 2003**

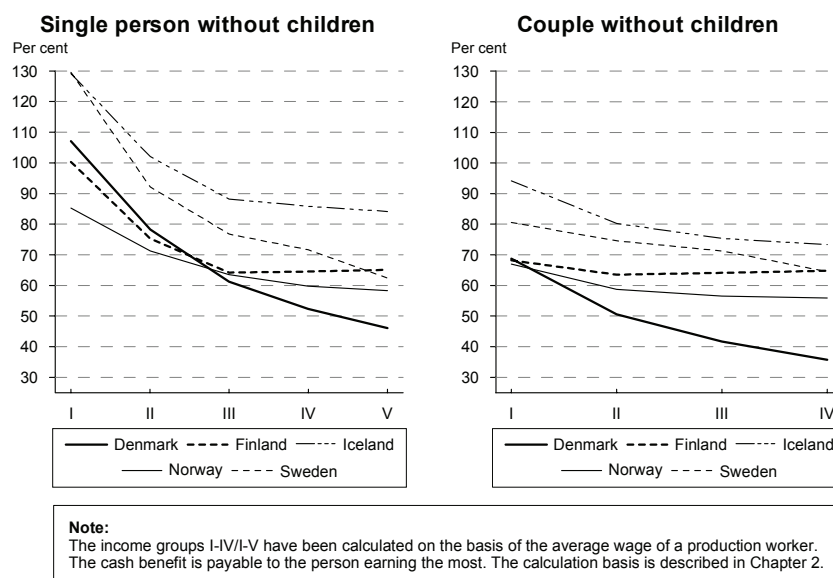


Figure 7.5 first and foremost shows the disposable income at five different compensation levels (including the maximum amount of employment pension) for a single retirement pensioner, in per cent of the disposable income from work. It also shows the disposable income at four income levels (including employment pension) for a married couple of pensioner, in per cent of disposable income from work.

As can be seen from the figures, there are considerable differences in the compensation levels in relation to the transition to pension. This applies both to countries and to differences between single people and couples. One reason for this is the employment pension, which is very low in Denmark, but a full pension in old Swedish pension system. This also applies to some extent to the Icelandic employment pension schemes. The very high compensation levels for the lowest income groups in Denmark, Finland and Sweden is a result of the relatively high amount of housing benefits payable to pensioners in those countries. In Finland, Norway and Sweden, an important factor is that especially favourable tax rules apply to pensioners. Besides, the minimum pension is relatively high in Denmark and the employment pension is generally high in Sweden. As from 2003, pensioners in

Sweden pay tax according to the same rules as apply to people, who have an earned income.

The differences in the compensation levels in the various countries, in particular in relation to the high-income brackets, reflect to a certain degree the significance of the supplementary pension schemes (not included in the figures). These schemes are most important in Denmark and Norway.

## Special Retirement and Partial Retirement Pensions

### *- Schemes Facilitating the Transition from Working Life to Life as a Pensioner*

The special retirement pensions comprise several types of pension granted to people of working age, which 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 partly or completely on a voluntarily basis.

In Denmark, such pensions are first and foremost the ordinary and increased ordinary disability pension (anticipatory pension), which until 2003 was awarded to people aged 18-66 years whose working capacity was reduced by at least 50 per cent for health and/or social reasons. In Denmark, the number of new recipients of the ordinary and increased ordinary disability pension has decreased steeply during recent years, which is mainly due to an enhanced effort to maintain people with reduced working capacities in employment, possibly on special conditions.

As a result of the reform of the disability pension scheme the number of recipients of ordinary and increased ordinary disability pension decreases from 2003, as this scheme is being phased off. Ordinary and increased ordinary disability pension may only still be awarded, if the application was handed in before 1 January 2003.

Secondly, such pensions include the voluntary early retirement pay, which is a voluntary retirement scheme for members of an unemployment fund, aged 60-66 years. In 1999, a number of changes of the disability pension scheme were introduced to make it more financially advantageous to continue working and to postpone the transfer to voluntary early retirement. Thirdly, a transition allowance, which is a voluntary retirement scheme for long-term unemployed recipients of daily cash benefits aged 50-59 years.

**Table 7.9 Average monthly amounts of the special retirement/partial retirement pensions as per December 2003**

	KR/EUR	PPP-Euro
<i>Denmark</i>		
Ordinary and increased ordinary disability pension <sup>1)</sup>	8 378	842
Voluntary early retirement pay <sup>2)</sup>	10 813	1 087
Partial retirement pension <sup>3)</sup>	6 355	639
Transition allowance <sup>2)</sup>	10 800	1 085
<i>Faroe Islands<sup>4)</sup></i>		
Lowest disability pension	5 174	520
<i>Finland<sup>3)</sup></i>		
Partial retirement pension	542	448
Special pensions to farmers	770	636
<i>Norway<sup>4)</sup></i>		
Pension fixed by collective agreement	12 943	1 163
Special pension to sailors	4 458	401
Special pension to fishermen	4 728	425
Special pension to woodsmen	3 791	341
<i>Sweden<sup>3)</sup></i>		
Partial retirement pension	1 800	165

1 Average pension paid out in January 2003.

2 Average benefit amount paid out in 2003.

3 Average pension paid out in December 2003.

4 Average monthly amount, December 2003 (average annual amount in 2003 divided by 12).

Accession to this scheme was stopped by the end of 1995, for which reason the number of recipients has dropped considerably. Fourthly, partial pension, which is awarded to employees and self-employed people aged 60-66 years, who wish to retire partly from the labour market.

Fifthly, flexibenefit, which is a voluntary retirement scheme for people in flexijob of the age group 60-66 years in line with the voluntary early-retirement scheme. By the end of 2003, 468 people received flexibenefit.

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, and where social and health circumstances so warrant, may be granted the lowest disability pension.

In Finland, employees and self-employed people who have turned 60 years may be awarded early retirement pension. In the public sector, the age limit is 58 years. Early retirement reduces the pension, also after the recipient has reached the age of 65 years. All early retirement pensioners have been inclu-

## OLD AGE, DISABILITY AND SURVIVORS

ded in the statistics on retirement pensioners. Self-employed people and employees, who have been working for a long time, may choose partial pension when they reach the age of 58 years. In the period from 1 July 1998 to 31 December 2002, the age limit is, however, 56 years. Farmers, who stop running their farms before reaching the pensionable age, may receive a special pension. The Finnish unemployment pensions are described in Chapter 5.

**Table 7.10 Pensioners receiving special retirement/partial retirement pensions, by sex and age, 2003**

	Total	-49		50-59		60-64		65+	
		M	W	M	W	M	W	M	W
<i>Denmark</i>									
Ordinary and increased ordinary disability pension	68 563	7 311	8 020	9 181	15 133	5 471	13 344	2 456	7 647
Voluntary early retirement pay <sup>1)</sup>	191 716	-	-	2 768	6 383	54 335	70 331	28 544	29 355
Partial retirement pension	1 674	-	-	-	-	567	135	799	173
<i>Faroe Islands</i>									
Lowest disability pension	461	13	51	31	83	45	119	32	87
<i>Finland</i>									
Partial retirement pension	41 195	-	-	10 908	12 663	8 453	9 171	-	-
Special pensions to farmers	35 687	-	-	1 460	2 425	3 786	5 092	9 948	12 976
<i>Norway</i>									
Pension fixed by collective agreement	36 140	-	-	-	-	9 667	7 483	9 717	7 273
Special pension to sailors <sup>2)</sup>	16 266	..	..	..	..	..	..	..	..
Special pension to fishermen	1 780	..	..	..	..	..	..	..	..
Special pension to woodsmen	41	..	..	..	..	..	..	..	..
<i>Sweden<sup>3)</sup></i>									
Partial retirement pension	2 600	..	..	..	..	..	..	..	..

1 Including 9 151 people in the age group 50-59 years receiving transition allowance. The transition allowance was introduced in 1992 as a temporary measure. Access to the scheme was discontinued at the end of 1995.

2 It is not possible to break down recipients of special pension to sailors by sex.

3 Calculated number of partial retirement pensioners aged 61-64 years in December 2003. Information on sexes not available. The partial retirement pensions no longer form part of the state pension system, and the last partial retirement pensions were paid in 2004.

In Norway, it was decided in 1989 to introduce a scheme of pensions fixed by collective agreements (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 60 per cent of people in work may obtain a pension fixed by collective agreements.

There are three further pension schemes that are adapted to the social insurance scheme, and they function as special early retirement schemes for people under the age of 67. In the pension schemes 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 63.

In Sweden, it has not been possible to award new partial pensions since 2000. The pensions already awarded shall be payable until the recipient becomes a retirement pensioner. The number of people receiving partial pension will therefore gradually decrease until the scheme will be completely abolished in 2004.

## Services to the Elderly

### *Institutions, 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 countries, and the layout depends on the need of the elderly for care and may be divided into:

1. Institutions (nursing homes/homes for the long-term ill/old people's homes).
2. Service housing (sheltered homes/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 - often in the so-called geriatric wards. In all the countries, there are also special wards in some nursing homes where elderly people who live in their own homes may be admitted on a short-term basis when needed.

## OLD AGE, DISABILITY AND SURVIVORS

**Table 7.11 People aged 65+ living in institutions or service housing, total and as percentages of the total number of elderly, December 2003**

	Denmark	Faroe Islands <sup>1)</sup>	Finland	Iceland	Norway <sup>1)</sup>	Sweden <sup>2)</sup>
<i>People of the ages</i>						
65-74 years	10 375	30	8 366	419	8 113	9 365
75-79 years	10 496	55	9 717	497	11 197	13 840
80+ years	45 215	308	36 984	2 108	52 590	87 697
Total, 65/67+ years	66 086	393	55 067	3 024	71 900	119 791
<i>As percentage of the respective age groups</i>						
65-74 years	2.4	1.2	1.9	2.3	3.2	1.3
75-79 years	6.5	4.1	5.6	7.0	7.8	4.3
80+ years	20.7	22.8	18.9	24.8	25.1	18.4
Total, 65/67+ years	8.2	6.5	6.8	8.9	11.9	7.8

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

2 Calculation as per 1 October 2003. Besides, people staying on a short-term basis are included in the age group 65+ years.

## Home help

**Table 7.12 Elderly people receiving home help, 2003**

	Denmark <sup>1)</sup>	Faroe Islands <sup>2)</sup>	Finland <sup>3)</sup>	Iceland	Norway <sup>4)</sup>	Sweden <sup>5)</sup>
<i>Recipients of home help</i>						
65-74 years	} 66 813	95	14 817	..	11 553	16 559
75-79 years		147	40 450	..	16 683	20 357
80+ years	106 609	491	28 523	..	60 005	91 067
Total 65+ years	173 422	733	83 790	7 217	88 241	127 983
<i>Recipients of home help as percentage of the age group</i>						
65-74 years	} 11.4	3.7	3.3	..	4.6	2.2
75-79 years		10.9	14.2	..	11.6	6.4
80+ years	48.8	28.4	34.5	..	28.7	19.1
Total 65+ years	21.6	13.0	10.3	21.0	14.6	8.3

1 People of the age groups 65-79 and 80+ years.

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

3 Households in the age groups 65-74, 75-84 and 85+ years.

4 Age groups 67-74, 75-79 and 80+ years. Including residents in service housing who receive practical assistance (home help).

5 People who as at 1 October 2003 had been granted home help and who live in their own house or flat.



In all the countries, home help is provided to the elderly. The extent of the assistance 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, the assistance is a municipal matter and is provided by municipal 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 and Norway are situation-statements, the Icelandic and Finnish data contain information on how many people received help during the year. The Swedish data cover people who had been granted home help per October. Besides, the Finnish statistics comprise households, whereas they for the other countries comprise individuals. The theme section in this year's report deals with schemes and staff within the care sector for the elderly, where it turns out to be extremely difficult to obtain comparable data.

### *Support Schemes and Leisure Activities*

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

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

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.

# Disabled People

## Health-Related Disability Pension

### *- Social Grounds are Evaluated in Different Ways in Respect of Award of Disability Pension*

In all the Nordic countries, persons whose working capacity has been reduced by physical and/or mental disabilities may be entitled to a disability pension (anticipatory pension in Denmark, but called disability pension in the following), which in Sweden is called activity or sickness allowance as from 2003. These benefits form part of the sickness insurance scheme, whereas they were previously part of the ordinary pension scheme.

In addition to the ordinary disability pension, which covers the whole working-age population, Finland has a special disability pension scheme (individual early retirement pension) based on less strict health criteria for the age group 58-64 years.

### *Disability Pension Basis*

In Denmark, the statutory retirement pension (retirement pension), disability pension, widow's pension and disability pension were integrated in a coherent set of rules. Disability pensioners were awarded basic pension according to the same rules as apply to retirement pensioners. Besides, pensioners who were granted the intermediate amount of disability pension also received a disability allowance, and pensioners who had been granted the highest amount of disability pension also received an unemployables amount in addition to the disability allowance. The disability allowance and the unemployables amount are not earnings-related, and besides, the disability allowance is exempt from tax.

In 2003, however, a new disability pension scheme entered into force. The disability pension now consists of one coherent benefit, which for single people corresponds almost to the unemployment benefit, and for married/co-habiting couples corresponds to 80 per cent thereof. The new rules apply to applications for disability pension submitted after the 1 January, which means that people, who have been awarded disability pension in accordance with the previous rules, will still receive pension according to those rules. They will for years to come make up the majority of disability pensioners in Denmark.

In Denmark, disability pensioners do not receive employment pension.

In the Faroe Islands, the retirement pension, disability pension, widow's pension are integrated in a coherent set of rules. The disability pension is composed of a basic amount, supplement and disability allowance. Pensioners who receive the minimum amount of disability pension receive the basic amount and a small supplement. Pensioners who receive the intermediate and maximum amount of disability pension receive the basic amount, the intermediate or maximum supplement and a disability allowance. The disability amount is not income-adjusted and is exempt from tax. People, who suffer severe physical or mental disabilities and who live in institutions, do not receive disability pension. Their needs are covered via the institutions' operating costs.

In Finland, Iceland and Norway, disability pension is granted by way of a basic pension/guaranteed minimum pension and an employment pension according to the same rules as apply to retirement pensions. As from 2003, the disability pension has been changed in Sweden to the effect that an activity or sickness allowances will be awarded in future. The sickness allowance is a temporary allowance. The disability pension was part of the ordinary pension system, while the activity or sickness allowances are part of the sickness insurance system. People of the ages 30 to 64 years may receive the allowance for a limited period, depending on how long one's working ability is estimated to be reduced. People of the ages 19 to 29 years may be awarded an allowance for reduced activity. This allowance is always limited to one to three years.

For the calculation of the employment pension, which is done on the basis of previous income from work, the time up to the statutory pensionable age is usually included in Finland, Iceland, Norway and Sweden. In Finland, the percentage for the disability pension for the period from the early retirement pension to the statutory pensionable age is, however, lower than it is for retirement pensioners.

### *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 pension and the number of disability pensioners. In Sweden, for example, sickness benefit is payable without any time limit, whereas sickness benefit is payable for a maximum of one year in the other countries, with a possibility of prolongation in Denmark, however. In Sweden, the disability pension has as from 2003 been replaced by a sickness and reduced activity allowance.

In Norway, a rehabilitation benefit is normally payable before disability pension will be awarded.

Also the other disability pension schemes (which in this report are referred to as special retirement pensions) may affect the number of disability pensioners. The existence of schemes such as the voluntary early retirement scheme in Denmark and the unemployment pension scheme in Finland has contributed to there being fewer disability pensioners than would otherwise have been the case in those countries. In Norway, the AFP scheme (pensions fixed by collective agreements) affects the number of disability pensioners. Several surveys 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 pension 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.

### *Compensation Levels*

Figure 7.6 shows the compensation level for a single 50 year-old disability pensioner who has previously been in work, and who has completely lost his working capacity. The highest level is found in Sweden and the lowest in Finland and Norway for people who previously had a low income. As to higher incomes, the compensation level is lowest in Denmark, where the disability pension is independent of any previous income. The disability pension in the other countries is calculated in relation to previous income from work.

In all the countries, men receive a higher benefit on average than do women. In Finland, Norway and Sweden, this is a result of higher accumulation of the ATP.

**Table 7.13 Average monthly amount of statutory disability pension, 2003**

	KR/EUR			PPP-Euro		
	Men	Women	All	Men	Women	All
Denmark <sup>1)</sup>	10 865	10 358	10 602	1 092	1 059	1 066
Faroe <sup>2)</sup>						
Islands	9 946	9 491	9 694	1 000	954	974
Finland <sup>3)</sup>	1 048	843	953	866	697	788
Iceland <sup>4)</sup>	..	..	105 880	..	..	932
Norway	12 419	9 254	10 601	1 116	831	952
Sweden <sup>5)</sup>	9 740	8 304	8 903	894	762	817

1 Average amount of highest and intermediate disability pensions paid out in January 2003.

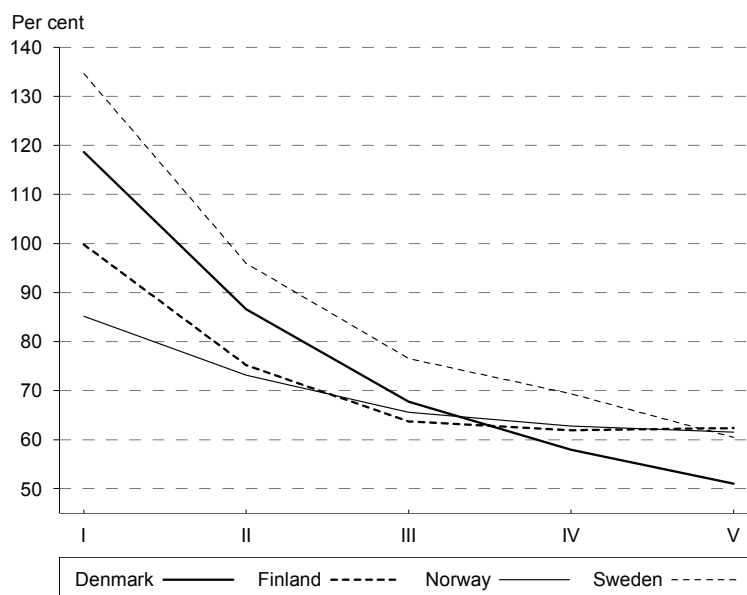
2 Average payment per month (average annual amount in 2003, divided by 12).

3 Average pension amount as per December.

4 Expenditure on both basic and employment pensions divided by the number of disability pensioners who receive basic pension has been included. About 55 per cent of the disability pensioners also receive employment pension.

5 Average pension amount in December, including housing supplement. Sickness/activity allowance replaced the disability pension as from 2003.

**Figure 7.6 Compensation level for a single 50 year-old disability pensioner with no working capacity left, 2003**



**Note:** The income groups I-V have been calculated on the basis of the average wage of a production worker. The calculation basis is described in Chapter 2.

### *Number of Disability Pension Recipients*

There has been an increase in the number of new awards of the intermediate and the highest disability pension in Denmark in recent years, while the number of new awards of the general disability pensions (special retirement pensions) declined. In 2002, the number of new awards increased as a result of the fact that local authorities closed many cases before the new disability pension reform entered into force on 1 January 2003.

After the reform only some kind of disability pension may be awarded. The new disability pension may be awarded to people who suffer from a permanently reduce working capacity to such a degree that the person in question cannot maintain him/herself through employment on the usual terms or in a flexijob. The number of new awards in 2003 in Table 7.13 thus comprises all awards of the new pension as well as new awards of the intermediate and maximum disability pension according to the old scheme, for which applications had been submitted prior to 1 January 2003.

In the Faroe Islands, no major legal changes have taken place, which have influenced the number of new awards. The number of disability pensions has also been stable during the period.

In Finland, there has been a significant drop in the number of disability pension recipients. This is a result of the qualifying age for individual disability pension having increased, and to older long-term unemployed people receiving unemployment pension and consequently not applying for disability pension. The number of recipients of partial pension also increased, which may also have contributed to a reduction in the number of disability pensioners.

The increasing number of disability pensioners in Iceland in recent years is a result of changes implemented in the assessment of the disability degree to the effect that it will be based on medical data only. Moreover, there have been changes in the labour market.

As from 1 September 1999, the disability degree has been assessed solely on the basis of medical criteria, where previously also social criteria were taken into account. The number of disabled people has, however, increased more than expected in 1999.

This may be a result of the social insurance institute having neglected to summon applicants to a medical examination, which may have resulted in an incomplete basis for assessment.

OLD AGE, DISABILITY AND SURVIVORS

**Table 7.14 Recipients of disability pension and new accession of disability pensioners, by sex, 1995-2002**

	Denmark <sup>1)</sup>		Faroe <sup>2</sup> Islands		Finland		Iceland <sup>3)</sup>		Norway <sup>4)</sup>		Sweden <sup>5)</sup>	
	M	W			M	W	M	W	M	W	M	W
<i>1995</i>												
Recipients	82 166	83 871	..	..	165 348	144 156	4 250	5 769	103 401	132 900	185 413	223 163
New accession	5 941	5 087	..	..	..	..	502	723	12 006	13 299	18 639	20 565
New accession as percentage of population of qualifying age	0.3	0.3	..	..	..	..	0.6	0.9	0.9	1.0	0.7	0.8
<i>2000</i>												
Recipients	81 426	83 367	820	1181	147 022	129 247	4 172	6 108	119 160	160 413	189 727	248 216
New accession	4 332	4 237	126	97	13 004	11 691	378	801	13 529	16 150	21 303	27 934
New accession as percentage of population of qualifying age	0.2	0.2	0.8	0.8	0.8	0.7	0.4	0.9	1.0	1.3	0.8	1.1
<i>2002</i>												
Recipients	84 066	88 745	804	1 113	142 854	124 350	4 570	6 879	124 241	167 983	206 156	282 396
New accession	6 421	6 524	73	93	14 531	12 600	368	732	12 403	14 395	26 542	37 196
New accession as percentage of population of qualifying age	0.4	0.4	0.5	0.7	0.8	0.7	0.4	0.8	0.9	1.2	0.9	1.3
<i>2003</i>												
Recipients	87 900	94 790	783	1 134	142 775	124 365	4 928	7 460	128 202	173 012	211 166	296 123
New accession	6 339	6 588	72	120	15 043	13 013	512	873	13 398	15 445	26 800	38 600
New accession as percentage of population of qualifying age	0.4	0.4	0.5	0.9	0.9	0.8	0.5	0.9	1.0	1.2	0.9	1.4

1 The number of recipients in this table calculated as at the beginning of the year; in the other pension tables, as at year-end.

2 Also included recipients of the lowest disability pension, who belong under special retirement pensions.

3 Pensionable age 16-66 years.

4 Pensionable age 16-67 years.

5 Activity and sickness allowance replaces the disability pension.

**OLD AGE, DISABILITY AND SURVIVORS**

**Table 7.15 Pensioners receiving disability pension by way of basic pension/guaranteed minimum pension and/or employment pension, total 1995-2003**

	1995	2000	2002	2003
<i>Denmark</i>				
18-19 years	485	570	700	692
20-29 -	8 317	7 598	7 779	7 906
30-39 -	18 305	18 364	20 003	20 725
40-49 -	34 919	33 757	38 067	40 043
50-59 -	57 198	60 933	68 457	71 938
60-64 -	34 504	33 366	35 064	37 097
Total 18-64 years-	153 728	154 588	170 070	178 401
65-66 years	12 918	12 263	12 620	12 917
<i>Faroe Islands</i>				
18-19 years	..	..	..	9
20-29 "	..	..	..	51
30-39 "	..	..	..	145
40-49 "	..	..	..	237
50-59 "	..	..	..	466
60-64 "	..	..	..	325
Total 18-64 years	..	..	..	1 233
65-66 years	..	..	..	139
<i>Finland</i>				
16-19 years	1 978	1 569	923	691
20-29 -	9 031	8 240	8 777	9 164
30-39 -	20 379	18 451	17 864	17 826
40-49 -	49 498	43 096	41 400	41 084
50-59 -	113 830	108 344	112 935	116 081
60-64 -	114 787	96 569	85 305	82 294
Total 16-64 years	309 503	276 269	267 204	267 140
65-66 years	.	.	.	.
<i>Iceland</i>				
16-19 years	322	193	211	203
20-29 -	1 048	971	1 129	1 278
30-39 -	1 825	1 719	1 836	2 001
40-49 -	1 973	2 362	2 735	2 967
50-59 -	2 234	2 600	3 019	3 268
60-64 -	1 712	1 533	1 684	1 858
Total 16-64 years	9 114	9 378	10 614	11 575
65-66 years	905	902	835	814
<i>Norway</i>				
18-19 years	778	544	543	585
20-29 -	6 625	7 687	7 361	7 387
30-39 -	19 106	24 011	23 930	23 950
40-49 -	44 153	51 285	51 874	52 804
50-59 -	73 415	99 405	107 100	110 854
60-64 -	59 700	67 054	70 925	73 648
Total 18-64 years	203 777	249 986	261 733	269 228
65-66 years	32 524	28 526	29 477	30 829
<i>Sweden</i>				
16-19 years	3 138	3 910	4 750	4 151
20-29 -	12 181	13 924	15 915	17 129
30-39 -	31 645	34 463	40 170	41 933
40-49 -	78 902	78 134	87 972	91 781
50-59 -	156 598	174 686	195 989	201 384
60-64 -	137 394	132 826	143 756	150 911
Total 16-64 years	419 858	437 943	488 552	507 289
65-66 years	.	.	.	.



OLD AGE, DISABILITY AND SURVIVORS

**Table 7.16 Pensioners receiving disability pension by way of basic pension/guaranteed minimum pension and/or employment pension as percentages of the respective age groups, 1995-2003**

	1995	2000	2002	2003
<i>Denmark</i>				
18-19 years	0.2	0.2	0.2	0.2
20-29 -	1.1	1.1	1.2	1.2
30-39 -	2.3	2.2	2.4	2.6
40-49 -	4.5	4.5	5.1	5.3
50-59 -	8.8	8.1	9.0	9.4
60-64 -	14.4	12.5	12.3	12.4
Total 18-64 years	4.3	4.3	4.8	5.0
65-66 years	14.3	13.2	12.8	12.8
<i>Faroe Islands</i>				
18-19 years	..	..	..	0.7
20-29 "	..	..	..	0.9
30-39 "	..	..	..	2.2
40-49 "	..	..	..	3.7
50-59 "	..	..	..	8.1
60-64 "	..	..	..	14.9
Total 18-64 years	..	..	..	4.4
65-66 years	..	..	..	19.3
<i>Finland</i>				
16-19 years	0.8	0.6	0.4	0.3
20-29 -	1.4	1.3	1.4	1.4
30-39 -	2.7	2.5	2.6	2.6
40-49 -	5.9	5.5	5.4	5.4
50-59 -	19.4	14.7	14.5	14.6
60-64 -	47.6	36.9	31.3	29.9
Total 16-64 years	9.2	8.1	7.8	7.8
65-66 years	.	.	.	.
<i>Iceland</i>				
16-19 years	1.9	1.1	1.3	1.2
20-29 -	2.6	2.3	2.6	3.0
30-39 -	4.3	4.1	4.4	4.8
40-49 -	5.6	5.9	6.6	7.1
50-59 -	9.7	8.9	9.6	10.0
60-64 -	17.0	15.8	16.3	17.0
Total 16-64 years	5.4	5.2	5.8	6.2
65-66 years	21.8	23.7	22.0	21.8
<i>Norway</i>				
18-19 years	0.4	1.0	0.5	0.6
20-29 -	1.0	1.0	1.3	1.3
30-39 -	2.9	4.0	3.4	3.4
40-49 -	7.1	8.0	8.2	8.3
50-59 -	16.3	18.0	18.3	18.6
60-64 -	33.9	36.0	31.4	35.2
Total 18-64 years	7.4	9.0	9.4	9.5
65-66 years	42.8	43.0	43.1	43.4
<i>Sweden</i>				
16-19 years	0.8	1.0	1.1	1.0
20-29 -	1.0	1.3	1.5	1.6
30-39 -	2.6	2.7	3.1	3.3
40-49 -	6.4	6.7	7.5	7.8
50-59 -	14.7	14.2	15.7	16.2
60-64 -	34.2	30.0	30.1	29.8
Total 16-64 years	7.6	7.8	8.6	8.9
65-66 years	.	.	.	.

As from March 2003, most of the applicants have been examined by the social insurance fund's physicians. The result of this altered practise can be seen in the near future.

Both in Norway and Sweden, the rules governing award of disability pension have been tightened. In Norway, there was an increase in the number of new awards. In Sweden, there was an increase in the number of awards throughout the period.

In the Tables 7.14 and 7.15, the Danish figures are inclusive of disability pensioners according to the new rules as a result of the disability pension reform as from 1 January 2003. The Finnish figures include recipient of individual disability pension. In Norway, there were in 2002 1 014 67 year-olds, who received disability pension, as the retirement pension is only awarded from and including the months following the recipient's 67<sup>th</sup> birthday. In Sweden, the activity and sickness allowance replaces the disability pension as from 2003. New benefits are awarded to people of the age group 10-64 years.

## Rehabilitation

People whose working capacity has been reduced due to physical, mental or social factors may be granted support to education, retraining and re-schooling where it is deemed necessary for their future possibilities 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 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 is half the maximum amount. With a view to maintaining and integrating weak groups in the labour market, an enhancement of the work-related rehabilitation scheme took place in 1999.

In Finland, about 80 per cent of people in rehabilitation programmes receive rehabilitation benefit from the Social Insurance Institution. In such cases, the daily cash benefit equals the amount of the sickness benefit. The

amount of the daily cash benefits from the accident and traffic insurance schemes as well as from the statutory employment-related pension scheme depends on the paying authorities.

In Iceland, a rehabilitation allowance is payable when an injured person is no longer entitled to sickness or industrial injury benefits. As a rule, the allowance is payable for a maximum of 12 months or until a decision has been made as to the future of the disabled person in question. The allowance equals the disability pension and is awarded according to the same criteria; it is, however, never payable for more than 18 months. Everyone receiving rehabilitation allowance must undergo examinations and treatment during the period in which the allowance is being paid.

Since 1 January 2000, the social insurance fund has paid a rehabilitation benefit to people who are at risk of being excluded from the labour market due to illness or accidents. Especially in Iceland, there are many social institutions offering jobs to people undergoing rehabilitation. At the moment endeavours are made to gather the activities in this area with the aim of enhancing the work-related rehabilitation.

In Norway, two different kinds of benefit may be granted to people undergoing rehabilitation. One is granted in connection with medical rehabilitation. This benefit is granted to people, who have exhausted their entitlement to sickness benefits, and whose working capacity is still reduced by at least 50 per cent. In order to be entitled to this benefit, the recipients must be undergoing active treatment with a view to improving his working capacity. The other benefit is connected with occupational rehabilitation. In order for this benefit to be granted, rehabilitation must be deemed necessary and expedient for the recipient to be able to get or maintain a job. Rehabilitation may be schooling, work training, wage subsidies, etc. Both benefits are short-term benefits and will be calculated on the basis of any pensionable income paid during the past year, or as an average of the last three years prior to the working capacity becoming reduced by at least 50 per cent. Both benefits amount to a maximum of 66 per cent of the calculation basis up to six times the basic amount, which was NOK 56 861 as per 1 January 2003. The medical rehabilitation is administered by the social security authorities, while the occupational rehabilitation is administered by the labour-market authorities. The rehabilitation proper, both the medical and the occupational may be carried out in a co-operation between inter alia the health, labour-market, and social-insurance authorities.

In Sweden, a number of compensations and benefits are payable in connection with rehabilitation. A training benefit by way of daily cash benefit is payable to participants who are or would have been entitled to a benefit

## OLD AGE, DISABILITY AND SURVIVORS

from the unemployment insurance scheme, provided the person in question participates in labour market activities. This is subject to the person in question complying with the conditions for receipt of daily cash benefits in the event of unemployment or having received a benefit for the maximum period in which unemployment benefit is payable. Daily cash benefit may also be payable to people who are not entitled to unemployment benefit; however at a reduced rate. Daily cash benefit is payable for a maximum of five working days per week, and the benefit shall be reduced in case a recipient receives other benefits such as pension, parental benefit, rehabilitation benefit or pay from an employer. In connection with rehabilitation, a rehabilitation benefit as well as special benefits may be awarded instead of sickness benefit. The rehabilitation benefit is in that case awarded to people who participate in occupational rehabilitation, and the special benefits shall cover the expenses incurred by the rehabilitation, such as travel expenses. The occupational rehabilitation measures may for example be job training, analysis at a labour market institute and education/training.

**Table 7.17 People receiving rehabilitation benefit during the year and as at December 2003**

	Denmark <sup>1)</sup>	Finland <sup>2)</sup>	Iceland	Norway <sup>3)</sup>	Sweden <sup>4)</sup>
<i>People receiving rehabilitation benefit during the year</i>					
Men	12 253	22 624	176	44 278	16 990
Women	21 940	36 898	336	60 667	35 756
Total	34 314	59 522	512	104 945	52 746
<i>People receiving rehabilitation benefit as at December 2003</i>					
Men	7 031	5 947	213	24 572	6 231
Women	13 497	7 763	412	36 637	13 297
Total	20 544	13 710	625	61 209	19 528

1 Excluding refugees, people receiving support towards meeting special costs, etc., undergoing rehabilitation and people undergoing retraining in the general labour market in a wage/salary subsidized job. Total during the year includes 121 not stated, and total per December includes 16 not stated in respect of sex.

2 Includes only rehabilitation benefit payable by the Social Insurance Institution (86 per cent of all payments).

3 People, who have only received rehabilitation benefits. Besides, 54 710 people received occupational rehabilitation on average in 2003. 58 102 received rehabilitation benefit as per December 2003.

4 Includes only people receiving rehabilitation benefit. The number of people receiving special benefits cannot be calculated. People, who received rehabilitation benefit as at 31 December 2003.

## Compensation for Industrial Injury

In all Nordic countries, people who have suffered an industrial injury are entitled to either sickness benefit or an equivalent benefit 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 is payable.

An industrial injury is defined as a work accident or work-related illness causing temporary or permanent loss of the ability to work.

In all the countries, compulsory industrial-injury insurance funds have been established, but according to somewhat differing rules. The industrial-injury insurance fund pays out compensation for permanent injuries and for lost ability to work, either by way of a non-recurrent payment or 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 ability to work if an industrial injury has reduced the working capacity 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, disability compensation will be granted where the Industrial injury has reduced the injured person's ability to work by 5 per cent or more. The compensation is as a rule calculated on the basis of two thirds of a fisherman's guaranteed minimum wages.

In Finland, one is entitled to a pension if one's working capacity is 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 incapable of working is entitled to part of the full pension corresponding to the reduction of the working capacity. The compensation level for pension on the grounds of accidents drops to 70 per cent of the income from work when a recipient turns 65 years. Pension in the event of accident to a partly disabled employee shall also be reduced when he turns 65 years.

In Iceland, entitlement to wages during illness (absence due to an accident) plays the most important part for an injured person. People who are not entitled to wages/salaries, or in the event that the period in which one is entitled to receive wages/salary has expired, the people concerned are entitled to daily cash benefits from the general industrial injury insurance fund. This benefit is a fixed amount independent of the wages/salary earned prior to the accident. The benefit is usually payable for a maximum of 52 weeks.

In Norway, one may be granted disability pension in the event that an industrial injury or a work-related accident reduces one's working capacity by 30 per cent, where a reduction of the working capacity of 50 per cent is normally required in order to be awarded disability pension. A loss of a minimum of 15 per cent of the ordinary working capacity is required in order for a compensation to be awarded (compensation for loss of working capacity).

In Sweden, compensation is granted by way of annuities in the event that one's working capacity has been permanently reduced by at least one fifth (6.6 per cent). The annuity shall normally be calculated on the basis of the insured person's sickness-benefit entitling income.

## 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 families to maintain a child in their homes 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 that the person concerned needs in order to carry out a trade or to remedy his or her disorder, or to ease the daily existence in the home.

In several of the countries, subsidies may be granted for purchase and/or maintenance of a car or other motor vehicle.

## Services for Disabled People

### *Institutions, etc., for Disabled People*

In all the countries, there is special housing available for people with reduced capabilities, such as:

1. Institutions (nursing homes/homes for the long-term ill).
2. Service housing (sheltered housing/service flats/collective housing).

**Table 7.18 People under 65 years living in institutions or in service housing, December 2003**

	Denmark <sup>1)</sup>	Faroe Islands <sup>2)</sup>	Finland	Iceland	Norway <sup>3)</sup>	Sweden <sup>4)</sup>
Under 65 years, total	15 561	125	19 329	930	17 200	26 343
Under 65 years as percentage of the age group	0.5	0.4	0.6	0.5	0.6	0.5

1 Including special housing for the elderly.

2 Persons under 67 years

3 The information applies to residents in special-care housing units as well as to people admitted to institutions (age group 0-66 years).

4 Average of the census on 1 January and 1 October 2003. People living there permanently as well as short-term stays.

In addition to these special types of accommodation, disabled people may also, to varying degrees, be offered long-term medical treatment in hospital wards in the so-called long-term-care wards.

### *Home Help*

In all countries, home help is provided to disabled people. The extent of the assistance is determined on the basis of individual needs and may vary from a few hours a month to several hours per day. The assistance is a municipal matter and is provided by municipal or privately employed staff.

As mentioned above, it is difficult to compare statistics on home help in the Nordic countries. Whereas the figures concerning Denmark and Norway are situation statements, the Icelandic and Finnish data contain information on the number of people who received assistance during the year. The Swedish data cover persons who as at October have been awarded home help. Besides, the Finnish statistics cover households, whereas they in the other countries cover people.

**Table 7.19 People under 65 years receiving home help, 2003**

	Denmark	Faroe Islands <sup>1)</sup>	Finland <sup>2)</sup>	Iceland	Norway <sup>3)</sup>	Sweden <sup>4)</sup>
Recipients of home help under 65 years, total	26 625	109	31 615	3 747	26 324	15 416
Recipients of home help as percentage of the age groups under 65 years	0.8	0.4	1.0	2.1	0.9	0.3

1 People under 67 years.

2 Households. Out of the 31 615, 6 109 were disabled.

3 Households under 67 years, including residents in service housing who receive practical assistance (home help).

4 Includes people in their own homes who had been granted home help as at 1 October 2003.

### *Personal Assistance*

In all the Nordic countries, people with severe disabilities qualify for financial support towards payment of personal assistance and help to cope with daily life.

In Denmark, persons under 67 years who suffer from a considerably and permanently reduced physical or mental capacity, and who need personal help and support to carry out the necessary practical chores in their homes for more than 20 hours per week, may choose to have a supplement towards payment of the employment of assistants. Besides, local authorities may grant a supplement to cover the expenses of employment of assistants to carry out care, surveillance and accompaniment to persons suffering from a considerably and permanently reduced physical or mental capacity and who are active in some way, for example in connection with work, which makes it necessary to grant very special support. At the end of 2003, 1 609 people were covered by the schemes for employment of assistants.

Local authorities also grant 15 hours of accompaniment per month to persons under 67 years, who are unable to get about by themselves due to a considerably and permanently reduced physical or mental capacity. Besides, local authorities may grant assistance by way of a special contact person to people who suffer from reduced sight and hearing, and see to it that people suffering from mental disabilities get offered a support and contact person. At the end of 2003, 10 971 people were covered by the accompaniment and contact-person schemes.

In the Faroe Islands, child-minding needs in families with disabled children, whose needs cannot be met in the general day-care institutions, has been solved by the employment of personal support persons. Support persons also serve as relief to the family and therefore meet a more comprehensive need than the one a traditional institution may provide.

People between 18 and 66 years who suffer from a permanently reduced physical or mental capacity may be granted personal help and assistance. The aim is that the disabled person may be given an opportunity to live an independent and active life. The disabled person and his/her support person jointly determine the purpose of the support and lay down an action plan with the contents of 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 of a personal assistant. This supplement is earmarked for severely disabled persons 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 2003, 3 744 people were covered by the scheme.

Also in Iceland, personal assistance to deal with daily life may be granted. It is possible for a disabled person to employ a personal assistant direct and thus assume the role of employer in relation to the assistant.

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 takes care of the child/children - usually one or two weekends a month.

In Norway, there are also schemes for personal assistance, and local authorities may offer their help by way of user-dependent assistance. The number of assistance hours shall be determined by an individual's need for help. What signifies this scheme is that the recipient of the help acts as an employer for the assistant and thus assumes a larger responsibility for the organization and the scope of the help in relation to his own needs. Since 1994, local authorities have been subsidized in order for them to promote such schemes. In 2003, local authorities received subsidies for 668 people. For those who do not wish to receive assistance in this way, it is the local authorities' responsibility to offer some other kind of help, such as home help or a "support contact". The number of hours will be determined by an individual's need. Moreover, there is a scheme with function assistants. The assistants are to provide practical help, during working hours, to people who are severely disabled, and are managed by the recipient. The aim is to enable severely disabled people to remain in normal employment and to enable those who have not previously been in the labour market to assume a normal job.

In Sweden, people are entitled to personal assistance if they, due to severe, permanent disabilities, need help with their personal hygiene, meals, dressing or communication with others (the so-called basic needs). Help may also be granted to 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 possibilities of leading 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 shall cover the expenses for the hours exceeding 20. In 2003, about 14 000 people received personal assistance.

### *Rehabilitation*

In all the countries, there are specialized institutions for retraining, assessment of working capacity and re-schooling of disabled people and other occupationally impaired groups. Furthermore, sheltered workshops have been established for disabled people who are unable to maintain a job in the open labour market.

In Denmark, people with reduced working capacities are offered training, assessment of working capacity, sheltered employment, etc., at rehabilitation institutions and sheltered workshops. At the end of 2003, these measures covered 23 073 people. People with permanent limited working capacities may furthermore find employment with private or public employers in flexijobs or wage-subsidized sheltered jobs. Flexijobs are given to persons who are not receiving any social pension whereas sheltered jobs are given to disability pensioners. At the end of 2003, there were 26 300 people in flexijobs and 6 000 in sheltered jobs.

People, who have been approved for a flexijob and who are unemployed, and people, who will become unemployed after employment in a flexijob, may according to special rules be granted a temporary benefit. At the end of 2003, 6 600 people received temporary benefit for unemployed persons who have been admitted to the flexijob scheme.

In the Faroe Islands, people with reduced working capacities are offered assessment of working capacity, training, supplementary training courses, sheltered employment, etc., at a rehabilitation institution. The rehabilitation institution also provides short-term vocational courses. Furthermore, people with permanently reduced working capacities may as in Denmark be employed by private or public employers in wage-subsidized jobs.

In Finland, the Social Insurance Institution offers rehabilitation including assessment of working capacity. The health sector provides the largest part of the medical rehabilitation. The accident and traffic insurances furthermore offer rehabilitation to their clients. Besides, the employment-pension funds may initiate rehabilitation in order to prevent a person from becoming incapacitated for work or to improve the ability and capacity for work of the person in question and to ease his return to the labour market. War veterans may also be offered rehabilitation, and war invalids are offered rehabilitation at least every second year.

In Iceland, disabled people are offered retraining and education, sheltered employment in the open labour market or in sheltered workshops. In 2000, 318 people were employed in sheltered workshops, and 568 people were undergoing rehabilitation at rehabilitation institutions. 335 people were able to

participate in work in the open labour market with special support. The health sector is responsible for the medical rehabilitation and technical aids.

In Norway, the labour-market and social-insurance authorities co-operate when it comes to measures aimed at activating the disabled in the labour market. People with reduced working capacities may have their work adapted according to their special needs. It is also possible to borrow various technical aids from the technical-aids centres. There are sheltered workshops for people with reduced working capacities. Besides, people with disabilities may receive 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.

A comprehensive occupational rehabilitation is offered to the extent necessary and expedient for the person in question in order for him to return to working life or to keep a suitable job. The aim of the occupational rehabilitation is to enable job seekers and employees of ill health to get a job on ordinary terms. Occupational rehabilitation is based on training, job training and guidance. Besides, there are permanent, sheltered work places. In 2003, about 57 000 people on average were making use of the various vocational measures.

In Sweden, people with reduced working capacities may participate in various labour-market measures via the employment service. In 2001, about 56 800 people with reduced working capacities participated in special programmes for the disabled, such as wage subsidies and publicly subsidized work. 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. At the end of 2001, about 24 400 incapacitated people were employed in this way. The Institution for Sheltered Work took on about 2 100 people in 2001. In the recruitment process, people with mental and intellectual incapacities as well as people with several disabilities are given priority.

### *Support Services and Leisure Activities*

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

Support schemes are mainly aimed at enabling disabled people to remain in their own homes for as long as possible. The service schemes include delivery of meals, telephone chains, home-visiting schemes, physiotherapy and occupational therapy, hairdressing and pedicure, gardening and snow clea-

ring. There are also schemes for washing and mending clothes. There are no centrally agreed policies regarding payment, but usually a fee is charged for the provision of meals, pedicure and gardening. In all the countries there are so-called daytime measures aimed at various target groups, such as people with mental disabilities, to provide help by way of rehabilitation, employment and sense of community.

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

## Survivors

### Pensions to Widows and Widowers

The increased participation by women in the labour market and changes in the distribution of income between spouses have contributed to the survivor's pension becoming less important.

In Denmark and the Faroe Islands, pension to widows and widowers has been abolished. Pensioners, who cohabit with another pensioner, may in the event of their partner's death be paid a short-term survivor's pension consisting of both pensioners' total pension for three months. In the Faroe Islands, it is, however, necessary to be married to receive this benefit. The number of recipients of survivor's pension is not registered separately. A survivor's allowance is payable to non-pensioners in Denmark whose spouse or partner dies. The survivor's allowance is income and property-adjusted and will be granted as a non-recurrent payment. In 2003, 852 people were granted survivor's allowance, of whom 711 people were under the age of 67.

In Finland, a prerequisite for being awarded survivor's pension is that the partners were married, and that the marriage had taken place before the age of 65. Registered partnership may also entitle to survivor's pension, if the partners have a child. The pension paid is influenced by a survivor's own employment pension as well as by one's own pension, or one's own estimated employment pension. Within the employment-pension system, pension may also be awarded, if the survivor is under 50 years of age and if the survivor has received disability pension continuously for at least three years prior to the spouse's death.

In Iceland, survivor's pension has been abolished as a basic pension, but is still being paid by the employment-pension scheme. In Norway and Swe-

den, 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, registered partners 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 been 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.

The basic pension/guaranteed minimum pension shall be revoked when a survivor becomes entitled to the basic pension/guaranteed minimum pension from the retirement-pension scheme. The basic pension/guaranteed minimum pension shall also be revoked in the event that a survivor is awarded disability pension. Pension is payable to a survivor by way of an employment pension or a supplementary pension.

In Norway, there are favourable rules governing the employment pension in the Social Security Scheme's retirement and disability pension system for survivors. They can choose 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 employment pension.

In some of the countries, funeral assistance is also granted.

**Table 7.20 Pensioners aged 18-64/66 years receiving statutory survivor's pension, 1995-2003**

	Denmark <sup>1)</sup>		Faroe Islands		Finland <sup>2)</sup>		Iceland <sup>3)</sup>		Norway <sup>4)</sup>		Sweden <sup>5)</sup>	
	M	W	M	W	M	W	M	W	M	W	M	W
1995	.	.	.	.	5 814	52 767	171	735	1 854	30 023	2 147	64 423
2000	.	.	.	.	7 945	46 292	1 459	2 176	2 001	25 086	1 617	53 254
2001	.	.	.	.	8 559	43 895	1 678	2 471	2 056	23 858	1 510	49 353
2002	.	.	.	.	8 797	42 641	1 766	2 350	2 041	23 205	1 782	49 181

1 The widow's pension scheme has been abolished. Pension may be granted to widows by way of the disability pension scheme.

2 Widows/widowers over 64 years may be granted survivor's pension by way of employment pension. In 2003, the number of pensioners over 64 years receiving survivor's pension was 185 472 women and 22 133 men.

3 From 1999, only pensioners aged 16-65 years receiving employment pension.

4 Not including widows and widowers receiving disability pension.

5 Includes widow's pension to people under 65 years as well as transition pension and special pension to survivors. The transition period has varied during the period and was in 2003 10 months. Survivor's pension was income-adjusted from 1997-2002. As from 2003, all pensioners pay tax according to the same rules as apply to income from work.

**Table 7.21 Average monthly amount of statutory survivor's pension, 2003**

	KR/EUR			PPP-Euro		
	Men	Women	All	Men	Women	All
Denmark	.	.	.	.	.	.
Faroe Islands	.	.	.	.	.	.
Finland <sup>1)</sup>	176	471	436	145	389	360
Iceland	..	..	..	..	..	..
Norway	4 358	6 549	6 371	391	588	578
Sweden <sup>2)</sup>	6 625	6 461	6 467	608	593	593

1 Amount paid on average as at December.

2 Average amount as at December 2003 to pension recipients under 65 years by way of widow's pension, transition pension and special pension to survivors, including guaranteed pension and retirement pension supplements.

## Child Pension

### *- Children are secured in Case of Parents' Deaths*

In all the Nordic countries, child pension has been introduced by way of a basic pension and an employment pension. Child pension is granted to children under 18 years if one or both parents have died. In Denmark and the Faroe Islands, a special child allowance is granted to orphans and to children who have lost one of their parents.

In Finland, Iceland, Norway and Sweden, child pension may be payable until a child turns 20 years if the child/youth receives education. In Iceland, a fixed amount is granted which is payable to those providing for the children. If both parents have died, 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 Norway, the pension may in exceptional cases be granted to 21 year-olds.

In Denmark, the Faroe Islands, Finland, Norway and Sweden, child pension may furthermore be granted by way of supplementary pension if a deceased was a member of such a pension scheme.

**Table 7.22 Children receiving child pension by way of basic pension and/or employment pension. Total and as percentages of children of the qualifying age groups, 1995-2003<sup>1)</sup>**

	Denmark	Faroe Islands	Finland	Iceland <sup>2)</sup>	Norway	Sweden
<i>Number of children receiving child pension</i>						
1995	17 590	213	29 338	1 325	13 658	31 208
2000	17 278	201	28 476	1 300	14 074	29 570
2002	17 698	205	27 671	1 322	14 092	29 350
2003	17 680	215	26 871	1 306	13 995	31 708
<i>As percentage of children of the qualifying age groups</i>						
2003	1.5	1.6	2.3	1.7	1.3 <sup>3)</sup>	1.5 <sup>4)</sup>

1 Entitled were, in 2003, 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 Faroe Islands, child pension has been listed with orphans and children of widows and widowers receiving the special child supplement.

2 Only basic pension.

3 In per cent of children 0-17 years.

4 In per cent of children 0-19 years.

**Table 7.23 The average monthly statutory amount of child pension, 2003**

	Denmark	Faroe Islands	Finland	Iceland <sup>1)</sup>	Norway <sup>1)</sup>	Sweden
KR/EUR	867	811	275	15 558	1 806	2 620
PPP-Euro	87	82	227	137	162	240

1 Amount paid on average as at December.

## Expenditure on and Financing of Benefits and Services to the Elderly, the Disabled and Survivors

### *Differences and Similarities in the Social Expenditure on the Elderly, the Disabled and Survivors*

In the following, differences and similarities in expenditure on the elderly, the disabled and survivors are described. Unless otherwise stated, comparisons are made in PPP per capita. Denmark is the Nordic country spending the most on cash benefits to the elderly, and the Faroe Islands and Iceland spend the least.

Regarding expenditure on retirement pensions, calculated in PPP per pensioner, Denmark spends the most and the Faroe Islands and Finland the least. As regards services, calculated as PPP per person aged 65 years or older, expenditure is highest in Norway and lowest in Finland.

The low expenditure on services for the elderly in Finland must be seen partly in connection with part of the services for the elderly being provided at Finnish health centres and partly in connection with relatively high rates of user charges.

In total, Denmark and Sweden spend the most and the Faroe Islands and Iceland the least on the elderly, calculated as PPP per capita. The low expenditure in Iceland is due to the high employment rate among the elderly compared with the other Nordic countries.

In respect of the disabled, Norway spends the most and the Faroe Islands and Iceland the least on cash benefits per capita. In return, Denmark spends the most on disability pension per disability pensioner, while the Faroe Islands and Finland spends the least. The expenditure on services to the disabled is highest in the Faroe Islands and in Sweden and lowest in Finland. In total, Norway spends the most and Finland the least on the disabled, calculated as PPP per capita. As to survivors, Finland spends the most and Denmark the least.



### *Changes in the Social Expenditure on the Elderly, the Disabled and Survivors from 2002 to 2003*

In Denmark, the expenditure on retirement pensions increased as a result of an increase in the number of retirement pensioners and the introduction of the pensioners' cheque in 2003. There was also an increase in the expenditure on the employment pensions. The expenditure on the voluntary early retirement scheme increased as a result of a demographically conditioned increase in the number of recipients of 9 900 from 2002 to 2003. This was counterbalanced by a decrease in the expenditure on the transition allowance, as the closing of the access to this scheme resulted in a further decline in the number of recipients of about 4 500 from 2002 to 2003. To this should be added a decrease in the expenditure on the ordinary and increased ordinary disability pensions under special retirement pensions as a result of a decline in the number of pensioners of 9 200 from 2002 to 2003. These disability pensions are gradually being discontinued as a result of the reform of the disability pensions as from 2003. There has also been a shift from these disability pensions to the maximum and intermediate disability pensions.

The expenditure on the maximum and the intermediate disability pensions and on the new disability pension after the reform increased from 2002 to 2003 as a result of an increase in the number of pensioners of almost 8 600. As a result of the pension reform from 2003, the maximum and the intermediate disability pensions are also gradually being discontinued.

Moreover, there was an increase in the expenditure on care and nursing, etc., for both the elderly and the disabled, and on the expenditure on institutions, collective housing units, etc., for the disabled. There was also an increasing in the expenditure on measures concerning people with reduced working capacities, including people in flexijobs.

In the Faroe Islands, the expenditure on the elderly increased by 5.3 per cent from 2002 to 2003. The increase in the cash benefits was less than 1 per cent, whereas services increased by 15.1 per cent. More institutional places were provided for the elderly, which increased the running costs. The expenditure on the disabled increased by 9 per cent, where the expenditure on services increased by 19.8 per cent, and the cash benefits decreased by 2.1 per cent. The decreased expenditure on cash benefits was a result of the accession to the disability pension scheme having been limited. The increase in the services was mainly due to increased expenditure on technical aids, which increased by 36.1 per cent. There was also an increase in the expenditure on institutions and rehabilitation.

In Finland, the expenditure on the elderly increased by 4.6 per cent in 2003. The number of retirement pensioners (including premature retirement pension) increased by 12 300 people. The average retirement pension was 2.7 per cent higher in 2003 than in 2002. Also in 2003, enhanced efforts were made in the care for the elderly, especially in the non-institutionalized care, where the expenditure increased by 6.9 per cent at constant prices. The expenditure on the disabled increased by 2.6 per cent, while the number of disability pensioners remained the same in 2003 as in 2002. The expenditure on disability pension increased, however, by 2.9 per cent at constant prices, as the average disability pension was a little higher in 2003 than in 2002. The expenditure on care for the disabled increased by 7.2 per cent at constant prices. Especially the expenditure on rehabilitation and the non-institutionalized treatment increased.

The number of people who received survivor's pension increased by almost 2 000 people and made the expenditure increase by 1.1 per cent. The number of recipients of child pension increased by 200.

In Iceland, the expenditure on the elderly increased by 7.9 per cent at constant prices. The expenditure on services increased by 4 per cent and 9.4 per cent on cash benefits. The expenditure on employment pension increased by 9.5 per cent partly as a result of the wage/salary development and of the fact that new pensioners were on average entitled to a higher employment pension than were those who already received the pension. The expenditure on the basic pension increased by 9.2 per cent, which was a result of an agreement on an extra increase in the basic pension between the retirement pensioners' association and the Government. The increase in the expenditure on services was due to wage/salary increases. The expenditure on the disabled increased by 14.1 per cent at constant prices, where the services increased by 8.9 per cent and the basic pension by 21.5 per cent. The increase in the expenditure on basic pensions was a result partly of an increase in the number of disability pensioners and partly of an extra increase of the basic pension. At the same time an adjustment was made of the pensioners at a total amount of ISK 0.8 billion. The increase in the expenditure on services was a result of wage/salary increases and an increased service level in the institutions. The expenditure on survivors increased by 5.1 per cent, mainly as a result of an increase in the employment pensions.

In Norway, there was an increase in the expenditure on retirement pensioners of 3.6 per cent at constant prices. As to the disabled, there was an increase of 5.3 per cent at constant prices, while there was a slight decrease

**OLD AGE, DISABILITY AND SURVIVORS**

**Table 7.24 Expenditure on and financing of pensions, other cash benefits and services to the elderly, 2003**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
	DKK	DKK	EUR	ISK	NOK	SEK
Cash benefits, million						
A. Retirement pensions	98 551	436	9 949	38 523	88 592	229 949
Of which:						
a. Basic/Minimum pension	63 135	406	1 796	19 188	36 094	25 931
b. Employment pension	4 739	-	7 839	19 335	41 245	154 103
c. Supplementary pension	30 677	30	314	-	11 253	49 915
B. Special retirement pensions	31 771	29	793	-	679	-
C. Partial retirement pension	130	-	274	-	100	85
D. Other	28	17	107	-	-	635
Cash benefits, total	130 480	481	11 123	38 523	89 371	230 669
Services, million						
A. Institutions, etc.	1 956	168	571	12 541	16 994	47 962
B. Assistance to carry out daily tasks	22 619	91	405	748	11 526	16 957
C. Other	1 212	1	350	1 011	2 994	3 007
Services, total	25 787	261	1 326	14 300	31 514	67 926
Total expenditure, million	156 267	742	12 448	52 822	120 886	298 595
Expenditure as percentage of GDP	11.2	7.5	8.7	6.6	7.2	12.2
Financed by (per cent)						
- Public authorities	51.9	84.1	22.4	28.4	52.0	34.8
- Employers	22.0	9.1	62.9	56.0	29.1	43.5
- The insured (contributions and special taxes)	26.1	6.8	14.7	15.7	19.0	21.6
Changes 2002-2003 in terms of 2003 prices						
- Million KR/EUR	3 371	37	552	3 860	4 214	18 448
- Per cent	2.2	5.3	4.6	7.9	3.6	6.6

**OLD AGE, DISABILITY AND SURVIVORS**

**Table 7.25 Expenditure on and financing of pensions, other cash benefits and services to disabled people, 2003**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
	DKK	DKK	EUR	ISK	NOK	SEK
Cash benefits, million						
A. Disability pensions	25 546	162	3 003	17 708	43 525	62 344
Of which:						
a. Basic/Minimum pension	25 546	162	699	13 024	17 024	15 059
b. Employment pension	-	-	2 289	4 684	22 456	40 589
c. Supplementary pension	-	-	15	-	4 044	6 696
B. Early retirement benefit due to reduced working capacity	3 175	8	251	-	-	-
C. Care allowance	-	-	76	-	2 946	3 247
D. Subsidies to financial integration of the disabled	7 670	-	78	-	15 483	2 168
E. Other	2 600	8	288	210	101	-
Cash benefits, total	38 991	178	3 697	17 918	62 054	67 759
Services, million						
A. Institutions, etc.	8 419	93	147	3 645	764	14 792
B. Assistance to carry out daily tasks	4 677	38	275	162	3 105	17 590
C. Rehabilitation	2 514	40	483	4 748	8 183	3 626
D. Other	1 989	53	369	663	1 362	8 199
Services, total	17 599	223	1 274	9 218	13 414	44 207
Total expenditure, million	56 589	400	4 970	27 136	75 468	111 966
Expenditure as percentage of the GDP	4.1	4.0	3.5	3.4	4.5	4.6
Financed by (per cent)						
- Public authorities	68.3	94.5	36.6	44.2	42.0	43.9
- Employers	6.0	4.0	48.6	46.7	33.8	54.9
- The insured (contributions and special taxes)	25.7	1.5	14.7	9.1	24.1	1.2
Changes 2002-2003 in terms of 2003 prices						
- Million	3 587	33	128	3 358	5 807	8 740
- Per cent	6.8	9.0	2.6	14.1	8.3	8.5

**OLD AGE, DISABILITY AND SURVIVORS**

**Table 7.26 Expenditure on and financing of cash benefits and services to survivors, 2003**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
	DKK	DKK	EUR	ISK	NOK	SEK
Cash benefits, million						
A. Survivors' pensions	1	11	1 376	5 128	4 997	17 817
Of which:						
a. Basic/Minimum pension	-	-	40	298	1 260	1 296
b. Employment pension	-	-	1 283	4 830	1 020	15 575
c. Supplementary pension	1	11	52	-	2 716	946
B. Death grants	-	-	33	93	-	-
C. Other	-	2	-	-	14	-
Cash benefits, total	1	13	1 409	5 221	5 011	17 817
Services, million						
A. Funeral grants	142	2	5	-	104	-
B. Other	-	-	-	-	-	-
Services, total	142	2	5	-	104	-
Total expenditure, million	143	15	1 415	5 221	5 115	17 817
Expenditure as percentage of the GDP	0.0	0.2	1.0	0.7	0.3	0.7
Financed by (per cent)						
- Public authorities	100.0	4.2	7.0	1.3	32.4	0.0
- Employers	0.0	63.8	72.6	73.0	48.9	97.7
- The insured (contributions and special taxes)	0.0	31.9	20.4	25.6	18.7	2.3
Changes 2002-2003 in terms of 2003 prices						
- Million	-4	3	14	253	-43	1 929
- Per cent	-2.4	23.7	1.0	5.1	-0.8	12.1

**OLD AGE, DISABILITY AND SURVIVORS**

**Table 7.27 Expenditure on cash benefits to the elderly, the disabled and survivors in PPP/capita and per pensioner, 2003**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>The elderly</i>						
Cash benefits per capita	2 435	1 009	1 763	1 173	1 760	2 362
Retirement pension per pensioner	13 817	7 304	9 115	11 834	12 761	12 980
Services per person 65 years and older	3 232	4 113	1 359	3 710	4 203	4 052
Total benefits and services to the elderly per capita	2 916	1 555	1 973	1 608	2 380	3 057
<i>The disabled</i>						
Cash benefits per capita	728	372	586	545	1 222	694
Disability pension per pensioner	13 422	8 485	9 291	12 586	12 987	11 273
Services per capita	328	467	202	281	264	453
Total benefits and services to the disabled per capita	1 056	839	788	826	1 486	1 146
<i>Survivors</i>						
Total per capita	3	31	224	159	101	182

in the expenditure on survivors of 0.8 per cent. The cash benefits to the elderly increased by 3.9 per cent from 2002 to 2003 at constant prices, while the expenditure on services increased by 2.8 per cent in that same period. The increase in the expenditure on cash benefits to retirement pensioners was first and foremost due to an increase in the number of those retirement pensioners who are entitled to an employment pension. The expenditure on cash benefits on the disabled increased by 9.9 per cent from 2002 to 2003, whereas the expenditure on services decreased by 5.9 per cent. The increase in the expenditure on cash benefits was mainly a result of an increase in the expenditure on both medicine and occupational rehabilitation and supplements to a financial integration of the disabled. The decrease in the expenditure on survivors was caused by a decrease in the expenditure on funeral assistance, which after the reform in 2003 has gone from being a universal scheme to being income-tested.

In Sweden, there was an increase in the expenditure on retirement pensioners of 6.6 per cent at constant prices, which was due to more recipients of both retirement pension and services. The expenditure on the disabled increased by 8.5 per cent at constant prices, which was mainly due to a continuous increase in the number of disability pensioners and thus also people, who re-

ceived social services. The expenditure on survivors increased by 12.1 per cent at constant prices, which was due to there being more recipients.

### *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/old people's homes and institutions for disabled people are defined centrally (by Central Government) in Denmark, the Faroe Islands, Finland, Iceland and Norway, but de-centrally (by the local authorities) in Sweden.

In Denmark, residents in 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. User charges are estimated to amount to about 10 per cent of the total expenditure. The permanent home help service is free of charge. In return, temporary home help must be paid for, depending on income. User charges amounted to about DKK 27 million in 2003.

In the Faroe Islands, inhabitants in nursing homes pay no rent, but in return their retirement pension is reduced to DKK 759 per month towards personal needs. The inhabitants thus have no expenses to pay on 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 10 per cent of a pensioner's supplementary income. In institutions for the mentally disabled, user charges amounted to about 7 per cent of the total expenditure. User charges depend on a household's income. In 2003, user charges amounted to 2 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. It may at most amount to 80 per cent of the net income and there must be at least EUR 80 per month left for personal use. In 2003, user charges amounted to 19 per cent of the total expenditure. In institutions for mentally disabled people, user charges amounted to 4 per cent of the total expenditure. User charges for home help depend on a household's income. User charges amounted to about 15 per cent of the total expenditure on home help.

In Iceland, the proportion of user charges of the total expenditure cannot be calculated, but user charges for home help amounted to 11 per cent of the municipal expenditure.

In Norway, user charges payable for stays in institutions depend on a patient's income and are fixed on the basis of centrally laid down rules. User charges amount to a maximum of 85 per cent of the income. User charges for stays in institutions amount to about 13 per cent of the total running costs of the institution. User charges payable for home help are fixed by the individual municipalities, but the amount must not exceed the actual costs. If an income is low, user charges may not exceed NOK 150 per month. Besides, user charges may not be charged for that part of the help that is personal care and nursing or home nursing.

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



## Chapter 8

# Housing Benefits

**Table 8.1 Expenditure on housing benefits as percentages of the total social expenditure in the EU, the Faroe Islands, Iceland and Norway, 2002**

Denmark	2.3	Austria	0.3	Italy	0.1
Faroe Islands	-	Belgium	.	Luxembourg	0.9
Finland	1.2	France	3.1	The Netherlands	1.5
Iceland	0.8	Germany	0.7	Portugal	0.0
Norway	0.7	Greece	2.4	Spain	0.8
Sweden	1.9	Ireland	3.2	United Kingdom	5.7

Note: See Table 4.1.

## Housing Benefits to Families

### *- Housing Benefits are Income-Adjusted and Tax-Free*

In all the countries, with the exception of the Faroe Islands, housing benefits are granted to both families with children and childless families. In Norway, housing benefits are usually only granted to childless families if at least one person receives other cash benefits. The rules governing housing benefits to families with children are more favourable than those applying to childless families.

In Denmark and Iceland, the benefit is only payable to families who live in rented accommodation. In the other countries, families who own their accommodation may also qualify for housing benefit. 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 schemes vary greatly from one country to another.

In all the countries, housing benefits are means-tested. In addition to the housing benefit, a subsidy may be granted, which will partly or fully cover any deposit, in order to enable people with a poor economy to find appropriate and reasonable accommodation.

## HOUSING BENEFITS

**Table 8.2 Average housing benefit per month to families, 2003**

	Denmark	Finland	Norway	Sweden <sup>1)</sup>
<i>Average housing benefit per month per family, KR/EUR</i>				
Married and cohabiting couples				
- with children	1 477	266	2 156	1 610
- without children	544	163	1 942	706
Single people				
- with children	1 873	274	1 817	1 546
- without children	434	165	1 608	632
<i>Average housing benefit per month per family, PPP-Euro</i>				
Married and cohabiting couples				
- with children	148	219	195	148
- without children	55	135	174	65
Single people				
- with children	188	226	163	142
- without children	44	136	144	58

1 December 2003.

In Finland and Norway, also social assistance may be granted in cases where housing costs are high in relation to income.

At the beginning of the 1990s, there was a marked increase in the number of beneficiaries. This mainly applied to single providers due to an increase in the unemployment rate in several of the countries.

In Denmark, there has been an increase of some 15 per cent in the number of households that receive housing benefits from 1999 to 2003, despite the reform of the rules governing the housing benefits, which were implemented gradually from 1999 to 2004. The amendment of the rules will result in an increase in that part of the rent costs, which the recipients of the housing benefits will have to pay themselves, as well as a reduction of the maximum income amount to which the benefit may be granted. The increase in the number of recipients of housing benefits that are awarded upon application, is probably a result of the fact that an increased number of the households, which are entitled to the benefit, has applied and been awarded housing benefits.

The number of housing-benefit recipients in Finland decreased as from 2000, as the majority of the students, who live in rented accommodation, were granted a housing supplement to their study grants instead of the ordinary housing benefits. In Sweden, childless households lost their entitlement to housing benefits as from 1996 in case the applicant was over 28

**HOUSING BENEFITS**

**Table 8.3 Families receiving housing benefit at the end of the years 1995-2003**

	Denmark	Finland	Iceland <sup>1)</sup>	Norway	Sweden
<i>Number of recipients</i>					
<i>1995</i>					
Married and cohabiting couples	33 610	74 402	645	5 016	198 044
- with children	21 672	49 753	372	5 016	180 798
- without children	11 938	26 649	273	..	17 246
Single people	141 265	139 414	1 976	13 740	352 416
- with children	66 026	55 838	657	13 740	228 021
- without children	75 239	75 974	1 319	-	124 395
<i>2000</i>					
Married and 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>2002</i>					
Married and cohabiting couples	34 297	28 906	1 025	5 936	40 045
- with children	19 975	23 318	590	5 520	38 319
- without children	14 322	5 588	435	416	1 726
Single people	145 877	130 275	4 939	18 814	175 180
- with children	64 512	45 693	1 656	16 022	146 474
- without children	81 365	85 018	3 283	2 792	28 706
<i>2003</i>					
Married and cohabiting couples	36 559	27 436	1 310	6 836	40 882
- with children	20 485	22 061	765	6 371	38 813
- without children	16 074	5 375	545	465	2 069
Single people	156 899	131 106	7 167	21 833	178 843
- with children	67 731	44 769	2 221	18 135	143 690
- without children	89 168	86 337	4 946	3 698	35 153

1 1995=1996. 2002 is for the month of May (not December).

years of age, and many other childless households, who had received housing benefit according to special rules, also lost this benefit. As from 1997, a number of significant rules were introduced, which resulted in a decrease in the number of households receiving housing benefits. One of the most important changes is a new income-adjustment system, where temporary and permanent benefits are subject to an applicant's taxable income. Besides, the possibilities of receiving the benefit became limited, and individual income ceilings were fixed for cohabiting parents. In Norway, the housing benefits scheme was gradually extended in that the requirements of the accommodation were reduced.

## Housing Benefits to Pensioners

### - Support to Pensioners with Low Incomes

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.

In Denmark, the benefit may also be granted to pensioners who own the house or flat they live in, but only by way of a loan, as well as to pensioners who live in housing society dwellings, where the support will be granted by way of a supplement (40 per cent) and a loan (60 per cent). 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 old-age and disability pensioners. Previously, housing benefits were granted according

**Table 8.4 Pensioners receiving housing benefit at the end of the years 1995-2003**

	Denmark <sup>1)</sup>	Finland	Norway	Sweden <sup>2)</sup>
<i>1995</i>				
Married or cohabiting pensioners	68 872	10 484	5 771	42 300
Single pensioners	263 130	131 557	42 869	512 300
Total	332 002	145 289	48 640	554 700
<i>2000</i>				
Married or cohabiting pensioners	61 577	9 077	4 271	..
Single pensioners	269 161	139 451	78 547	..
Total	330 738	152 464	82 818	458 337
<i>2002</i>				
Married or cohabiting pensioners	58 527	8 587	3 794	..
Single pensioners	267 362	143 041	78 160	..
Total	325 889	155 695	81 954	455 380
<i>2003</i>				
Married or cohabiting pensioners	57 658	8 352	3 968	..
Single pensioners	268 943	144 193	80 628	..
Total	326 601	156 498	84 596	441 047

1 As from 2003 inclusive of new disability pensioners, who receive housing benefits according to the new rules as a result of the anticipatory-pension reform from 1 January 2003.

2 Inclusive of 126 210 people, who received sickness/activity allowance.

to the same rules to both types of pensioners, but after the reform of the anticipatory pension scheme entered into force in 2003, new disability pensioners are granted housing benefits according to rules that are somewhat less lenient than those applying to old-age pensioners and anticipatory pensioners in the old system. In Finland, housing benefits may be granted on the grounds of age or pension. In Iceland, a special pension supplement that is not directly linked to the housing benefit, may be granted mainly to pensioners, who live alone and have a low income. In Norway, housing benefits are payable to recipients of old-age, disability and survivor's pensions. In relation to these target groups, there are no requirements as to the accommodation if the income does not exceed the minimum pension amount plus 30 per cent (about NOK 130 463 for a single pensioner). In respect of incomes exceeding that amount, requirements concerning the accommodation have to be met in order for housing benefits to be payable, but an upper income limit has been fixed. Not all rented accommodation qualifies for housing benefits for this group. Municipal rented accommodation and housing co-operatives qualify for housing benefits. This also applies to housing units with care facilities to which an establishment supplement is granted. In Sweden, housing benefits are payable to old-age pensioners, recipients of disability pension and to people who receive survivor's pension and who have low personal incomes. The housing benefits are granted according to rules that apply uniformly to the entire country.

**Table 8.5 Average housing benefit per month to pensioners, 2003**

	Denmark <sup>1)</sup>	Finland	Norway	Sweden
<i>Average housing benefit per month to married or cohabiting pensioners</i>				
- KR/EUR	1 599	148	1 803	} 1 985 <sup>2)</sup>
- PPP-Euro	161	122	162	
<i>Average housing benefit per month to single pensioners</i>				
- KR/EUR	1 984	139	1 386	} 182 <sup>2)</sup>
- PPP-Euro	199	115	126	

1 As from 2003 inclusive of new disability pensioners, who receive housing benefits according to the new rules as a result of the disability-pension reform from 1 January 2003.

2 Applies to both couples and single people.

## 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 in PPP per capita. Denmark spends the most followed by Sweden, while Iceland spends the least, followed by Norway. Both in Denmark and in 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 who receive housing benefits.

### *Changes in the Social Expenditure on Housing Benefits from 2002 to 2003*

In Denmark, the expenditure on rent subsidies to families increased from 2002 to 2003 as a result of an increase in the number of recipients. The expenditure on housing benefits to pensioners also increased as a result of a slight increase in the number of recipients, including especially pensioners in housing for the elderly as well as a slight increase in the average payment of rent subsidies per household.

In Finland, the expenditure on general housing benefits increased by 3.2 per cent in 2003 at constant prices, while the number of households receiving benefits decreased by 680. Especially the number of single recipients of housing benefits increased. Housing benefits to pensioners is in Finland part of the pension system, and the expenditure is included in the expenditure on pensions in Chapter 7. A total of EUR 270 million was paid in housing benefits to pensioners.

In Iceland, the expenditure on housing benefits increased by 16.7 per cent at constant prices, which was due to a sharp increase in the number of recipients.

In Norway, the expenditure on housing benefits increased by 20.9 per cent at constant prices. The increase was a result of that the entitlement to housing benefits was extended to apply to all families with children, who own their own accommodation. Moreover, there are extraordinary expenses due to high electricity prices. In Sweden, the expenditure on housing benefits increased by 0.5 per cent at constant prices. The almost constant expenditure was a result of the rules governing awards of housing benefits having been fixed at a nominal amount at the same time as the population's income has increased.

**Table 8.6 Expenditure on and financing of housing benefits, 2003**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
	DKK	DDK	EUR	ISK	NOK	SEK
<i>Services, million</i>						
A. Housing benefit to						
people in rented housing	9 747	.	416	1 600	1 417	14 573
a. Of whom pensioners	7 477	.	-	-	526	7 606
B. Housing benefit to						
owner-occupiers	..	.	14	-	1 770	-
a. Of whom pensioners	..	.	-	-	246	-
Services, total	9 747	.	430	1 600	3 187	14 573
Total expenditure, million	9 747	.	430	1 600	3 187	14 573
Total expenditure per capita, PPP-Euro	182	.	68	49	63	149
Expenditure as percentage of the GDP	0.7	.	0.3	0.2	0.2	0.6
<i>Financed by (per cent)</i>						
- Public authorities	100	.	100	100	100	100
- Employers	-	.	-	-	-	-
- The insured (contribu- tions and special taxes)	-	.	-	-	-	-
<i>Changes 2002-2003 in terms of 2003 prices</i>						
- Million	398	.	13	229	551	76
- Per cent	4.3	.	3.2	16.7	20.9	0.5

## Chapter 9

# Other Social Benefits

The previous chapters described the social benefits granted in connection with defined social incidents. In a number of cases, social incidents that are not covered by any specific legislation occur, however. It is difficult to compare the extent of the services provided in such cases, both when it comes to the EU and to the Nordic countries.

**Table 9.1 Expenditure on other social benefits, as percentages of the total social expenditure in the EU, the Faroe Islands, Iceland and Norway, 2002**

Denmark	3.6	Austria	1.4	Italy	0.2
Faroe Islands	2.8	Belgium	1.9	Luxembourg	2.3
Finland	2.2	France	1.4	The Netherlands	5.2
Iceland	2.5	Germany	1.7	Portugal	4.6
Norway	2.4	Greece	2.3	Spain	0.8
Sweden	2.2	Ireland	2.3	United Kingdom	0.9

Note: See Table 4.1.

## Special Circumstances in the Individual Countries

A number of special circumstances in the Nordic countries make it difficult to compare their data in this chapter.

In Denmark, non-insured unemployed people, who do not qualify for unemployment benefit, are 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 assistance.

In all the countries, social assistance falls under special legislation.



In all the countries, there are a number of special benefits that are placed under Other Social Benefits, such as assistance 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, wage earners may receive their wages from special wage earners' guarantee funds in the event that insolvency of their employers makes it impossible for them to pay their wages.

## Cash Benefits

### Social Assistance

#### *- The Last Resort in the Social Safety Net*

In all Nordic countries, social assistance will be granted when all other support options in connection with loss of income or in other social situations have been exhausted. Consequently, the assistance, which is means-tested in all the countries, is the last resort of assistance that is 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. The assistance is awarded and granted according to need in order to meet costs of living. In all the countries, the social assistance is subject to a household's income.

The social assistance does not influence the granting of any other social benefits or subsidies in any of the countries.

In Denmark and Iceland, the social assistance is taxable. In the Faroe Islands, Finland, Norway and Sweden, it is a tax-free net benefit.

In Denmark, cash assistance to people, who are obliged to provide for children, equals about 80 per cent of the maximum rate of the unemployment benefit. For non-providers, the assistance equals about 60 per cent of the unemployment benefit. Young people under the age of 25, who do not have any children living with them, are entitled to special, lower youth benefits. Recipients of cash benefits, who pay high net rents or have large obligations as providers, may furthermore be granted a special benefit that is tax-free. Income such as income from work will be deducted from the cash assistance, whereas child benefits and rent subsidies do not cause the assistance to be reduced. The rent subsidy will, however, be taken into account when the special assistance is calculated.

## OTHER SOCIAL BENEFITS

With a view to ensure that it pays better to work, a ceiling was introduced in 2003 in relation to the entire assistance by way of cash benefits, special benefits and rent subsidies after six months' receipt of cash benefits. Besides, cash benefits to married couples will be reduced after six months at the same time as the employment deduction will be increased. Besides, the cash benefits to young people under 25 will be reduced after six months to a level corresponding to the State education grants and loans.

As from July 1 2002, a condition for being awarded the full cash assistance amount is that one has been a resident in the country for at least seven out of the past eight years. People, who do not comply with this requirement, are entitled to so-called start assistance, which is lower than the cash assistance. Local authorities may furthermore grant assistance based on need to non-recurrent expenses, removals, medical treatment, medicine, dental treatment and the like, to cash assistance recipients and to others, who are unable to pay the costs.

In case a recipient of cash assistance rejects an offer of work or activation without reasonable course and is not available for work, the local authorities may discontinue payment of the assistance. In case a recipient of cash assistance rejects an offer of activation or fails to appear without reasonable course when he has been offered activation, the local authorities may reduce the assistance by up to one third.

In the Faroe Islands, assistance granted in accordance with the Welfare Act is divided into temporary and permanent assistance. Temporary assistance will be provided in cases of illness, divorce or lack of working possibilities. The benefit is based on need. Permanent assistance will be awarded at an amount corresponding to the one retirement pensioners, who have no other income, receive with 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. Cash assistance may be payable in the event that payment of other benefits is delayed. Local authorities may also grant benefits in time to prevent people from getting into financial 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, local authorities are obliged to pay out social assistance to those unable to provide for themselves. The Ministry of Social Affairs has drawn up guidelines for what should be taken into consideration in connection with the award.

In Norway, everyone is in principle responsible for his or her own provision by utilizing all sources of income and other options of provision. This implies that all general forms of income, such as income from work, public and private

pensions, family provision, family allowances, cash benefits, governmental housing benefits and other financial options, must be exhausted in full before social assistance becomes payable. The Government has drawn up recommended guidelines for the award of the support, which include the expenditure on the current, daily costs towards maintenance. These guidelines are a recommended starting point for the estimates that local authorities have to make. There is no upper limit to the amount of the assistance, which may also be granted by way of a loan. The social authorities may in special cases grant financial assistance to people who are in need of help in order to overcome or adapt to a difficult situation where they would otherwise not qualify for social assistance.

**Table 9.2 Rules governing award of social assistance, 2003**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Social assistance payable as a fixed amount?	Yes	Yes	Yes <sup>3)</sup>	Yes <sup>4)</sup>	No	No <sup>5)</sup>
Social assistance calculated individually by local authorities?	No	No	Yes	No	Yes	Yes
Do housing costs influence the amount of the social assistance?	No <sup>1)</sup>	Yes	Yes	No	Yes	Yes
Social assistance taxable?	Yes	No	No	Yes	No	No
Social assistance payable as a supplement to other social benefits?	Yes	Yes	Yes	Yes	Yes	Yes
Social assistance payable as a supplement to income from work?	No <sup>2)</sup>	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) will in general not be granted as a supplement to a low income from work. Award of cash assistance is subject to the occurrence of a life event such as for example unemployment or dissolution of marriage or co-habitation.
- 3 Each year, a "national standard" is calculated, which local authorities apply when calculating the social assistance, cf. the text above. Local authorities may also award a so-called preventive social assistance individually.
- 4 In 2003, the maximum amount for single people over 18 years was ISK 71 020 and for co-habiting couples ISK 122 400 in the municipality of Reykjavik. Income in the month in which an application is submitted as well as in the month before that will be deducted from the amount - with the exception of child allowance and housing benefit.
- 5 Central Government fixes national standards each year for the entire country concerning the usual subsistence expenses. Besides, one may be granted social assistance towards payment of reasonable rent and certain other needs.

## OTHER SOCIAL BENEFITS

In Sweden, the purpose of the social assistance, which is called "financial assistance", is twofold: if the need cannot be met in any other way, the social assistance must partly serve to guarantee a family a reasonable financial standard of living, and partly as a preventive and rehabilitating measure. The local authorities usually offer unemployed social assistance recipients measures that prepare them for work. Those, who are fit to work, but who do not apply for work or accept work offers or the like, will often lose their entitlement to financial assistance. Central Government will each year fix national standards concerning the usual subsistence expenses, such as food, clothing and consumer goods, have been drawn up. Usual subsistence expenses also include rent and transport. The majority of the social assistance is granted towards payment of such expenses. Social assistance may also be granted for other purposes, such as dental treatment, medical treatment, glasses, equipment in the home and removal expenses. 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 the financial assistance may also be granted provided it will be paid back later, for example to students during the summer period.

Table 9.3 shows the disposable income per month after tax, payment for day-care institution and rent when receiving social assistance in respect of the various family types. Figures 9.1 and 9.2 show the compensation levels for a single person without children and a couple with children, respectively. The amount, which singles and couples have to live for when they receive social assistance, varies somewhat from one Nordic country to another, where the amount is largest in Denmark and Iceland and smallest in Sweden. For single people without children, the compensation level is highest in Sweden and Norway for the lowest income groups, while it in all the countries is much lower in respect of people, who previously had high incomes. This also applies to couples with two children, where the compensation level for the lowest incomes apart from Norway and Sweden, however, is also relatively high in Denmark.

**OTHER SOCIAL BENEFITS**

**Table 9.3 Disposable monthly income after tax, payment for day-care institution and rent when receiving social assistance (December) 2003**

	Denmark <sup>1)</sup>	Finland	Iceland <sup>1)</sup>	Norway	Sweden
<i>National currency</i>					
Single provider with 1 child	8 597	576	75 155	5 573	4 980
Single childless person	4 506	350	42 947	4 000	3 255
Couples with 2 children	12 275	1 051	93 323	10 210	9 085
Childless couple	8 582	606	85 628	6 660	5 455
<i>PPP-Euro</i>					
Single provider with 1 child	864	476	662	501	457
Single childless person	453	289	378	360	299
Couples with 2 children	1 234	869	822	918	833
Childless couple	863	501	754	599	500

1 The benefit is the same as for non-insured unemployed, people but in this calculation rent has been included as an expense.

**Table 9.4 Individuals receiving social assistance during the year, in thousands and as percentages of the population 16/18 years or over, 1995-2003**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Thousands</i>						
1995	195.1	2.6	430.3	6.9	188.0	451.7
2000	172.8	1.9	334.7	5.2	146.5	340.3
2002	167.1	1.4	314.1	6.9	147.5	286.2
2003	171.1	1.5	310.2	7.3	159.2	275.7
<i>As percentages of the population 16/18 years or over</i>						
1995	4.7	10.1	10.9	3.5	5.6	6.6
2000	4.1	6.8	8.3	2.6	4.3	4.9
2002	4.0	4.9	7.7	3.3	4.2	4.1
2003	4.1	5.1	7.5	3.4	4.6	3.9

Note: Calculations based on all people of 18 years and over (in Iceland 16 years in 1995) - children not included. Married couples who receive social assistance, and where the assistance is payable to one of the spouses only, count as two individuals. In respect of Norway, the figures for 2003 include recipients of the introduction benefit and so cannot be directly compared with those from previous years. In Sweden and Iceland, children over 18 years living at home also count as assistance recipients. The figures for Denmark include recipients of cash assistance payable towards maintenance (including refugees), but 16 206 recipients of the introduction benefit to refugees in 2003 have not been included. Activated cash assistance recipients are included under labour-market measures. The Swedish figures include refugees.

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**Table 9.5 Number of individuals over the age of 18, who receive social assistance, in total and as percentages of the population, per 1 December, 1995-2003**

	Denmark	Finland	Iceland <sup>1)</sup>	Norway <sup>2)</sup>	Sweden <sup>3)</sup>
<i>Total number</i>					
1995	97 399	170 058	..	76 054	..
2000	82 020	147 824	5 097	63 732	..
2002	83 257	145 728	7 263	63 827	135 384
2003	85 187	132 634	7 631	70 305	127 440
<i>As percentages of the population</i>					
1995	2.4	4.5	..	2.3	..
2000	2.0	3.7	2.5	1.9	..
2002	2.0	3.6	3.5	1.8	1.9
2003	2.0	3.2	3.6	2.0	1.8

1 Individuals receiving social assistance during the year.

2 In respect of Norway, the figures from 2003 include recipients of introduction benefits and so cannot be directly compared with those from previous years.

3 People in socially assisted households, who received assistance in November.

**Table 9.6 Individuals receiving social assistance during the year, by age, in total and as percentages of their age groups, 2003**

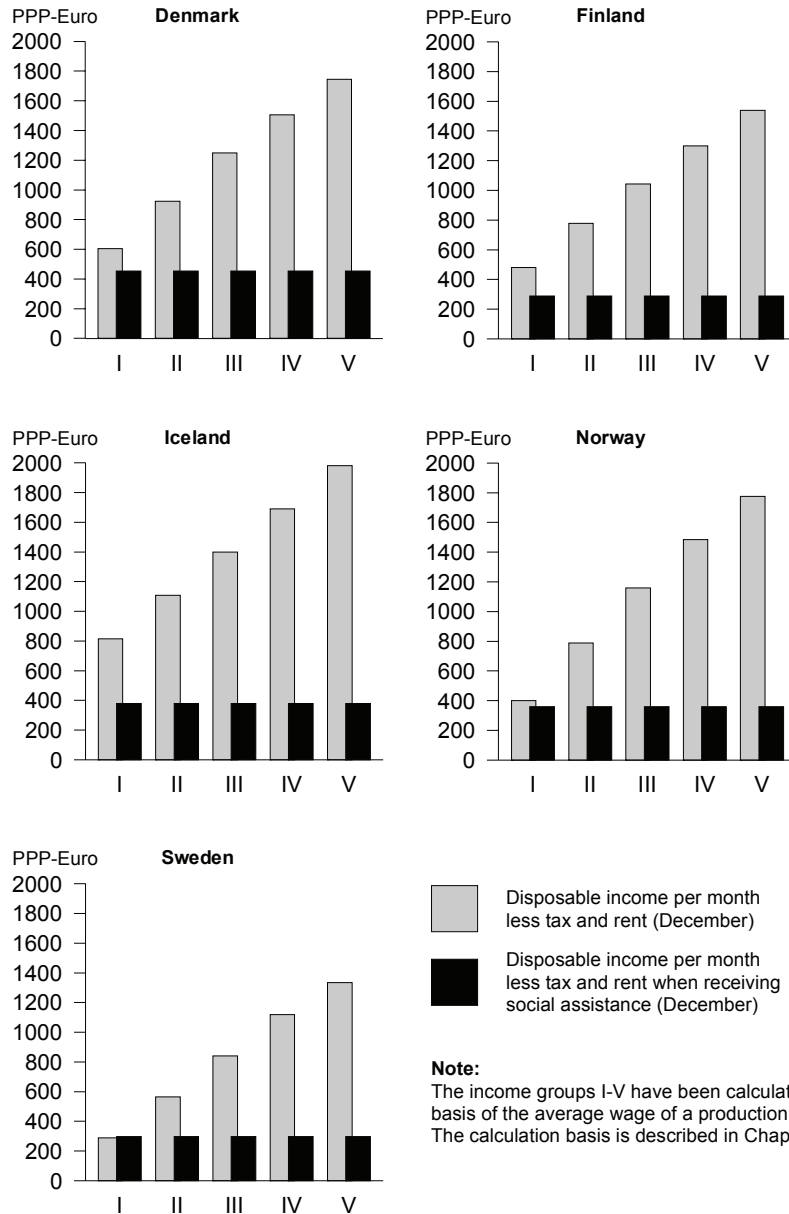
	Recipients		Recipients in per cent according to age			
	Total	18-24 years	25-39 years	40-54 years	55-64 years	65+ years
<i>Denmark<sup>1)</sup></i>						
Recipients, total	168 489	9.5	6.6	3.8	1.1	0.2
New, total	61 991	5.2	2.3	1.1	0.3	0.0
<i>Finland</i>						
Recipients, total	310 210	16.1	9.8	7.9	4.3	1.9
New, total	99 540	6.9	3.0	2.0	1.1	0.8
<i>Iceland</i>						
Recipients, total	6 934	6.2	4.4	2.8	1.5	0.8
New, total	1 912	1.9	1.1	0.8	0.5	0.2
<i>Norway<sup>2)</sup></i>						
Recipients, total	159 461	8.1	6.8	4.6	2.2	1.0
New, total	57 298	3.7	2.4	1.5	0.7	0.3
<i>Sweden<sup>3)</sup></i>						
Recipients, total	275 656	9.6	5.3	4.0	1.9	1.0
New, total	84 769	3.5	1.6	1.1	0.5	0.4

1 Exclusive of 2 583 recipients, whose family type is not stated.

2 In respect of Norway, the figures from 2003 include recipients of the introduction benefit and so cannot be directly compared with those from previous years.

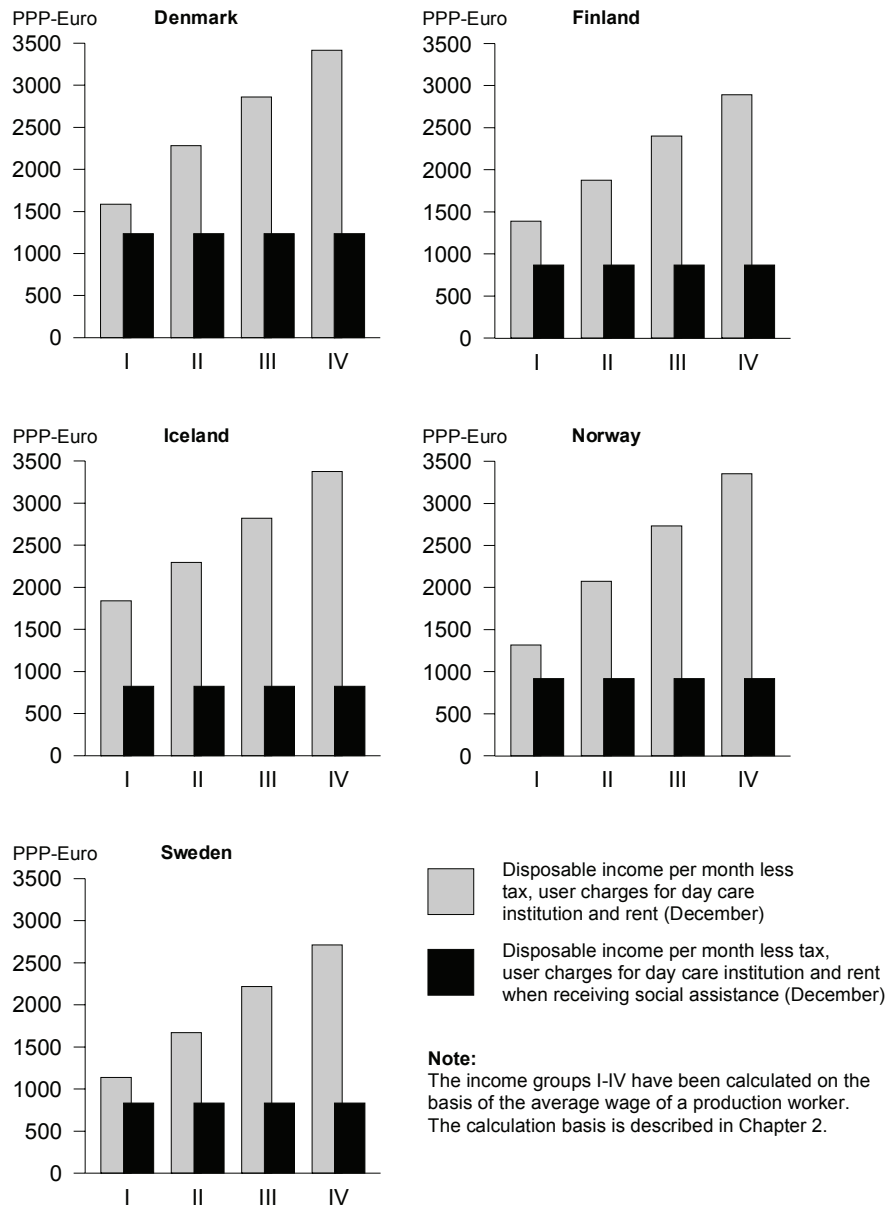
3 Includes only people who have a full personal identification number.

**Figure 9.1 Disposable income per month less tax and rent for single childless people when receiving social assistance (December) 2003**



**OTHER SOCIAL BENEFITS**

**Figure 9.2 Disposable income per month less tax, payment for day care institution and rent for a couple with two children when receiving social assistance (December) 2003**





**Table 9.7 Families, who received social assistance during the year as percentages of all families, by type of family, 2003**

	Denmark	Finland	Iceland	Norway <sup>1)</sup>	Sweden
<i>Families by type (per cent)</i>					
Single men	7.8	15.3	13.1	12.3	8.8
- with children	9.6	19.5	9.5	15.5	6.6
- without children	7.8	15.3	13.5	12.2	9.0
Single women	5.4	11.7	12.9	8.2	10.3
- with children	17.5	29.3	24.2	18.4	22.4
- without children	3.5	9.3	6.8	6.1	7.3
Married/cohabiting couples	5.1	4.1	1.2	2.8	2.1
- with children	8.2	5.9	1.5	2.8	3.0
- without children	2.9	2.9	0.6	2.7	1.2
Total	5.9	9.3	5.8	6.3	5.9
- with children	9.8	10.3	6.9	5.8	6.1
- without children	4.7	9.0	5.1	6.5	5.7

Note: Cf. Table 9.5. Figures for Denmark exclude 2 583 people, whose family type has not been specified. Figures for Sweden comprise only households where the registered person is between 18 and 64 years. The total number of households is an estimate.

1 2001.

## Assistance to Refugees in the Nordic Countries

### *- Refugees Receive Social Assistance or Similar Benefits*

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 to 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.

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At present, most of the asylum seekers or refugees that are received into the Nordic countries are people who have arrived at the borders applying for asylum. The statistics include both people who have arrived at the border of the country concerned and applied for asylum without being rejected and convention refugees. Reunifications of families are, however, not included in the statistics. The large number of residence permits granted to refugees in Denmark in 1995 can be attributed to refugees from Ex-Yugoslavia, who had been granted a temporary residence permit, applying for and being granted residence permits as refugees.

In Denmark, asylum seekers get board and lodging plus pocket money during their stay at an asylum centre. In 1999, a new act on integration of foreigners was introduced. The act implies that the integration activities in respect of newly arrived refugees and other foreigners have been transferred to the local authorities. All newly arrived foreigners are offered a 3-year introduction programme that comprises courses in social knowledge, the Danish language and activation. Foreigners, who came to Denmark before 1 July 2002, are awarded an introduction benefit that corresponds to the cash benefits. Foreigners, who came to Denmark after 1 July 2002, and who do not comply with the requirement of having stayed in Denmark for at least seven out of the past eight years, are awarded a lower introduction benefit, which equals the so-called start assistance. Central Government reimburses 75 per cent of the local authorities' expenditure on introduction benefits during the 3-year introduction programme and furthermore grants a number of supplements towards payment of the local authorities' expenditure.

The refugee policy in the Faroe Islands is a Danish matter. The Danish Aliens Act has been implemented in the Faroe Islands. The Danish Immigration Service is the highest responsible authority in this field and makes decisions concerning asylum and residence permits in the Faroe Islands. Decisions are, however, made in co-operation with the Faroese authorities. These cases are very rare in the Faroe Islands, and until now years have passed between each application for asylum or residence permit on humanitarian grounds.

In Finland, Central Government covers local authorities' expenditure on refugees for the first three years of the refugees' stay.

In Iceland, refugees are granted social assistance from the moment they are received into the country. Central Government pays the first 12 months of assistance.

In Norway, people who have been received in a government refugee centre are granted a maintenance allowance according to special rules that apply to people staying at such centres. Central Government covers the local authorities' average expenditure on refugees and people, who are staying in the coun-

try on humanitarian grounds, during the first five years of their stay. Social assistance to refugees is awarded according to the Act on Social Services and Benefits in the same way as to all other recipients of social assistance.

A scheme was introduced entitling and obliging newly arrived immigrants with needs for basic qualifications to partake in an individually planned training programme. The introduction scheme was implemented as a voluntary scheme for the municipalities from September 2003 and as a compulsory scheme from 1 September 2004. The programme runs for a year and is full time. Participation entitles to a benefit of NOK 113 722. The programme contains courses in Norwegian, civics and other measures. As a supplement to the benefit, supplementary social assistance may be awarded according to the current rules.

In Sweden, refugees receive a benefit from Central Government during their stay in the reception centres for refugees while they await a reply to their applications. From the moment they are received into the country and the initiated introduction, refugees are entitled to a special benefit by way of social assistance or an introduction benefit to refugees. Central Government reimburses the local authorities' expenditure on this benefit for the first four years.

**Table 9.8 Number of refugees received, exclusive of reunification of families, who have been granted residence permits in the Nordic countries, 1995-2003**

	Denmark	Finland	Iceland	Norway	Sweden
1995	20 347	1 129	5	4 602	5 642
2000	5 156	1 028	31	4 434	10 546
2002	4 069	1 131	5	4 645	5 060
2003	2 447	909	3	4 938	8 115

**Table 9.9 Number of asylum seekers, 1995-2003**

	Denmark	Finland	Iceland	Norway	Sweden
1995	5 104	854	4	1 460	9 047
2000	10 347	3 170	25	10 842	16 303
2002	6 660	3 443	117	17 480	33 016
2003	2 767	3 221	80	15 614	31 355

## Services

This section deals only with services that are not aimed at any particular sector, such as services offered to substance abusers. These 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, homes for the homeless and others with special social problems, who may be in need of temporary accommodation.

## Treatment of Alcohol and Drug Abuse

### *- Several Kinds of Treatment Available*

Special institutions for abusers administer treatment of substance abusers. There are both institutions for alcohol abusers and institutions for drug addicts. Some of these are privately owned institutions that have agreements with the public authorities concerning cover of their running costs. In all the countries, part of the treatment is provided by the psychiatric treatment system.

In all countries, outpatient treatment is provided, and in some of the countries efforts are made to include families and social networks in the treatment.

Both in Denmark, Finland and Sweden, compulsory treatment may be initiated if an abuser is deemed to be a danger to him/herself or to people in his or her environment. In Norway, people may be compulsorily admitted to an institution for up to three months for examination and planning of treatment. Also pregnant abusers may be compulsorily admitted to an institution and kept there during the entire pregnancy, if the abuse is of such a nature that it is likely to harm the child, and that other measures may not be sufficient.

It is difficult to assess the number of abusers and the treatment of them, as treatment of abusers cannot be statistically separated from other somatic and psychiatric treatment.

## Expenditure on and Financing of Other Social Benefits

### *Differences and Similarities in the Expenditure on Other Social Benefits*

Expenditure on other social benefits is highest in Denmark, followed by Norway and Sweden, while the Faroe Islands, Finland and Iceland are largely at identical levels, measured in PPP per capita.

The relatively high expenditure in Denmark is a result of non-insured people, who do not qualify for unemployment benefit, receiving cash benefits. In Finland and Sweden, such people are granted 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 supplementing benefits to the unemployed. Besides, the number of refugees and asylum seekers that is received into the country also plays a part, as they in all the countries receive social assistance or some other income-substituting benefit. There are also certain differences amongst the countries as to whether abusers are treated in special institutions or in the general somatic and psychiatric treatment system.

### *Changes in the Expenditure on Other Social Benefits from 2002 to 2003*

In Denmark, there has been a decrease in the expenditure on both cash benefits and services under other social benefits from 2002 to 2003. There was primarily a decrease in the expenditure on introduction benefits, etc., to refugees in accordance with the Act on Integration and in the expenditure on asylum seekers. Besides, there was a decrease in payments from the Employees' Guarantee Fund. The expenditure on cash benefits has on the other hand been increasing as a result of an increasing number of recipients, which is related to the increase in the unemployment rate from 2002 to 2003.

In Finland, the expenditure on other social benefits was 2.8 per cent higher in 2003 than in 2002 at constant prices. The number of recipients of social assistance decreased by 5 680 individuals, whereas the expenditure was the same as the year before. The expenditure on refugees and abusers increased.

In Iceland, the expenditure on other social benefits decreased by 0.9 per cent at constant prices, where cash benefits increased by 5.2 per cent and

## OTHER SOCIAL BENEFITS

services decreased by 7.3 per cent. The increase in the expenditure on cash benefits was a result of an increase in the expenditure on cash assistance, whereas the decrease in the expenditure on services was a result of a change in the bookkeeping procedures in relation to previous years.

In Norway, the expenditure on other cash benefits increased by 8.1 per cent at constant prices. The cash benefits increased by 5.9 per cent from 2002 to 2003, and the expenditure on services increased by 11 per cent in that same period. The increase in cash benefits was a result of an increase in the number of recipients due to the imposition of the introduction.

In Sweden, there was an increase of 5.5 per cent at constant prices. The expenditure increase was mainly due to increased expenditure on abusers.

**Table 9.10 Expenditure on and financing of other social benefits, 2003**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
	DKK	DKK	EUR	ISK	NOK	SEK
<i>Cash benefits, millions</i>						
A. Income-substituting/ supplementing benefits	9 049	51	464	1 669	5 177	8 274
a. Of which social assistance	-	51	451	1 617	506	8 274
B. Other benefits	2 736	-	19	724	4 418	1 267
Cash benefits, total	11 785	51	484	2 393	5 683	9 541
<i>Services, millions</i>						
A. Institutions, etc.	838	2	82	-	361	58
B. Rehabilitation and treatment of abusers	838	10	118	694	1 647	4 254
C. Other	839	2	130	1 320	2 410	3 263
Services, total	2 515	13	331	2 015	4 418	7 575
Total expenditure, millions	14 300	64	814	4 407	10 100	17 116
Expenditure as percentage of the GDP	1.0	0.6	0.6	0.6	0.6	0.7
<i>Financed by (per cent)</i>						
- Public authorities	98.7	100.0	97.6	94.3	96.8	100.0
- Employers	1.3	-	2.4	4.7	1.8	-
- The insured (contribu- tions and special taxes)	-	-	-	1.0	1.4	-
<i>Changes 2002-2003 in terms of 2003 prices</i>						
- Million	-394	0	22	-39	756	897
- Per cent	-2.7	0.0	2.8	-0.9	8.1	5.5

**Table 9.11 Expenditure on other social benefits and services in PPP/capita, 2003**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
Cash benefits, total	220	107	77	73	112	98
Services, total	47	27	52	61	87	78
Other social benefits, total	267	134	129	134	199	175

*Chapter 10***Social Expenditure**

Following a description in the previous chapters of the social protection systems, an overall description of the social expenditure is presented in this chapter. As mentioned in Chapter 2, the Nordic social expenditure statistics follow the calculation method used by EUROSTAT.

The Nordic countries' and the EU's expenditure on social affairs measured in relation to the Gross Domestic Product (GDP) and per capita in PPP-Euro, broken down by functions, is shown in the two following tables.

**Table 10.1 Social expenditure as percentages of the GDP in the EU, the Faroe Islands, Iceland and Norway, 2002**

Denmark	30.0	Austria	29.1	Italy	26.1
Faroe Islands	22.8	Belgium	27.8	Luxembourg	22.7
Finland	26.4	France	30.6	The Netherlands	28.5
Iceland	22.3	Germany	30.5	Portugal	25.4
Norway	26.3	Greece	26.6	Spain	20.2
Sweden	32.5	Ireland	16.0	United Kingdom	27.6

Note: See Table 4.1.



**Table 10.2 Social expenditure per capita in the EU, the Faroe Islands, Iceland and Norway, 2002. PPP/Euro**

	Families and children	Unem- ployment	Illness	Old age, disability and survivors	Housing benefits	Other social benefits	Total
Denmark	1 050	726	1 644	3 975	182	286	7 862
Faroe Islands	564	136	1 509	2 329	-	137	4 778
Finland	733	614	1 556	3 151	72	135	6 262
Iceland	744	116	2 141	2 562	46	148	5 757
Norway	1 033	217	2 885	4 058	56	204	8 451
Sweden	762	433	2 160	4 212	153	171	7 892
Austria	800	412	1 930	4 372	26	106	7 646
Belgium	574	829	1 627	3 555	0	127	6 711
France	679	308	2 175	3 595	225	101	7 331
Germany	750	595	1 990	3 522	52	121	7 029
Greece	320	289	1 195	2 543	110	105	4 562
Ireland	733	398	1 918	1 312	146	105	4 611
Italy	237	33	1 573	4 102	3	10	6 030
Luxembourg	1 715	371	2 566	5 318	91	231	10 297
The Netherlands	323	381	2 228	3 750	107	375	7 165
Portugal	186	152	1 195	2 155	0	178	3 867
Spain	105	555	1 227	2 137	33	32	4 089
United Kingdom	453	235	1 858	3 753	384	60	6 743

Note: See Table 4.1.

The account of the social expenditure has been divided into four sections. First, an account is given of the social expenditure trends from 1995 to 2003; then the purposes of the social expenditure are described, followed by the financing of the total social expenditure and finally, the significance of taxation in relation to the total social expenditure is shown.

## Changes in the Social Expenditure, 1995-2003

The development in the social expenditure, in total and per capita, at current and at constant prices and in relation to the gross domestic product (GDP) and in purchasing power parities (PPP-Euro) since 1995, appears from the tables below. It should be noted that all the countries now use the ESA95/SNA-93 classification when calculating the GDP, which has resulted in corrections of the gross domestic products.

**SOCIAL EXPENDITURE**
**Table 10.3 Social expenditure, in total and per capita, 1995-2003**

	Social expenditure		Social expenditure per capita		Social expenditure per capita aged 15-64 years	
	At current prices, million KR/EUR	At 2003 prices, million KR/EUR	At current prices KR/EUR	At 2003 prices KR/EUR	At current prices KR/EUR	At 2003 prices KR/EUR
<i>Denmark</i>						
1995	325 634	390 761	62 223	74 667	92 352	110 823
2000	373 495	399 816	69 948	74 877	104 894	112 286
2002	409 165	417 871	76 134	77 754	114 657	117 097
2003	432 589	432 589	80 300	80 300	121 137	121 137
<i>Faroe Islands</i>						
1995	..	..	..	..	..	..
2000	..	..	..	..	..	..
2002	2 323	2 351	49 058	49 643	77 781	78 707
2003	2 480	2 480	51 716	51 716	81 660	81 660
<i>Finland</i>						
1995	30 200	34 277	5 913	6 711	8 857	10 053
2000	33 142	34 830	6 403	6 729	9 567	10 054
2002	36 908	37 236	7 097	7 160	10 611	10 705
2003	38 716	38 716	7 427	7 427	11 114	11 114
<i>Iceland</i>						
1995	85 984	112 811	321 580	421 913	499 834	655 783
2000	131 390	150 029	467 324	533 620	717 535	819 326
2002	173 418	177 062	603 070	615 741	923 178	942 576
2003	193 296	193 296	668 217	668 217	1 019 690	1 019 690
<i>Norway</i>						
1995	253 620	303 837	58 181	69 700	90 091	107 929
2000	360 341	385 437	80 237	85 825	123 766	132 385
2002	397 902	407 773	87 679	89 854	134 647	137 987
2003	432 507	432 507	94 747	94 747	145 114	145 114
<i>Sweden</i>						
1995	612 633	668 383	69 405	75 721	108 988	118 905
2000	674 658	719 503	76 041	81 096	118 252	126 113
2002	763 982	778 249	85 601	87 199	132 270	134 740
2003	817 891	817 891	91 301	91 301	140 270	140 270

**Table 10.4 Social expenditure in relation to the GDP, 1995-2003<sup>1)</sup>**

	GDP, million KR/EUR	Social expenditure as percentage of the GDP	Index for social ex- penditure in relation to the GDP (1995=100)
<i>Denmark</i>			
1995	1 009 756	32.2	100
2000	1 278 956	29.2	91
2002	1 350 787	30.3	94
2003	1 390 537	31.1	96
<i>Faroe Islands</i>			
1995	5 322	..	..
2000	8 440	..	..
2002	10 182	22.8	..
2003	9 900	25.1	..
<i>Finland</i>			
1995	95 251	31.7	100
2000	130 145	25.4	80
2002	140 284	26.3	83
2003	143 337	27.0	85
<i>Iceland</i>			
1995	452 139	19.0	100
2000	660 975	19.9	105
2002	766 239	22.6	119
2003	797 487	24.2	127
<i>Norway</i>			
1995	928 745	27.3	100
2000	1 423 864	25.3	93
2002	1 561 915	25.5	93
2003	1 687 983	25.6	94
<i>Sweden</i>			
1995	1 772 021	34.6	100
2000	2 196 764	30.7	89
2002	2 352 938	32.5	94
2003	2 438 447	33.5	97

1 The GDP has been revised in relation to the previous report.

**Table 10.5 Social expenditure per capita, 1995-2003 (PPP-Euro in terms of 2003 prices)**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
1995	7 506	..	5 546	3 715	6 265	6 946
2000	7 527	..	5 561	4 699	7 714	7 439
2002	7 816	4 990	5 917	5 422	8 076	7 998
2003	8 072	5 199	6 138	5 884	8 516	8 375

## Social Expenditure by Type and Purpose

The social expenditure is broken down by type into cash benefits and services. By distributing the benefits according to purpose, a division is made according to the social needs or risks that the benefit is primarily aimed at relieving.

The distribution of the social expenditure according to the purpose of the benefit is rather stable in each 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 may to some extent be attributed to differences in the individual countries' assessment of the importance of benefits for various purposes.

**Table 10.6 The social expenditure in per cent, broken down by main groups, 1995-2003**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>1995<sup>1)</sup></i>						
Families and children	12.4	..	13.4	12.9	14.1	11.4
Unemployment	14.7	..	14.4	4.4	6.7	11.1
Illness	17.8	..	20.9	37.9	26.3	21.7
Old age	37.6	..	28.9	27.2	31.2	34.3
Disability	10.6	..	15.0	11.6	14.7	12.1
Survivors	0.1	..	3.8	2.8	1.5	2.4
Housing	2.4	..	1.5	0.4	0.7	3.4
Other social benefits	4.4	..	2.1	2.8	3.8	2.9
Total	100.0	..	100.0	100.0	100.0	100.0
<i>2000</i>						
Families and children	13.1	..	12.5	11.7	12.8	9.8
Unemployment	10.5	..	10.4	1.3	2.7	6.5
Illness	20.2	..	23.8	39.2	34.3	27.4
Old age	38.0	..	31.8	28.5	29.6	37.3
Disability	12.0	..	13.9	13.9	16.4	12.2
Survivors	0.0	..	4.0	2.6	1.2	2.2
Housing	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>2002</i>						
Families and children	13.3	12.1	11.7	12.9	12.1	9.5
Unemployment	9.2	2.9	9.8	2.0	2.5	5.9
Illness	20.8	32.3	24.8	37.2	34.3	27.3
Old age	37.7	32.4	33.0	28.1	29.2	37.3
Disability	13.1	16.9	13.4	13.6	17.7	13.8
Survivors	0.0	0.6	3.9	2.8	1.3	2.1
Housing	2.3	0.0	1.2	0.8	0.7	1.9
Other social benefits	3.6	2.9	2.2	2.5	2.3	2.2
Total	100.0	100.0	100.0	100.0	100.0	100.0
<i>2003</i>						
Families and children	13.2	16.9	11.4	13.6	11.7	9.5
Unemployment	9.8	3.3	9.9	2.5	3.1	5.9
Illness	20.5	29.5	25.1	36.2	34.5	26.3
Old age	37.2	30.5	33.2	27.4	28.5	37.9
Disability	13.5	16.5	13.3	14.3	17.8	14.2
Survivors	0.0	0.6	3.8	2.8	1.2	2.3
Housing	2.3	0.0	1.1	0.8	0.8	1.8
Other social benefits	3.4	2.6	2.2	2.3	2.4	2.2
Total	100.0	100.0	100.0	100.0	100.0	100.0

1 Services in connection with illness, the elderly and the disabled have been calculated according to a different method in Denmark and Norway.

**SOCIAL EXPENDITURE**
**Table 10.7 Social expenditure, in per cent, broken down by type and purpose, 2003**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Families and children</i>						
Cash benefits	41	55	56	47	60	52
Services	59	45	44	53	40	48
Total	100	100	100	100	100	100
<i>Unemployment</i>						
Cash benefits	96	85	91	86	85	86
Services	4	15	9	14	15	14
Total	100	100	100	100	100	100
<i>Illness</i>						
Cash benefits	16	10	19	19	37	29
Services	84	90	81	81	63	71
Total	100	100	100	100	100	100
<i>Old age</i>						
Cash benefits	83	65	89	74	74	77
Services	17	35	11	26	26	23
Total	100	100	100	100	100	100
<i>Disability</i>						
Cash benefits	69	44	74	66	83	61
Services	31	56	26	34	17	39
Total	100	100	100	100	100	100
<i>Survivors</i>						
Cash benefits	1	-	100	100	98	100
Services	99	-	0	0	2	0
Total	100	100	100	100	100	100
<i>Housing</i>						
Services	100	100	100	100	100	100
Total	100	100	100	100	100	100
<i>Other social benefits</i>						
Cash benefits	82	80	59	54	56	56
Services	18	20	41	46	44	44
Total	100	100	100	100	100	100
<i>Cash benefits, total</i>	61	45	65	49	61	59
<i>Services, total</i>	39	55	35	51	39	41
<i>Social expenditure, total</i>	100	100	100	100	100	100

**SOCIAL EXPENDITURE**

**Table 10.8 Social expenditure broken down by type and purpose as percentages of the GDP, 2003**

	Denmark	Faroe Islands	Finland	Iceland	Norway	Sweden
<i>Families and children</i>						
Cash benefits	1.6	2.3	1.7	1.5	1.8	1.6
Services	2.4	1.9	1.3	1.7	1.2	1.5
Total	4.0	4.2	3.1	3.2	2.9	3.1
<i>Unemployment</i>						
Cash benefits	2.9	0.7	2.4	0.5	0.7	1.6
Services	0.1	0.1	0.2	0.1	0.1	0.3
Total	3.0	0.8	2.6	0.6	0.8	1.9
<i>Illness</i>						
Cash benefits	1.0	0.8	1.3	1.7	3.2	2.5
Services	5.2	6.5	5.4	6.9	5.4	6.0
Total	6.2	7.2	6.7	8.6	8.7	8.5
<i>Old age</i>						
Cash benefits	9.4	4.9	7.9	4.8	5.3	9.5
Services	1.9	2.6	0.9	1.8	1.9	2.8
Total	11.2	7.5	8.9	6.6	7.2	12.2
<i>Disability</i>						
Cash benefits	2.8	1.8	2.6	2.2	3.7	2.8
Services	1.3	2.2	0.9	1.2	0.7	1.8
Total	4.1	4.0	3.5	3.4	4.4	4.6
<i>Survivors</i>						
Cash benefits	0.0	0.0	1.0	0.7	0.3	0.7
Services	0.0	0.0	0.0	0.0	0.0	0.0
Total	0.0	0.0	1.0	0.7	0.3	0.7
<i>Housing</i>						
Services	0.7	0.0	0.3	0.2	0.2	0.6
Total	0.7	0.0	0.3	0.2	0.2	0.6
<i>Other social benefits</i>						
Cash benefits	0.8	0.5	0.3	0.3	0.3	0.4
Services	0.2	0.1	0.2	0.3	0.3	0.3
Total	1.0	0.6	0.6	0.6	0.6	0.7
<i>Cash benefits, total</i>	18.6	10.9	17.3	11.7	15.3	19.1
<i>Services, total</i>	11.7	13.5	9.4	12.1	9.8	13.3
<i>Social expenditure, total<sup>1)</sup></i>	30.2	24.4	26.7	23.9	25.1	32.3

1 The total social expenditure is in this table without administration costs.

## 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 previous editions, 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, the contributions and special taxes payable by the insured as well as interest and capital gains (other financing). As mentioned in Chapter 2, social costs are 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.

One of the similarities is that Central Government, directly or indirectly, through compulsory employer duties or duties payable by the employees, plays a significant part when it comes to the financing of cash benefits, whereas the local authorities play the most important part in the financing of services.

Even in the latter case, Central Government plays a significant part by way of the general government grants that are not earmarked. The public authorities' (State, counties and municipalities) direct financing of the social cash benefits vary from about 49 per cent in Denmark to about 12 per cent in Iceland, while the public authorities' direct financing of services vary from 99.8 per cent in Denmark to app. 89 per cent in Finland and Norway.

In all the Nordic countries, the local authorities are responsible for the day-to-day running of services such as child-minding, child and youth welfare, the health sector and care and nursing provided to the elderly and the disabled. In Norway and Iceland, the State is responsible for the hospital sector.

In Denmark, local authorities are responsible for the administration of the cash benefits, while the responsibility in the other countries rests with Central Government.



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 generally 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 and employee duties in the financing of the social cash benefits. More than half of the cash benefits are in those two countries financed by means of duties payable by employers. The share payable by the employees is highest in Denmark. The local authority financing of the cash benefits is in general limited. It is highest in Denmark, where Central Government does not fully reimburse the local authorities their expenditure on cash benefits.

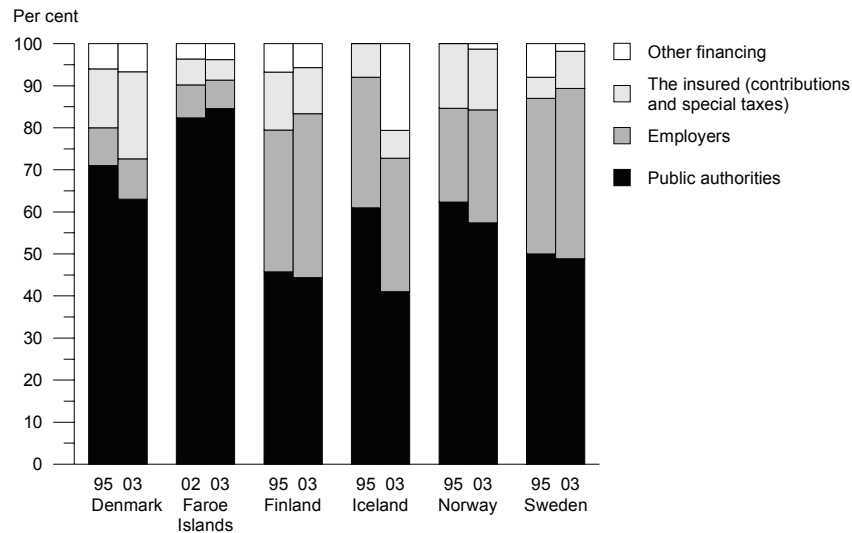
In respect of the financing of the social services, the most significant difference is the distribution of the burden between Central Government and the local authorities. This reflects the government grants' importance to the financing, and to which extent the grants are general or earmarked. In Denmark 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 proportion of the financing is considerably higher.

The distribution of current contributions to the financing of the social expenditure during the years 1995-2003 is shown in Table 10.9.

**SOCIAL EXPENDITURE**
**Table 10.9 Current contributions to the financing of the social expenditure in per cent, broken down by contributions made by public authorities, employers, the insured and other financing, 1995-2003**

	Public authorities, total	Employers	The insured (contributions and special taxes)	Other financing	Total
<i>Denmark</i>					
1995	71	9	14	6	100
2000	64	9	20	7	100
2002	62	10	22	6	100
2003	63	10	21	7	100
<i>Faroe Islands</i>					
1995	..	..	..	..	..
2000	..	..	..	..	..
2002	82	8	6	4	100
2003	85	7	5	4	100
<i>Finland</i>					
1995	46	34	14	7	100
2000	43	38	12	7	100
2002	43	39	11	7	100
2003	44	39	11	6	100
<i>Iceland</i>					
1995	61	31	8	-	100
2000	51	39	9	-	100
2002	52	39	9	0	100
2003	41	32	7	21	100
<i>Norway</i>					
1995	62	22	15	-	100
2000	60	24	14	1	100
2002	57	27	15	1	100
2003	57	27	14	1	100
<i>Sweden</i>					
1995	50	37	5	8	100
2000	47	40	9	4	100
2002	47	42	9	2	100
2003	49	41	9	2	100

**Figure 10.1 Current contributions to the financing of the social expenditure, 1995 and 2003**



## 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. The local authorities are in direct contact with the citizens and recipients of social benefits, and in the first instance they also meet the costs of services and benefits.

Local 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 fixed 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.

The local or county authorities that meet the costs in the first instance and subsequently receive block grants from Central Government in all Nordic countries administer the majority of the social services.

## 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). The 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 via the public budget, and the expenditure is consequently excluded from Table 10.10. 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 10.10 Size of funds for pension purposes, December 2003. Billion KR/EUR**

	Basic pension	Employment pension	Supplementary pension
<i>Denmark</i> <sup>1)</sup>	.	306.5	340.2
<i>Finland</i> <sup>2)</sup>	0.2	75	9.1
<i>Iceland</i>	.	824	..
<i>Sweden</i> <sup>3)</sup>	.	576	..

1 The employment pension includes ATP, the temporary pension-saving scheme and the special pension-saving scheme, but not the Employees' Capital Pension Fund.

2 The supplementary pensions are exclusive of the pension funds and societies that are managed by the life insurance schemes.

3 Comprises only the AP funds.

## Taxation Rules and the Impact of Taxation on the Social Expenditure

Social cash benefits may be either exempt from tax or subject to tax. In all the countries, it is of great importance whether a benefit is tax-free or taxable, as the level of taxation is relatively high. The proportion of the taxable cash benefits of the total cash benefit amount has increased in recent years in all five countries. There are, however, considerable differences from one country to another. The largest tax-free cash benefits are granted to families and children. Other social benefits (social assistance) are subject to tax in Denmark and Iceland, but not in the other Nordic countries. According to the ESSPROS specification, housing benefits count as services.

In Table 10.11, wages/salaries and a number of social benefits, gross and net per month, have been included as well as the tax percentages, including the social expenditure for a single childless person with an average production worker's pay (APW100). The data have been taken from typical cases 0 and 0.1-0.6 (cf. the NOSOSCO homepage: [www.nom-nos.dk](http://www.nom-nos.dk)).

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, the taxation on several of the benefits is considerably 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 be equivalent to 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 considerable differences from one country to another. The traditional way of illustrating the social expenditure does not allow for these differences of taxation.

## SOCIAL EXPENDITURE

In order to evaluate the significance of these differences, both the OECD and EUROSTAT have developed different methods for calculation of the net social expenditure.

The OECD has already published estimates concerning several OECD countries (2005).

In the OECD calculations of the net social expenditure, both the direct and indirect taxes have been deducted from the social expenditure. Similarly, the calculated values of the tax relief granted on social grounds have been added. In order to avoid double taxation, tax relief that is granted in connection with lower taxation, and consequently has already been included, has not been included.

The calculation was made in the following way:

- Social expenditure
- Less direct tax and social contributions paid on social cash benefits
- Less indirect tax on recipients' consumption of social cash benefits
- Plus value of tax relief granted on social grounds
- = Net social expenditure.

Source: The OECD (Adema 2005).

Several methodological and practical questions still remain in connection with the net social expenditure calculation.

The calculation of the indirect taxation of the consumption of the social cash benefits is, for example, only approximate.

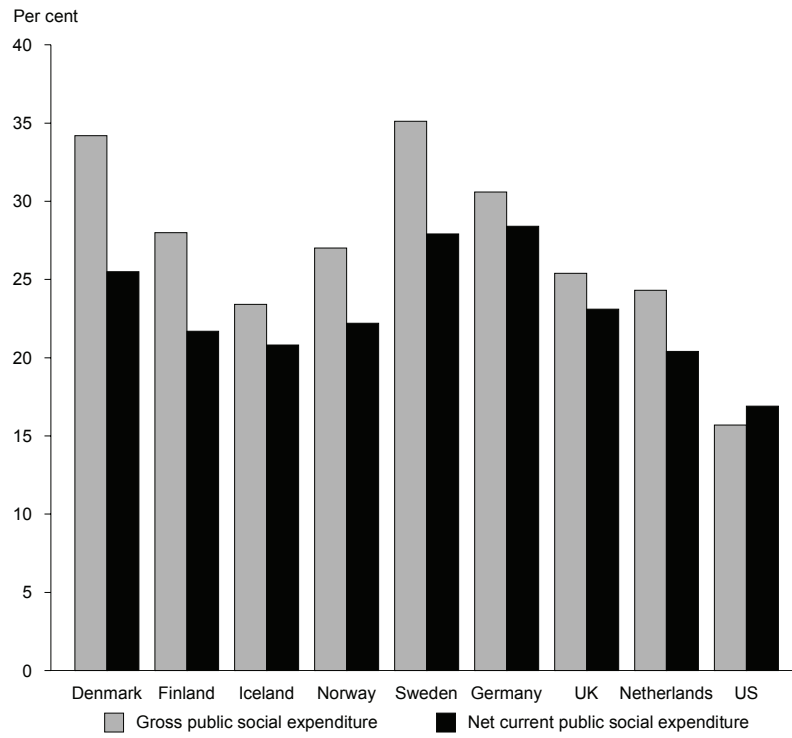
The result of the calculations shows, however, that there are considerable limitations in the traditional calculation of the social expenditure.

The result of the calculations of selected OECD countries can be seen in Fig. 10.2.

As the direct tax was included in the calculation of the net social expenditure, the data on the GDP was calculated at factor prices. The usual way of calculating the GDP is at market prices (cf. Table 10.1 and the like).

In all the European countries, the net social expenditure is smaller than the traditional social expenditure. There are, however, considerable differences from one European country to another.

**Figure 10.2** Gross and net social expenditure 2001, as percentages of the GDP at factor costs



Source: The OECD (Willem Adema and Maxime Ladaïque: Net Social Expenditure – 3<sup>rd</sup> Edition 2005).

**SOCIAL EXPENDITURE**
**Table 10.11 Tax percentages and social duties on wages/salaries and social benefits, per month, for a single childless APW, 2003**

	Denmark	Finland	Iceland	Norway	Sweden
	DKK	EUR	ISK	NOK	SEK
Wages/Salaries, gross	25 942	2 407	224 507	25 608	20 371
Wages/Salaries, net	15 218	1 633	158 813	18 244	12 998
Tax on: wages/salaries in per cent	41	32	29	29	36
Daily cash benefits in connection with pregnancy and birth, gross	13 490	1 570	179 606	25 608	16 297
Daily cash benefits in connection with pregnancy and birth, net	9 317	1 155	129 555	19 312	10 594
Tax on daily cash benefits in connection with pregnancy and birth	31	26	28	25	35
Unemployment benefits, gross	13 498	1 227	77 449	15 980	15 093
Unemployment benefits, net	9 322	938	76 995	12 063	9 882
Tax on unemployment benefits	31	24	1	25	35
Sickness benefits, gross	13 490	1 570	..	25 608	16 303
Sickness benefits, net	9 317	1 155	..	18 244	10 597
Tax on sickness benefits	31	26	..	29	35
Retirement pension, gross	10 892	1 379	155 334	13 183	13 687
Retirement pension, net	7 817	1 035	140 050	11 587	9 936
Tax on retirement pension	28	25	10	12	27
Disability pension, gross	13 503	1 299	..	13 852	13 031
Disability pension, net	9 415	1 000	..	11 967	9 506
Tax on disability pension	30	23	..	14	27
Social benefits, non-insured persons, gross	8 172	495	71 020	..	6 907
Social benefits, non-insured persons, net	6 056	402	70 567	..	4 839
Tax on social benefits, non-insured persons	26	19	1	..	30



**Table 10.12 Cash benefits exempt from tax/subject to tax, total and as percentages of the GDP, 1995-2003**

	Cash benefits exempt from tax			Cash benefits subject to tax		
	Total, million KR/EUR	As percentage of the GDP	As percentage of all cash benefits	Total, million KR/EUR	As percentage of the GDP	As percentage of all cash benefits
<i>1995</i>						
Denmark	18 764	2	9	188 292	19	91
Finland	2 685	3	13	17 977	19	87
Iceland	6 574	2	15	37 653	8	85
Norway	20 204	2	14	126 225	14	86
Sweden	32 458	2	9	328 367	19	91
<i>2000</i>						
Denmark	23 737	2	11	199 950	16	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>2002</i>						
Denmark	26 213	2	11	215 440	16	89
Finland	2 691	2	12	20 659	15	88
Iceland	7 656	1	9	76 032	10	91
Norway <sup>1)</sup>	26 747	2	11	211 422	14	89
Sweden	34 037	1	8	396 223	17	92
<i>2003</i>						
Denmark	26 981	2	11	214 071	15	89
Finland	2 683	2	11	21 590	15	89
Iceland	8 735	1	9	86 538	11	91
Norway <sup>1)</sup>	26 942	2	10	231 556	14	90
Sweden	33 953	1	7	431 036	18	93

1 Figures up until 2001 are not comparable to figures for 2002 and 2003.

**SOCIAL EXPENDITURE**

**Table 10.13 Taxation on cash benefits, 2003**

	Social expenditure, million KR/EUR	Of which cash benefits, million KR/EUR	Cash benefits exempt from tax, as per- centage of all cash benefits	Cash benefits subject to tax, as per- centage of all cash benefits
	1.	2.	3.	4.
<i>Denmark</i>				
I. Families and children	55 616	22 795	64	36
II. Unemployment	41 337	22 871	-	100
III. Illness	86 126	14 131	-	100
IV. Old age	156 267	130 480	2	98
V. Disability	56 590	38 991	21	79
VI. Survivors	143	1	-	100
VII. Housing	9 747	-	-	-
VIII. Other social benefits	14 300	11 785	18	82
IX. Administration	12 465	-	-	-
Total I.-IX.	432 589	241 052	11	89
<i>Finland</i>				
I. Families and children	4 281	2 393	61	39
II. Unemployment	3 707	3 373	1	99
III. Illness	9 399	1 794	-	100
IV. Old age	12 448	11 123	4	96
V. Disability	4 970	3 697	7	93
VI. Survivors	1 415	1 409	2	98
VII. Housing	430	-	-	-
VIII. Other social benefits	814	484	96	4
IX. Administration	1 252	395	-	-
Total I.-IX.	38 716	25 098	11	89
<i>Iceland</i>				
I. Families and children	25 822	12 247	52	48
II. Unemployment	4 732	4 077	4	96
III. Illness	68 665	13 295	-	100
IV. Old age	51 964	38 523	-	100
V. Disability	27 136	17 918	8	92
VI. Survivors	5 221	5 221	5	95
VII. Housing	1 600	1 600	30	70
VIII. Other social benefits	4 407	2 393	-	100
IX. Administration	2 892	-	-	-
Total I.-IX.	192 438	95 273	9	91

*/ ... to be continued*

**SOCIAL EXPENDITURE**

**Table 10.13 ... continued**

	Social ex- penditure, million KR/EUR	Of which cash benefits, million KR/EUR	Cash benefits exempt from tax, as per- centage of all cash benefits	Cash benefits subject to tax, as per- centage of all cash benefits
	1.	2.	3.	4.
<i>Norway</i>				
I. Families and children	49 772	30 108	63	37
II. Unemployment	13 138	11 532	-	100
III. Illness	146 374	54 739	-	100
IV. Old age	120 886	89 371	-	100
V. Disability	75 468	62 054	5	95
VI. Survivors	5 115	5 011	-	100
VII. Housing	3 187	-	-	-
VIII. Other social benefits	10 100	5 683	88	12
IX. Administration <sup>1)</sup>	8 466	-	-	-
Total I.-IX.	432 506	258 498	10	90
<i>Sweden</i>				
I. Families and children	74 727	39 226	59	41
II. Unemployment	46 454	39 850	-	100
III. Illness	207 462	60 077	-	100
IV. Old age	298 595	230 669	-	100
V. Disability	111 966	67 759	2	98
VI. Survivors	17 817	17 817	-	100
VII. Housing	14 573	-	-	-
VIII. Other social benefits	17 116	9 541	100	-
IX. Administration	29 181	-	-	-
Total I.-IX.	817 891	464 939	7	93

1 Including 117 million of expenses on interest

## *Chapter 11*

# Social Measures Concerning Exposed Children and Adolescents

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## **1. Introduction**

The Nordic countries have long traditions for the public authorities intervening if parents fail to observe their obligations towards their children. Placement of children outside of their family homes have thus been an essential social measure in the endeavour to improve conditions for socially exposed children and adolescents through the 1900s. In recent decades, more types of measures have emerged, and today the majority of measures concerning children and adolescents are carried out in the homes or in the immediate environment.

Internationally, the welfare systems in Denmark, Norway and Sweden are often regarded as "the Scandinavian Model". The question is whether or not one may talk about a Nordic model in the same way in relation to the measures concerning children and adolescents with social and behavioural problems in Denmark, Finland, Iceland, Norway and Sweden. In an evaluation, it would be relevant to deal with the following question: Are there any parallels in the legislation governing and the organization of the child-welfare systems in the five Nordic countries? Are cases of neglect of children dealt with in the same way? Do the five countries employ the same kind of measures in respect of children and adolescents? Is the number of children and adolescents that receive help and support from the child-welfare authorities or that are placed outside of their family homes identical in the Nordic countries?

The purpose of this theme chapter is to make a comparative description of the measures concerning children and adolescents with social and behavioural problems in the Nordic countries in order to be able to answer the above questions. Denmark, Finland, Iceland, Norway and Sweden are included in the analysis. The comparison will focus on the historic development, the legislation and the organization of the measures, the various types of measures in the initiative, the application of the legislation in practice as well as possible causes of differences in the initiatives of the Nordic countries.

Basically, children and adolescents cover the age group 0–22 years. In Iceland, however, the measures cease when an adolescent turns 20, and 21 years in Sweden and Finland.

This chapter deals only with the social measures aimed at children and adolescents with social and behavioural problems, i.e. children and adolescents, who are in need of help and support due to their own behavioural problems, neglect in their homes, parents' abuse or mental diseases and other similar problems. Measures concerning children and adolescents suffering from mental or physical disabilities and other social measures concerning children and adolescents, such as general day-care measures, after-school clubs, etc. are not included in this theme chapter.

In Section 2 of this chapter, a short description is given of each country followed by a comparison of the actions of the various countries, both qualitatively in Section 3 and quantitatively in Section 5 followed by a short section on the causes of the differences in the activities in Section 5. The limited extent of this chapter makes it necessary to keep the country descriptions relatively short, and consequently they only deal with the main aspects of the actions in the various countries.

In this chapter, "children and adolescents at risk" is used as a synonym for "children and adolescents suffering from social and behavioural problems".

## 2. Measures concerning Children and Adolescents at Risk in the Nordic Countries

### 2.1. Denmark

#### *History*

From the first child-welfare Act from 1905 and until the middle of this century, Danish legislation in this area reflected a belief in the fact that it by way of the State's (coercive) education was possible to ensure children more expedient conditions during their upbringing. Consequently, placement of children outside of their family homes was an essential social measure in the endeavour to improve conditions for socially exposed children and adolescents. When a child was placed outside of its home, the custody was transferred to the public authorities for the duration of the placement – whether or not the parents gave their consent.

In the period 1958 to 1964, this reactive system based on coercion was abandoned, and a more "offer-oriented" system was adopted, in which measures to a higher degree formed a whole and were voluntary and implemented in cooperation with the family. The voluntary placements were introduced, and parents could maintain custody during the placement. With the introduction of the Social Assistance Act in 1976, all legislation in the social field was consolidated into one single Act.

The thorough revision of the rules governing special support to children and adolescents was carried out in 1993 and was a result of the Graversen Committee's report (Graversen, 1990). The revision implied a clear strengthening of children's and parents' legal security and resulted in many new rules for the work with children and adolescents in municipalities and counties. Among other things, the following was introduced:

- demand for the implementation of a thorough investigation and preparation of an action plan before the initiation of placements
- entitlement of parents and children to spend time together and be in contact during a placement
- continuation of the municipal competences in cases concerning coercive placement to a new Children and Youth Committee, which is an administrative authority independent of the municipal administration

- and a possibility of granting financial support towards stays at boarding and continuation schools without it being an actual placement.

On 1 July 1998, the Social Assistance Act was replaced by a new legal complex consisting of the *Act on Social Services* and the *Act on Legal Protection and Administration in Social Matters*. The revision of the legislation clarified the work with socially exposed children and adolescents to the effect that the local authorities in their investigation of the child/adolescent must involve the professionals (health visitor, educationalist, etc.), who are already acquainted with the child; that the placement plan must include measures in relation to the parents, while the child is placed elsewhere, and that decisions are made prior to the return of the child as well as which kind of support and guidance the child might need when it turns 18.

In January 2001, new rules entered into force, which aimed at underlining the importance of early intervention and stable placements and at clarifying that consideration for the child must come first in situations where child and parents have contrary interests. The provisions also contained the requirement that the local authorities make a support person available to parents whose children have been placed outside of the home and that support to the 18-22 year-olds was enhanced.

### *Current Legislation*

The rules in the current legislation on social services were drawn up in accordance with the UN Convention on the Rights of the Child and the European Human Rights Convention. According to the *Act on Social Services*, Chapters 8 and 9, the object is to lend support to children and adolescents with special needs, "to secure the best possible conditions for the upbringing of such children and young persons for the purpose of providing them with the same opportunities for personal development, maturity and health as their contemporaries".

The support shall be provided at an early stage and on a continuous basis, so that any incipient problems affecting a child or an adolescent may be remedied in the home or in the immediate environment. The support must be adapted to the specific situation of the individual child or adolescent and his or her family, subject to an assessment of each particular case, and a child's problems must as far as possible be solved in cooperation with the family.

Moreover, it is important that the support is provided for the benefit of the child or adolescent, and that the child or adolescent has a stable and satisfactory contact with one or more adults and experiences continuity in his or her childhood and youth.

## SOCIAL MEASURES CONCERNING EXPOSED CHILDREN AND ADOLESCENTS

In Denmark, everyone is obliged to notify the local authorities, if they learn or become aware of factors giving rise to the presumption that a child or young person under 18 is exposed to neglect or in any other way lives under conditions that may harm him or her.

Public employees and other groups, who, in the exercise of their duties, are in contact with children and adolescents, are under an even stronger obligation to report suspicious factors.

The local authorities must always choose the least restrictive measure(s) from among those suitable for the purpose. The measures may either be preventive or by way of placements and may either be used one by one, together or in continuation of each other or be aimed at a child or an adolescent or at an entire family.

All children are entitled to be heard before a measure is chosen. The conversation with the child may, however, be left out in consideration of the age and maturity of the child or adolescent in question. Young people, who have turned 15, are parties to their cases and must consequently be involved on an equal footing with their guardians.

When it comes to placements, a distinction is made between voluntary and coercive placement. Voluntary placement of a child is carried out on the basis of the cooperation and consent of the person having the custody and the local authorities. Parents may at any time revoke their consent and demand to have their child returned to them, but the Children and Youth Committee may decide that the child shall not be returned to his/her home for a period of maximum 3 months from the date of such revocation, notwithstanding that the requirements are not met.

Placement into care of a child without the consent of the person having the custody must only take place in cases, where it is obvious that it will be harmful to the child's health or development due to

- inadequate care for or treatment of the child or adolescent;
- violence or other serious maltreatment;
- substance abuse or criminal conduct or other serious social difficulties on the part of the child or adolescent; or
- any other behavioural or adjustment problems in the child or young person.

The decision is made by the municipal Children and Youth Committee. When it has been decided that a child or adolescent should be placed into care, the local authorities choose a facility for the child in accordance with



the action plan. They decide on the type of facility that is deemed most suitable to comply with the purpose of the placement.

In cases, where placements cannot await the drawing up of an action plan, the local authorities may decide on a temporary/emergency placement. Where a placement must take place without the consent of parents or a young person aged 15 or over, a preliminary decision is required from the chairman of the Children and Youth Committee or in his absence from the vice-chairman.

Initiated measures, both preventive and placements, shall be discontinued when their object has been achieved or when a young person attains the age of 18. In cases, where a young person is still in need of support and so wishes, the local authorities may, however, allow him or her to keep or have a contact person or personal advisor assigned to him or her or continue the placement, for example as a “halfway measure”, until he or she turns 23.

The provisions in the Act on Social Services apply to both children and adolescents, who are in special need of support due to social and behavioural problems and to children and adolescents, who are in need of special support due to reduced physical or mental capacities. The latter are as mentioned above not in focus here. It should, however, be noted that such children are included in the Danish statistics.

In 2004, a wide spectrum of the political parties adopted a placement reform, which sets the stage for a change in the view of children and in the actions to help exposed children. Among other things, the reform results in stronger demands on the case administration and better training of case workers, courses for foster families, more focus on the child’s schooling, enhanced involvement of family and network by way of family consultation and placements in the network, improved return procedures after placement as well as enhanced hearing and complaints options for the child/adolescent. The reform shall enter into force on 1 January 2006.

### *Organization*

In Denmark, the responsibility for measures in respect of children and adolescents, who have social and behavioural problems, rests at the local level with the country’s 271 *municipalities*. The municipal council, and in practice the municipal administration, has the overall responsibility for the supervision of children and adolescents under 18 years in the municipality needing special support. It is the municipal council that in each case upon evaluation of a family’s situation decides whether a child’s or an adolescent’s needs are of such a nature that they can and should be met by way of the provisions of the Act on Social Services. The decision on coercive place-

ment will be made by the municipal *Children and Youth Committee*, which is an administrative authority independent of the municipal administration. The Children and Youth Committee consists of three members elected by and from among the members of the municipal council, a judge and an expert with an educationalist/psychological background.

It is also the municipalities' responsibility to find and approve foster families.

At the regional level, the *county authorities* provide counselling free of charge, examination and treatment of children and adolescents with behavioural problems or reduced physical and mental capacities and their parents. Besides, the county authorities are responsible for the approval of the care facilities for children and young people and also for the provision of places in residential institutions.

Complaints concerning the decisions of the local authorities may be brought before *the social committees*, which are governmental administrative authorities placed in the counties. Complaints concerning the decisions of the Children and Youth Committee on coercive placement must, however, be brought before the *National Social Appeals Board*, which is a national court-like administrative authority and the supreme administrative complaints body within the social area. The Appeals Board's decisions may again be brought before the *Danish High Court*.

In 2004, a political compromise was reached in respect of a municipal reform, which is to enter into force on 1 January 2007. The reform results in the municipalities becoming larger; that they take over all the authoritative and financing responsibility in the social area; that all approval and supervision be placed with the local authorities; that the local authorities will take over the county institutions for socially and behaviourally difficult children and adolescents; and that the regions run the secured wards and institutions for disabled children and adolescents.

### *Types of Measures*

The local authorities may initiate the following *preventive* measures, of which some are aimed directly at the child and others at the entire family:

- Consultation assistance relating to the conditions of a child or young person. The local authorities may also decide that a child or an adolescent shall seek admission to a daytime facility, a youth club, a training or education establishment, etc.
- Practical, educational or other support in the home.

## SOCIAL MEASURES CONCERNING EXPOSED CHILDREN AND ADOLESCENTS

- Family treatment or similar support.
- Stays for the person holding custody, the child or the adolescent and other members of the family at a residential institution, with a foster family, at another approved facility or accommodation facility approved by the county authorities.
- Relief arrangements at a residential institution, with a foster family or at an approved facility (will not be registered as a placement).
- A welfare officer for the child or the young person.
- Contact person for the child or the young person or for the entire family.
- Financial support towards expenses incurred as a result of the measures, or for the purpose of preventing placement into care, etc. Moreover, financial support towards attendance at a boarding or continuation school, where the custodian cannot afford to pay such expenses.
- Arrangement of a trainee period with a public or private employer for the young person and in that connection payment of remuneration to the young person.

In Denmark, different kinds of accommodation facilities are used, which may be divided into three groups. *Foster families* are the most common accommodation facility. Apart from the general foster families, the concept also includes own rooms and student hostels and the like, where the young person has his own room at his disposal, if the local authorities wishes to place a young person there (such accommodation appear under *Other facilities* in the statistics). This implies that the individual room and the individual student hostel accommodation and the like must be approved as being suitable by the local authorities, and that the local authorities supervise the young person.

The second type of accommodation is the *residential institutions*. The residential institutions are county authority measures for children and adolescents, who must be placed outside of the family homes due to social problems or considerably and permanently reduced physical or mental capacities. The legislation does not subdivide the residential institutions into different types, but some of them are specialized in taking care of for example children with hearing impairments, autistic children or children suffering from severe behavioural problems. Besides, there are *secured wards*, where doors and windows are locked at all times. A decision in accordance with the Services Act about placement in a secured ward consequently resembles administrative detainment. A secured ward for children and adoles-

cents is either organized as an independent residential institution or is attached to a residential institution.

The third kind of accommodation facility is the *socio-educational accommodation facilities*. Accommodation facilities are privately run facilities, whose pay is based on an approved budget. They must be approved as being generally suitable by the county in which the facility is placed. It is also the county authorities that supervise the facility. Accommodation facilities cover a wide spectrum of measures ranging from small facilities run by professional families via larger institution-like measures to socio-educational ship projects and boarding and continuations schools.

## 2. 2. Finland

### *History*

At the beginning of the 1900s, it was customary in Finland to leave children without care and nursing if they became orphans, or if their parents were ill or poor. The child-welfare authorities were in the 1920s and 1930s dominated by a highly controlling policy that was first and foremost a result of the civil war in 1918. That meant that the poorest part of the population was subject to supervision. Finland was also still a relatively poor country dominated by farming, where measures in respect of exposed children and adolescents were a purely local policy matter.

The first Act on child-welfare entered into force in 1936 after having been underway for three decades. The application of the *Barnskyddslag* (*Child-welfare Act*) in practice was highly focused on the public authorities' taking over the care for the child, and the child being placed in care outside of its family home. Focus was still not put on the preventive work, such as voluntary support measures in the homes.

Also after WWII, the public ideology in relation to child-welfare was characterized by the spiritual heritage from the 1930s. Matters concerning families and children with social problems, who were in need of support and help, were a legal administrative issue, and therapeutic social work was not something that was used in child-welfare in Finland.

In the 1960s and the 1970s, the focus was shifted from just taking over the care of the children to focusing on the development of children's rights. The child-welfare policy became child policy. This development of values appeared most distinct in the way in which it during the preliminary work in connection with the Child Welfare Act (*Barnskyddslag*) from 1984 underlined children's and adolescents' right to have a say in matters that affected

them. From having focused on the family in the 1950s, focus was now on a set of values, in which it was acknowledged that a child's need might also be to be protected from its parents.

The child-welfare authorities had in the 1970s and 1980s in comparison with previous years' child-welfare authorities the possibility of using other measures. Various kinds of voluntary support measures in the home became an alternative to placements.

### *Current Legislation*

The current Child Welfare Act (*Barnskyddsloven*) entered into force in 1984. It contains three main principles:

- that a child is an independent individual with its own rights, and that the good and needs of the child might be directly contrary to the needs of the parents and the family;
- that a child is entitled to be heard, and that its wishes and opinions must be taken into account in accordance with its age and maturity, when parents and authorities make decisions regarding the child;
- that the good of the child must weigh the most when decisions regarding the child are made.

The *Child Welfare Act* was revised in 1990 and 1992. The amendments to the Act from 1990 aimed at shifting the emphasis from care outside of the family to measures encouraging that children stay in their family homes. The importance of preventive, non-stigmatizing and support measures was underlined. The Finnish legislation is based on a principle that parents by way of custody are the primary responsible for the child and its upbringing. Consequently, endeavours are made by the public authorities to intervene as little as possible, when a family is in need of help, always considering the good of the child, however (Hestbæk, 1998). The aim is therefore to support a child's parents by way of support measures in the home, but that the child is guaranteed a right to protection and stable conditions outside of the home, if need be. The support measures must be implemented in cooperation with the child or adolescent and the parents.

Placement into care will only be used, if the conditions in the home, or a child's own behaviour threaten to jeopardize the child's health and maturity, and where the support measures prove to be inadequate, or if they are impossible or inexpedient. Moreover, it is a precondition that the placement be for the good of the child.

Placement outside of the home may be implemented as either a temporary placement or as a proper assumption of custody, which results in a long-term placement outside of the home. An assumption of custody may be initiated with the consent of the parents and children who have turned 12 or the child may be placed in care by the municipal social welfare board without consent. In the event of assumption of custody, the parents may not demand the child returned to the home disregarding the fact that they gave their consent. Children, who have turned 12, must be given the opportunity to be heard. Children do, however, not become parties to their cases until they turn 15.

A placement ends at the latest when a child turns 18. It may end earlier if the need for placement does no longer exist, and if the decision to end it is not counter to the child's best interest. The municipal social welfare board is obliged to support the child or young person after the placement has ended, and until the child or young person reaches the age of 21. In respect of the 18-20 year-olds, such support may be by way of a support placement outside of the home.

The Finnish legislation is based on the principle that a child's ties to its own relations and to its biological family must be respected. Although there is a need for a permanent placement, and the law makes this possible, adoption against the parents' or the child's will is very seldom used in practice.

### *Organization*

In Finland, the about 400 municipalities are responsible for the organization of the child-welfare service. The *municipal social service* and the *social welfare board* are responsible for keeping an eye on and developing the conditions, under which children and adolescents are brought up and to remedy and prevent imbalances therein. In cases concerning placements outside of the home, the administration will bring the case before the social welfare board on behalf of the local authorities. The social welfare board makes the decision as to placements of children outside of their homes, but the decision must be approved by the county court if the parents or a child that has turned 12, do not give their consent. The social welfare board consists of politically elected laymen with no conditions attached to their professions. The individual municipalities decide the number of members (Hestbæk, 1998).

In placement cases, a *support group for the social welfare board* may be set up consisting of child experts, representatives from the social services and other experts. The group must then assist the social welfare board in taking measures in respect of families and children and to make statements in matters concerning placements outside of the homes.

The county authorities (*Länsstyrelsen*), which is a government authority, but regionally situated, are responsible for the supervision of the work of the municipal social services, including measures in relation to exposed children and adolescents.

At the governmental level, it is the *county court (länsretten)* that decides on the recommendation of the social welfare board in respect of placement, if a child is to be placed in care without the consent of its parents. The county court is also appeals court in relation to some of the board's decisions. The county court consists of two legal advisors and a child expert. The decisions of the county court may be appealed to the *highest administrative court (högsta förvaltningsdomstol)*.

### *Types of Measures*

The primary purpose of child-welfare is to make it possible that children grow up in a safe environment and to lend support to the person having the custody in bringing up the child. The measures used within family and individual-oriented child-welfare is voluntary supported measures in the home, assumption of custody by way of placement outside of the home and after-care for the 18-20 year-olds.

The municipal social authorities support the family, the child or the adolescent by way of measures in the home, if the conditions in the home are adverse, or a child's own behaviour threatens to jeopardize its health and development. Other kinds of measures in respect of the child, such as placement in care, may only be initiated, if the situation cannot be remedied by the support measures.

The support measures are combined according to the needs of the child and the family, and the instigation of them always requires the consent of the custodial parent and the adolescent, who has turned 12.

Typical measures are:

- a support person or a support family for the family
- rehabilitation of the entire family, e.g. at an institution for abusers
- counselling in matters concerning upbringing and family
- "in the home" scheme
- day activities
- therapy
- financial and other support in relation to schooling, leisure-time activities, employment, finding a home and other personal problems



- short-term placement outside of the home at an institution or other facility, if the family situation is anticipated to improve in the near future (no assumption of custody)<sup>3</sup>.

In Finland, two types of placement facilities are primarily used: foster care, which is the most common kind and child-welfare institutions. *Foster care* may take place in both a foster family, which is a quite normal family with working parents, and in a family home, which is run as a business, i.e. where one or both parents are qualified educationalist or the like and work in the home. Often they also employ staff. The concept foster-family placement is also used in relation to private placement, i.e. where parents place the child in care in a private home without the social welfare board having made a decision. The latter is only included in the statistics if the local authorities grant financial or other support towards the private placement.

*Child-welfare institutions* include children's homes, youth homes and special boarding schools and similar institutions. They are run by the municipalities, private organisations, foundations or similar institutions as well as the State. The special boarding schools, which are run by the State, are typically larger than the other institutions and are especially aimed at children and adolescents with alcohol and drug-abuse problems and mental disorders.

Besides, placements in Finland also take place in the home (with the parents) or in an independent room with support.

### 2.3. Iceland

#### *History*

The first Icelandic child-welfare Act was adopted in 1932 and was based on an ideology, which for the most part was taken from the other Nordic countries. It assumed that there be Child-Welfare Committees in every municipality in the country and that their most important tasks were to:

- supervise the upbringing of children under the age of 16
- supervise children's homes and day homes
- offer children a good home for long or short periods when needed

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<sup>3</sup> Finland distinguished in principle between being placed outside of the home as a support measure, and the public authorities assuming custody of the child in connection with placement outside of the home (*omhändertagande*). In the former case, parents may demand to have the child returned to the home at any time. That does not apply in the latter case, whether it being a voluntary or a compulsory assumption of custody.



- communicate information about and assist with guidance and other similar assistance in respect of children's upbringing
- appoint a supervisor for a child, where it was deemed necessary
- investigate and make substantiated decisions in cases concerning children under the age of 16
- supervise that children are not burdened with heavy work loads or long working hours and in advance to inspect films before they are shown to children.

New child-welfare Acts were adopted in 1947, 1966 and 1992, and the latter since then revised in 1995 and 1998. The current Act dates from 2002.

In the Act from 1966, there was a provision assuming that all towns and municipalities had a Child-Welfare Committee, and that the Social-Welfare Committees could be authorized as Child-Welfare Committees. When a new Act was adopted in 1992, the responsibility for exposed children and adolescents was shifted from the Ministry of Education to the Ministry of Social Affairs, and when the Act was revised in 1995, the Government Agency for Child Protection was set up, which is responsible for the administration of the areas that are covered by the Child-Welfare Act.

When the Act was revised in 1992 and 2002, great store was set by the case attendance being improved and the provisions being clarified at the same time as children's and parents' legal security being secured. Children's rights were brought into focus and child-welfare should to a higher degree deal with children's best interests.

### *Current Legislation*

The basic organization of the child-welfare service remained almost unchanged although a new Act was adopted in 2002. The Child-Welfare Committees are consequently still the primary responsible for the child-welfare service. Changes did, however, take place in a number of other areas:

- Implementation of more explicit provisions on the principles that form the basis of all child-welfare work. These provisions are based on the UN Convention on the Rights of the Child.
- Establishment of a complaints committee in child-welfare cases. An independent complaints board, which can attend to complaints concerning the decisions of the Child-Welfare Committees and the administrative decisions of the Child-Welfare Directorate.

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- Demands for municipal action plans regarding child-welfare.
- Strengthening and expansion of the child-welfare areas to the effect that there are at least 1 500 inhabitants to each Child-Welfare Committee.
- Improved attendance to cases at all levels.
- A shift in the decision powers from the Child-Welfare Committees to judicial bodies in cases such as coercive placement outside of the family home.
- Children, who have reached the age of 15, are parties to a child-welfare case.

The purpose of the child-welfare service is, according to the Child-welfare Act, to ensure that children, who live under adverse conditions, or children, who expose their health and development to danger, are provided with the necessary help. Anyone, both individuals and professionals, who have reason to assume that a child is being brought up under adverse conditions, neglect or violence, or is endangering his/her health or development, is obliged to notify the Child-Welfare Committee.

The Child-Welfare Committee must endeavour to meet the aim of the Act by assist the families in the upbringing of their children and initiate measures to protect the individual child, where necessary. The Icelandic legislation, like that of the other countries, distinguishes between support measures in the homes and placements outside of the family home. Implementation of the support measures requires consent from the parents and the adolescent, who has turned 15. Children, who have turned 12, are entitled to be heard in cases concerning them.

The Child-Welfare Committee may in special cases and with the consent of the parents assume custody and care of the child and place it outside of the home. If cooperation with the parents is not possible, the Child-Welfare Committee may decide to place the home under surveillance, issue instructions about the child's conditions and upbringing, or decide that the child must not leave the country.

If an agreement with the parents or a child that has turned 15, about the child's placement outside of the home cannot be reached, the Child-Welfare Committee may decide that the child be removed from the home for a maximum of two months. If the Child-Welfare Committee deems it necessary that a child be placed with a foster family, in a home or at an institution for longer than the two months, the committee must demand a court order to the effect that the child be placed for a maximum of 12 months.

The Child-Welfare Committee may before the court require that custody be taken away from the parents, if it deems that:

- the daily care, upbringing or contact between parents and child is seriously deficient based on the child's age and development,
- the child is ill or disabled, and it does not get proper treatment, rehabilitation or education,
- the child is maltreated, sexually abused, or exposed to serious physical or mental harassment or debasement in the home,
- with certainty that the child's physical or mental health or its development is jeopardized because the parents clearly are unable to take care of the child, e.g. due to substance abuse, mental disorders, learning difficulties, or that the parents' behaviour in all probability will inflict serious damage to the child.

In an emergency, the chairman of the Child-Welfare Committee or a civil servant may decide to initiate measures, including coercive placement, although such measures must normally be decided by the Child-Welfare Committee. Cases concerning placement without consent must then be brought before the committee within a week, and it must approve the decision within seven days.

All measures cease when the adolescent turns 18. The municipality may, however, maintain the measures until the adolescent turns 20, if he or she agrees to it.

### *Organization*

In Iceland, the main responsibility and the everyday measures in respect of children and adolescents with social and behavioural problems at the local level rests with the *Child-Welfare Committees*. According to law, all municipalities are obliged to set up a Child-Welfare Committee with five members appointed by the municipal council. As the committee must represent at least 1 500 inhabitants, the law lays down that small municipalities join forces in the setting up of a Child-Welfare Committee. Consequently, there are only 35 Child-Welfare Committees in Iceland and about 105 municipalities.

The main tasks of the Child-Welfare Committees are the following:

- *supervision*: the Child-Welfare Committee must supervise the circumstances in which children grow up, their behaviour and upbringing and as quickly as possible evaluate the needs of those children, who are as-

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sumed to live in adverse circumstances, are maltreated or suffer from serious social problems;

- *measures*: the Child-Welfare Committees must implement measures to protect children in accordance with the child-welfare Act, which under the circumstances are most suitable and deemed most expedient to secure the children's best interests. This may be done by way of support measures or placement outside of the home;
- *other tasks*: the municipal council has authority to pass on other tasks concerning children's and adolescents' circumstances in its area to the Child-Welfare Committees.

At the governmental level, the *Child Protection Appeals Board (Ankenævnet i Børneværnsager)*, is the first complaints instance in cases concerning support measures and coercive measures regarding supervision of the home, instructions as to care for a child, etc. The Board has three members, and the chairman must have the same authority as a court of first instance judge. The Board must possess special knowledge about children's circumstances. The Board's decisions may be appealed to the courts. *The Court of First Instance (Underretten)* is an appeals court in cases concerning coercive placements, decided by the Child-Welfare Committee (placements up to two months) and *Supreme Court* in the cases ruled by the court of first instance on prolongation of coercive placements. The court of first instance makes a point of summoning expert associate judges.

*The Ministry of Social Affairs* is the supreme administrative authority in the child-welfare area. The everyday administration is, however, attended to by the *Government Agency for Child Protection* on behalf of the ministry. The *Government Agency for Child Protection* guides the local Child-Welfare Committee in the interpretation and utilization of the Child-Welfare Act and provides education and guidance concerning child-welfare to the local Child-Welfare Committee and others. Besides, they supervise the local Child-Welfare Committees' work and help them find foster families and issue authorizations to them. The *Government Agency for Child Protection* functions as the supreme management of the homes and institutions, for which the Government is responsible and issues authorizations to individuals and institutions, which assume the responsibility for the care of a child based on the Child-Welfare Act. The *Government Agency for Child Protection* is also responsible for the running of the Government's specialized functions within the child-welfare service, including a centre for sexually abused children and treatment centres for children and adolescents.

### *Types of Measures*

In the Child-Welfare Act, there are provisions covering the measures, which a committee may use after having obtained cooperation from the parents.

These include:

- to guide parents as to the child's upbringing and circumstances;
- to contribute to the initiation of measures according to other legislation in cooperation with relevant institutions;
- to provide the child with appropriate support or treatment;
- to provide the child or the family with a support contact, a personal counsellor or a support family;
- to assist parents or pregnant women in getting treated for illness, alcohol or drug abuse or other personal problems.

If a child is to be placed outside of its home, it will typically be placed with a *foster family* or a *residential institution*. Besides, the Child-Welfare Act mentions the following places, which offer care and support for short or long periods: treatment institutions, support and emergency centres for children and adolescents, summer facilities and summer camps. The latter two are used as support measures, where the stays function as relief for the child and/or the family.

Central Government is responsible for the availability of homes and institutions, which may receive children in emergency situations to ensure their safety due to presumed offences or serious behavioural problems, diagnose children's problems in cases where there may be a need for special treatment and to provide children with special treatment due to serious behavioural problems, drug abuse and presumed offences.

## **2.4. Norway**

### *History*

Norway got its first Child-Welfare Act in 1896, the so-called *Vergerådslø*. In 1915, this Act was supplemented by the Castbergian Children's Acts. At the beginning of the 20<sup>th</sup> century, Norway was the first country in the world to have a public child-welfare service.

The *Vergerådslø* laid down that a child, who was difficult or whose circumstances were difficult, should be supervised by the municipal councils, which could warn and admonish children and parents, suspend custody and remove children from the home and place them in children's homes, special

boarding schools or compulsory schools. The crux of the *Vergerådslov* is still valid by today's standards: Society was to intervene, when parents failed. Young people should be met by preventive and support measures – not by punishment.

The second Child-Welfare Act was adopted in 1953. Although the criteria for intervention in the new Act did not differ considerably from the criteria in the *Vergerådslov*, the new Act was nevertheless characterized by a different understanding and different measures in relation to families and children with social problems. The language usage was also different. The Act was to a much higher degree than before characterized by a belief in preventive measures, advice, guidance and treatment rather than blame and removal of children from the home. Coercive measures were only to be used, when other measures had been tried and found useless. Placement outside of the home was a last resort.

*The Child-welfare Act (Lov om barneverntjenester)* from 17<sup>th</sup> July 1992 is the third Child-welfare Act in Norway. The Act is a continuation of the Act from 1953, but attaches much greater importance to both general prevention and prevention aimed at the individual child. An important change is that the child-welfare services in the municipalities may now implement support measures in respect of the individual child at an even earlier stage than before. Moreover, the procedures for involuntary out of home placement were changed by the new Act, by establishing County Social Welfare Boards (Fylkesmender for social saker) as a ruling body.

### *Current Legislation*

The work of the child-welfare service is mainly regulated by means of the *Act on Child-Welfare Services (Lov om barneverntjenester)* from 1992 and its provisions. The consideration of a child's best interest is the overall principle and must therefore carry the most weight in cases where it conflicts with other essential principles. The child-welfare service must as far as possible contribute to the families getting the best possibilities to take care of their children.

The Norwegian child-welfare policy sets great store by further developing and dispersing working methods based on the family and close environment in the child-welfare service. Apart from being protected, children are entitled to contribute to the decisions. A child that has turned 7 and young children, who are able to form their own opinions, must be given the opportunity to speak before a decision is made in cases that influence their future situation.

The legislation distinguishes between support measures (hjelpetiltak - literally: "help measures") and placement outside of the home. As to the majority of the families, who are in touch with the child-welfare service, sup-

port measures are sufficient, but not always. Support measures must always be evaluated and if possible tried out, before a placement is used. Only if support measures are not sufficient, it may be necessary to place a child outside of its home. In accordance with *Lov om barneverntjenester* there are different criteria for when a child should be placed outside of its home. Neglect is the main (most frequently applied) criterion for intervention but on top of that comes a criterion connected with a child's behaviour. Children and adolescents may furthermore be placed in care both with and without the parents' and the child's consent.

Placements outside of the home may either be

- *a voluntary support measure.* When children are placed outside of the home as a voluntary support measure it is done in accordance with Section 4-4(v) of the *Lov om barneverntjenester*. This option should primarily be used when parents are temporarily unable to take care of their child on a daily basis. In such cases, the case workers may place the child with a foster family, at a residential institution or apply special parent-child measures (such as homes for parents and children – previously called homes for mothers);
- *assumption of custody due to problems in the home environment.* Assumption of custody will only be used if a child's situation is serious, and the situation cannot be remedied by means of voluntary support measures. The background to the law is that a child should grow up with its biological parents, and consequently strong demands are made on placements as an assumption of custody. Expressed in a simplified manner, decisions regarding assumption of custody for a child may be made if a child is exposed to serious deficiencies in daily care, mistreated or abuse at home (in accordance with the Child Welfare Act section 4-12). When the county authorities made decisions regarding assumption of custody, cf. the next section, they must always (unless otherwise provided) lay down a scheme for the child and the parents extent of access to each other. The county authorities may also, when they have made a decision on assumption of custody, decide that the parents shall have no right of access, and as a last resort be deprived of parental responsibility so that the child may be adopted;
- *placement outside of the home due to a child's behavioural problems.* If a child has serious behavioural problems by way of serious or repeated criminal offences, continuous substance abuse or in any other way, it may be placed outside of the home at a residential institution for obser-



vation, examination and short-term treatment for a maximum of four weeks. Such stays may be prolonged by another four weeks. If the child or the adolescent needs long-term treatment, he or she may be placed at a treatment or educational institution without consent for a maximum of 12 months. Such stays may be prolonged by another 12 months. This kind of placement may be implemented both with and without consent;

- *temporary placement in emergency situations.* In principle, only the county authorities may make decisions about placements of children outside of the home without the consent of the parents. As removal of a child from the home is sometimes urgent, the child-welfare service may decide to initiate so-called emergency measures. Such emergency measures are to ensure that it is possible to place a child outside of the home in emergency situations.

Measures in respect of children come to an end when a child turns 18. The period may, however, be prolonged with either the same measure or other measures until the child turns 23, provided the child agrees to it.

### *Organization*

The municipalities, the central government child welfare authorities (Ministry of Children and Family Affairs, the Directorate for Children, Youth and Family Affairs, the County Governor and the County Social Welfare Boards all have different duties and play different parts in accordance with the *Lov om barneverntjenester*.

At the local level, *the municipality* must see to it that it has a child-welfare service, which carry out the everyday work according to law. The child-welfare service must give advice and guidance, make decisions in accordance with the law or prepare cases for the county councils to look into, initiate and follow-up on measures

“Barne-, ungdoms- og familieetaten” consists of five regional administrative authorities and a central unit (Directorate for Children, Youth and Family Affairs). The regional child-welfare authorities must assist the child-welfare services in the municipalities in placing children in care outside of their homes, assist the municipalities in the recruitment and mediation foster families/foster homes, and see to it that the foster families receive education and guidance. The Department is also responsible for the approval of private and municipal institutions, which are used according to the Child-welfare Act.



Also at the county (central government) level is the *County Governor (Fylkesmannen)*, who is to supervise the child-welfare work in the individual municipalities. This implies that the (eighteen) county governors must ensure that the municipalities perform the tasks according to the *Lov om barneverntjenester*, see to it that the municipalities receive advice and guidance and supervise the child-welfare institutions. The County Governor is the authority in charge of handling appeals of decisions made by the child-welfare services in accordance with the *Lov om barneverntjenester* (with the exception of decisions made by the Social Welfare Boards).

The governmental, but regionally located, *County Social Welfare Boards (fylkesnemnder)*, are court-like administrative bodies that have decisive powers in, among other things, cases concerning assumption of custody and coercive measures in connection with severe behavioural difficulties. There are 12 boards in the country. They consist in each case of a leader, who is a lawyer, two expert members and two laymen. Decisions made by the tribunal may be appealed to the normal courts.

### *Types of Measures*

Support measures are offered by the child-welfare service when the conditions in a home or other circumstances result in a child needing special support and assistance. The Act does not contain any exhaustive list of current support measures, but mentions some examples such as support contact persons, places in kindergartens and relief measures in the homes. Family support methods such as PMT (Parent Management Training) and MST (Multi Systemic Therapy) are also offered as support measures in the homes.

Support measures may as a rule only be initiated if a family consents. Stays in kindergartens or other day facilities may, however, be initiated by imposing orders on the parents. The same applies to supervision in the homes. Only the County Social Welfare Boards may decide that parents be ordered to accept support measures.

About 80 per cent of all children in the child-welfare service receive voluntary support measures. The voluntary support measures include both measures in the homes and voluntary placements outside of the homes.

In Norway, foster families and residential institutions are used for placements. *Foster families* are the most common alternative when the child-welfare service assumes custody of a child. About 80 per cent of all children, who are placed in care, live with foster families. A foster family is a family/a private home, which receives children and brings them up on the basis of the child-welfare service's decision on assumption of custody according to the Child-Welfare Act. A child's parents may, as mentioned above, also voluntarily

agree to the child being placed with a foster family for a relatively short period of time. In such cases, the placement will be defined as a support measure.

The child-welfare service must always consider whether or not someone in a child's family or close network may be chosen as foster family. The child's parents must, if possible, be given an opportunity to give their opinion of the choice of foster family. Children, who have turned 7 and young children, who are capable of forming their own views, must also be informed and given the opportunity to give their opinion before the foster family is chosen.

*Child-welfare institutions* were previously regarded as replacements of ordinary homes. Today, the institutions are regarded more as an intermediate place in between the parents' home, a foster family and one's own dwelling. Placement at an institution may be used if the placement is expected to be short-term and/or if the child is older and does not wish to stay with a new family. Another reason for children and adolescents needing to stay at an institution may be that they cannot cope with life in an ordinary family.

## 2.5. Sweden

### *History*

In 1902, the first child-welfare reform was implemented in Sweden. That enabled society to provide support and assistance and to apply measures in respect of children and adolescents with social and behavioural difficulties. The *Vanartslag* from 1902 aimed at protecting society from accelerating juvenile delinquency. Children under 15 years could now be placed against the parents' wills outside of the home in a special home and older children aged 15-18 years could be placed in reformatories following a court order. That same year two other acts were adopted, the *Act on Care of Foster Children (lagen om fosterbarns vård)*, which laid down society's responsibility for children under 7 years, and the *Act on Care of the Poor (Lagen om fattigvård)*, which introduced help to children in need by way of poor relief for the children granted to providers. The legislation did, however, still not make it possible for the authorities to remove children from their parents in case of neglect or maltreatment.

In 1924, the *Act on Child Care (Barnavårdslagen)*, which formed the basis of the division into coercive and voluntary placements. The child-welfare service became centralized in the compulsory child-welfare committees and the governmental supervision of the child-welfare service and the poor relief was introduced. The Act distinguished between placements as society care, including assistance to the poor, the disabled and orphans under 16 years and placements as

a protection of children's lives, often including assistance to neglected and maltreated children. The former type of placements depended on the parents' consent, while the latter might take place against the parents' will.

With the economic growth after the war and the implementation of social reforms, the material need and poverty decreased greatly. With the introduction of the Act on Child Care in 1960, demands for correct case attendance and legal security was enhanced. The form of the Act was also characterized by the theories and treatment methods of support and treatment of children with deviations, which followed from the development of the child and youth psychiatry.

In 1982, the Social Services Act (*socialtjänstloven*) entered into force. The Social Services Act was a framework Act which aimed at introducing a new humanistic view into the social legislation. The controlling and authoritative role that had characterized previous Acts was to be replaced by voluntary actions, agreement/understanding and consideration for the integrity. In respect of actions concerning children and adolescents, this meant that coercive placements could no longer take place on the wish to protect society, but were to take place on the individual child's need. The coercive provisions were transferred to separate legislation.

### *Current Legislation*

The current *Social Services Act (Socialtjänstlag)*, which is mainly based on the old Act from 1982, entered into force in 2002. The main principle is that all care and treatment must as far as possible be carried out through voluntary measures. That also applies to children and adolescents. The Social Board must therefore first and foremost try to remedy children's problems with the consent of the parents and the child itself. The action may either consist of support measures in the home or voluntary placement outside of the home. The prerequisite for this to be implemented is that the custodial parent or the child, when it has turned 15, agrees to the action in question. In connection with placement outside of the home due to problems in the home or to a child's/young person's own behaviour, the Social Board must draw up an action plan, which describes the action to be taken in respect of the child.

If the Social Board in agreement with the custodian or the adolescent, where he or she has turned 15, does not succeed in finding a suitable facility outside of the home, coercion may be used in order to prevent adverse development of the adolescent. As a supplement to the *Social Services Act* there is therefore also the *Act on Special Provisions as to Care of Young People (SSA)(Lagen med särskilda bestämmelser om vård av unga)*, from 1982 (revised in 1990), which adjusts the cases in which the need for care or protec-

tion by way of placement outside of the home cannot take place in a voluntary way. The county court administers the Act. The Act was latest amended with effect from 2003 with the aim of enhancing the child perspective and the child's rights within the law.

In order for the SSA to be used, at least three prerequisites must be met:

- There must be discrepancies in the child's home (environmentally based problems), or the adolescent must be an abuser of alcohol or drugs, a delinquent, etc. (behaviourally based problems).
- Discrepancies must result in an obvious risk that the adolescent's health and development be harmed.
- The support, which the child/adolescent is in need of, cannot be provided on a voluntary basis.

Coercive placement may only be used where it is deemed to be in the child's best interest. Coercive placements on the grounds of parental problems must end at the latest when an adolescent turns 18, while coercive placements on the grounds of a child's/adolescent's problems must be decided before the adolescent turns 20 and end before he or she turns 21.

The Social Board may also in certain situations choose to use emergency placement without consent. The prerequisite for doing this is that it must be considered likely that the adolescent needs care in accordance with the SSA, and that there is no time to await a court order due to a risk to the adolescent's health or development. A preliminary placement does not always result in a placement according to the SSA, but if the investigation shows that the child is in need of placement and that it cannot take place with the consent of the parents or the adolescent, who has turned 15, the Social Board must within four weeks from the day on which the emergency placement was initiated, apply to the county court for the young person to be coercively placed for a long period.

Consequently, the court decides whether or not support according to the SSA should be implemented. When applying for support in accordance with the SSA both the child and its custodial parent are entitled to an adviser/assigned counsel.

The purpose of the support provided in accordance with both the *Social Services Act* and the *Act on Special Provisions as to Care of Young People (Lagen med särskilda bestämmelser om vård av unga)*, is that the child will be able to return home or move into his or her own dwelling. The Social Board must therefore follow-up on the support provided to the child/adolescent and every sixth month evaluate whether or not the support is still necessary

or should end. Such procedures may, however, create insecurity in those children, who do not have the possibility of returning home. In 2003, a provision was therefore included in both Acts to the effect that the Social Board in cases in which a child has been placed with the same foster family for three years, must supervise whether it is in the child's best interest that the custody be transferred to the foster parents.

### *Organization*

At the local level, the responsibility for actions concerning children and adolescents with social or behavioural problems rests with the individual municipality. *The municipalities* must set up a board under the social-service scheme which is to take care of the actions. Since the obligatory social boards were abolished in 1990, the municipalities have, however, been free to organize these boards, if only they work in accordance with the intentions in the *Social Services Act*. Consequently, the boards may be called many different things, such as district board, children and youth board and social board. In this chapter, *social board* is used. The municipal council decides how many politically elected members there are to be in the Social Board.

The municipalities are also responsible for finding foster families and residential institutions (*Hem för vård eller boende, HVB*).

*The county administrations (Länsstyrelsen)* at the regional level supervise the Social Boards' application of the legislation and counsel the Social Boards. Citizens may contact the county administrations if they are dissatisfied with the municipality's case attendance. They cannot, however, complain about the contents of the municipality's decision. The county administrations also approve residential institutions as private enterprises and supervise all residential institutions used for placements.

*The county courts (Länsrätten)*, which is an administrative court at the regional level make decisions in cases concerning coercive placement of children and adolescents and also attend to complaints about the decisions of the Social Boards concerning coercive placements.

### *Types of Measures*

Actions concerning children and adolescents may be divided into two categories – support measures and placements. The municipalities may initiate various forms of actions concerning children and adolescents with social and behavioural difficulties. The municipalities have during the last decade to varying degrees developed support and treatment measures. The idea of focusing on the building up of resources in a child's own home has become popular in recent

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years both as a result of financial squeezes and because research shows poor results from placements in residential institutions and foster care.

As the *Social Services Act* is only a framework Act, it does not mention which kind of support measures, the municipality may implement. The typical support measures in Sweden are, however:

- Contact person/family
- Family educational actions
- Support conversations
- "In the home" scheme
- Various types of group work for child/adolescent and parents
- Housing with support to adolescent
- Traineeships, studies or leisure-time activities for adolescents.

If one looks at types of placements, the most commonly used type of placement in Sweden is foster care. By *foster care* is meant a family, who receives a child from the Social Board and brings it up, but without the foster family considering it to be work. Besides, there are care or residential homes (*Hem för vård eller boende, HVB*), which is a collective name for different types of residential institutions, whether they are publicly or privately run. In order to run a residential institution privately, an authorization is required from the county administrations. The *HVB* also covers special homes for adolescents, which are institutions for adolescents, who are in need of especially close supervision, including secured wards. The National Board of Institutional Care (SiS) is responsible for the running of special homes for adolescents.

### 3. Similarities and Differences in the Nordic Countries – a Nordic Model?

As can be seen from the country descriptions, the actions in respect of children and adolescents with social and behavioural difficulties seem to be very similar in the five Nordic countries. There are, however, also considerable differences. In the following, the most important similarities and differences will be summed up.

#### 3.1. History

All five countries have gone through almost identical historic developments of measures in relation to exposed children and adolescents. The legislations and derived practices have been revised many times concurrently with the changing of the attitudes in society.

About the 1900s, most of the countries got their first Act in this field (Child-welfare Act, etc.); Norway as early as 1896 and Finland and Iceland a little later in the 1930s. The legislation focuses to a high degree of placements outside of the home and the authorities' taking over the custody of a child as the only solution when a child is in need of help. From the 1950s, the focus on the rights of children and parents, voluntary actions and the possibility of implementing support and preventive measures were enhanced rather than the child being placed outside of the home.

This development was further strengthened in the 1980s and 1990s, when in most of the countries enhanced demands on case attendance were introduced, including demands for a thorough investigation and preparation of an action plan prior to the instigation of measures, enhancements of children's and adolescents' rights to be heard and also further focus on voluntary ways and support measures in the actions concerning exposed children and adolescents.

#### 3.2. Current Legislation

The provisions concerning actions in respect of exposed children and adolescents are in Denmark, Finland, Iceland and Norway to be found in one and the same Act. While there in the latter three countries is a specific Act, however, which concerns only child welfare, there is in Denmark a general Act regulating the entire social service area. In Sweden, the legal basis has been divided into two Acts: a general Act for the entire social area, which includes the voluntary measures, and a special Act with special provisions that include the coercive measures in respect of children and adolescents.



**Chart 1: Legal basis for measures concerning children and adolescents**

Denmark	"Act on Social Services". Entered into force in 1998 and later amended.
Finland	"Child-welfare Act". Entered into force in 1984 and later amended.
Iceland	"Barnaverðar-lög". Entered into force in 2002.
Norway	"Lov om barneverntjenester". Entered into force in 1993 and later amended.
Sweden	"Social Services Act". Entered into force in 1982 and later amended." Act on Special Provisions as to Care of Young People". Entered into force in 1982 and later amended.

The legislation in the five countries contains to a high degree the same demands for a good life for children and the same criteria for how the municipality must support the child and the parents in obtaining this. Thus great store is set by secure living conditions and the possibility of a versatile personality and a both physical and social development in the child. The child-welfare service's support must be given at an early stage and in close cooperation with the home, and when measures are chosen, the consideration of the child's best interest must be most important, also in case of any discrepancies in the child's and the parents' wishes. All five countries have thus implemented the UN Convention on the Rights of the Child in their legislations.

In all the five countries, an adolescent, who has turned 15, is considered a party to his case on an equal footing with his parents, e.g. he is entitled to voice his opinion in the case. In Sweden, children are always regarded as parties to a case concerning them. They are, however, only entitled to speak, when they turn 15. The age limits as to when a child must be heard in a case differ, however. In Finland and Iceland, the child is entitled to be heard when it has reached the age of 12, but the Icelandic legislation emphasizes that a spokesman be appointed for the child, if it has not yet turned 12. In Norway, the age limit is seven years, and children, who are younger, and who have formed their own ideas must be given the opportunity to be heard. In Sweden and Denmark, everyone, who is younger than 15 and therefore not party to the case, must in principle be heard, but always with regard to their ages and maturity.

The measures are divided into two types in all the countries: support measures and placements. In Finland, Iceland and Norway, the support measures must as far as possible be tried out first, and only if they cannot remedy the problem, a placement proper outside of the home is made. In Denmark, however, placements outside of the home are used as a possibility from among the other measures, and it is underlined in the introduction to the Section that the listing of possible measures is not in any order of prior-



ity, where the municipality is directed to try out the support measures first and only then a placement. In some cases, placements will thus already from the beginning turn out to be the most expedient measure. The latter also applies in Sweden.

As it appeared from the description of the countries, the placement concept differs, however, in the five countries. In consequence, the boundary between voluntary and coercive placement is not entirely unambiguous.

In Finland and Norway, a child may be placed outside of the home as a voluntary support measure (preventive measure). This requires consent from both child and parents, and in respect of Finland short-term placements are used. The basic parental custody is not violated and the parents may at any time have the child returned to the home, if they so wish. In Norway, the child welfare service shall draw up an implementation plan at the initiation of (for example) a placement as a support measure, keep itself informed about the progress of the child and the family and assess whether the assistance is appropriate.

What in Denmark and Sweden is considered voluntary placement resembles very closely a placement as support measure in Norway and Finland. It consequently depends on the consent of both child and parents and on the preparation of an action plan with current follow-up; in principle the parents may have the child returned home, in case they revoke their consent.

In Finland and Iceland, it is also possible to place a child outside of the home with the consent of both parents and child (assumption of custody). The requirements for the preparation of an action plan and regular evaluation of the placement are the same. There is, however, one considerable difference in relation to Denmark's and Sweden's placements with consent. The parents cannot bring the placement to an end and have the child returned to the home by revoking their consent. Placements with consent are therefore in Finland and Iceland more coercive than they are in Sweden and Denmark. The coercive element is also enhanced in Iceland by the fact that the custody is transferred completely to the public authorities. In the other countries, it rests fully or partly with the parents.

The ultimate placement type in all the five countries is when the authorities place a child or a young person outside of the home without the parents' or the child's/adolescent's consent. The absent consent means that the case must go through the most comprehensive case-attendance and decision-making procedures of all the types of placements. The decision must be made by a body that is independent of the administration, and it is possible to appeal the decision to an independent authority. The parents cannot demand their child returned to the home. In Norway and Sweden, children

and adolescents are coercively placed in accordance with two different Sections depending on whether the reason for the placement may be attributed to problems in the home environment or to behavioural difficulties in the child or the adolescent. There are different conditions attached to the placements depending on the reasons.

In Norway, there is no formal judicial distinction like there is in the other Nordic countries between voluntary placements and coercive placements. All placements (assumption of custody), which are not initiated as support measures in accordance with § 4-4, are regarded as coercive placements, irrespective of whether or not the parents and the child have given their consent.

In all the countries, it is possible to place a child outside of the home in emergency situations, when there is no time to await the usual case-attendance procedure.

In the below chart, the five countries' types of placement are divided into three categories: voluntary placements, coercive placements and emergency placements.

**SOCIAL MEASURES CONCERNING EXPOSED CHILDREN AND ADOLESCENTS**

**Chart 2: Definitions of Placement**

	Denmark	Finland	Iceland	Norway	Swedwn
Voluntary Support measures	-	Short-term placement outside of the home as support measure (§ 14). Requires consent from parents and child, who has turned 12.	-	Placement outside of the home as support measure (§ 4-4). Requires consent from parents and child, who has turned 15.	-
After-care	Residential care for the 18-22 year-olds (§ 62a (3, 1)).	Supported placement to 18-20 year-olds (§ 34).	-	-	-
Placement	Placement with the consent of the parents and the child, who has turned 15, irrespective of reason (§ 40 (2, 11)).	Assumption of custody with the consent of the parents and the child, who has turned 12, irrespective of reason (§ 16/17).	Assumption of custody and care for the child with the consent of the parents and the child, who has turned 15 (§ 25).	-	Placement outside of own home with the consent of parents and the child, who has turned 15 Chapter 4, § 1, SSA).
Coercive placement	Placement without the consent of parents and/or the adolescent, who has turned 15, irrespective of reason (§ 42).	Assumption of custody without the consent of parents or the child, who has turned 12, irrespective of reason (§ 17).	Placement without the consent of parents or the child, who has turned 15, irrespective of reason (§ 27 and 28).	Assumption of custody due to problems in the home environment (§ 4-12). Placement at an institution without the consent of the child or the parents due to severe behavioural problems (§ 4-24).	Assumption of custody without the consent of the parents or the child, who has turned 15, due to problems in the home environment (§ 2 SSA) or the child's behavioural problems (§ 3 SSA).
Emergency placement	Preliminary placement, where a child's immediate needs cannot await the decision of the children and adolescents committee (§ 45).	Emergency placement, where a child's situation cannot await the court order (§ 18).	Emergency placement, where a child's situation cannot await the decision of the child-welfare committee (§ 31).	Temporary decision about placement outside of the home (§ 4-6, 4-9 and 4-25).	Immediate placement, where a child needs support in accordance to the SSA and the court order cannot be awaited (§ 6 SSA).

In principle, all coercive measures in the five countries end when a child has reached the age of 18. A coercive placement may, however, continue after the 18<sup>th</sup> year in Norway, if the reason is the child's behaviour and it was initiated prior to the child turning 18. The placement may then only be main-

tained for 12 months dated from the county administrations' decisions. In Sweden, a coercive placement may also be maintained after the 18th year if the reason is the child's behaviour. The authorities may even instigate new coercive placements for adolescents over 18 years if the adolescent's behaviour so requires, unlike in the other countries.

In all the five countries, the action may be prolonged by way of support measures in respect of the child, after it has reached the age of 18, if the child consents. This is in Denmark and Finland called after-care and may last until the child turns 23 and 21, respectively. In Iceland, the measure may be prolonged until the 20<sup>th</sup> year and in Norway until the 23<sup>rd</sup> year. In Sweden, the adolescent may, when he or she has turned 18, ask for the support to be prolonged, and the municipality must then make a new decision. The prolonged action may both be by way of a placement outside of the home (as a support measure), a contact person, personal adviser, etc.

An important difference in the legislation of the five countries is that children who suffer from diminished physical or mental capacities, who are in need of support measures or a placement outside of the home, in Denmark are covered by the same provisions as are children with social and behavioural difficulties. That does not apply in the other four countries, where the child-welfare provisions are only aimed at the latter.

### *3.3. Organization*

The organization of the actions in respect of children and adolescents at risk is in many ways identical in the five countries. The municipality has the primary responsibility for supervising the municipality's children and adolescents under 18 years giving advice and guidance, initiating support or placing measures, if a child or an adolescent lives under circumstances that may injure his health and development, and following up on initiated measures. In all the countries, with the exception of Norway, the responsibility rests with an elected body, a municipal council, a social board or a child-welfare committee. In practice, the authority is assigned to the administration. In Norway, the authority rests in principle with the administration and its leaders. The local authorities may, however, in accordance with the *Act on Child-welfare Services* choose to place the authority with an elected body. The number of municipalities that have done this in practice has not been registered, but these municipalities are very few.

Although the administrations in the municipalities in practice are the main responsible for the actions in all five countries, there is one area, where they have no authority to make the final decision and that is in relation to the implementation of coercive measures, including primarily coercive

placements. In all the countries, such decisions are made by authorities/bodies that are independent of the municipal administration. There are, however, large differences as to under which *auspices* such authority rests, which *type* of authority it is and *the professional combination* of the authority.

In all the countries, the initiative to coercive placements, preparation of the case, the dialogue with child and parents and the drawing up of a recommendation for coercive placement rests with the municipality. The decision powers rest, on the other hand, in different hands. In Denmark, the decision is made by an administrative authority, the Children and Youth Committee, under municipal auspices, while such decisions in Norway are made by court-like administrative bodies which are regional branches of national authorities. In Sweden and Finland, it is a regional administrative court, the county court, which makes decisions as to coercive removal. In Iceland, the Child Welfare Committee may under the auspices of the municipality make decisions on coercive placement for a maximum of two months. If a coercive placement is to be prolonged, an approval from the district court is needed.

In cases concerning emergency placements, where a decision cannot await the usual procedures connected with coercive placements, the powers to make a preliminary decision rest in Denmark and Iceland with the chairman of the administrative authority, which usually make decisions in cases concerning coercive placements, i.e. the chairmen of the Children and Youth Committee and the Child Welfare Committee, respectively. In Finland, the powers are assigned from the county court to the Social Board under municipal auspices, and in Norway, the assignation went from a court-like agency to the head of the municipal child welfare administration. In Iceland and Finland, a senior official has the same powers to make decisions on emergency placements. In all cases, the preliminary decision must be approved quickly via the usual procedures. In Sweden, the chairman of the Social Board or some other member, who must be a politician, may make the decision, without it being assignment of powers. Consequently, the Social Board cannot approve the decision, but only be informed about it.

Apart from differences as to under which auspices the authority rests and which type it is, there are also differences in the professional combination of the authority, which makes decisions on coercive placement. In Denmark, Finland and Norway, child experts are required in the Children and Youth Board, the county court and the county authorities. In Iceland, endeavours are made to man the Child Welfare Committee with people, who have special knowledge about children, while there in Sweden is no requirement as to the members of the county court having any special knowledge regarding children. In Iceland, child experts ought to be summoned when cases are heard in the district court.

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In Denmark, Iceland (the Child Welfare Committee) and Sweden, there is a majority of politically elected members (laymen) out of the total number of members. This also applies to Finland's social board, which makes decisions in coercive-placement cases with consent. In the county administrations in Norway, there are two laymen out of five members. Apart from the child experts and laymen, there are in all five countries also either a judge or a lawyer represented in the decision-making body. That does not apply, however, to the Social Board in Finland and to the Child Welfare Committee in Iceland, but legal specialist knowledge is endeavoured included in the latter.

The complaints boards of the first instance also differ from each other in the five countries. The reason is, of course, that the decisions brought before the boards are made at different levels and by different kinds of authorities in the five countries. Denmark differs for instance in that it is not an administrative court that is the complaints board of the first instance in coercive-placement cases, but an administrative authority.

The following chart sums up the comparison.

**SOCIAL MEASURES CONCERNING EXPOSED CHILDREN AND ADOLESCENTS**

**Chart 3. The Decision-Making Authorities**

		Denmark	Finland	Iceland	Norway	Sweden
Support measures		Municipal councils/municipal administration	Social boards/municipal administration	Child-welfare committee/municipal administration	Municipal administration	Social boards/municipal administration
Voluntary placements (incl. as support measures)		Municipal councils/municipal administration	Social boards/municipal administration	Child-welfare committee/municipal administration	Municipal administration	Social boards/ municipal administration
Coercive placements		Children and adolescents boards (independent administrative authority at municipal level)	County courts (court at regional level)	Child-welfare committee (municipal level) and district court (governmental administrative court)	County administrations (governmental court like administrative body, regionally placed)	County courts (court at regional level)
Emergency placements		Chairman of the children and adolescents committee	Chairman of the social boards/civil servant	Chairman of the child-welfare committee/civil servant	Senior civil servant/approval by the chairman of the county authority	Chairman of the social board or a member, who must be a politician
1. Complaints board	Voluntary measures	The social boards (governmental administrative authorities, regionally placed)	The social board (municipal administrative authority)	Complaints board in child-welfare cases (governmental administrative authority)	County Governor (governmental administrative authority, regionally placed)	County court (court at regional level)
	Coercive measures	Social Appeals Board (governmental administrative authority)	County court (regional administrative court)	Appeals Board in child-welfare cases District court Supreme court	The common courts <sup>1)</sup>	County court (court at regional level)

1 The Ministry of Children and Family Affairs presented in the spring 2005 Ot.prp. no. 64 (2004-2005) several proposals for amendments of the Child Welfare Act. One of these amendments was that the county authorities' decisions in accordance with the *Act on Child Welfare Services* may be appealed direct to the layman's court instead of first having to go through the court of first instance (tingretten).

### 3.4 *Types of Measures*

It is more or less the same methods and measures that are used in the intervention in respect of exposed children and adolescents, and in all the countries the intervention is aimed as much at the entire family, as at the individual child.

The five countries use many different support measures. In Denmark and Finland, there is an almost exhaustive list of support measures in the legislation, while there in Iceland and Norway is given examples of interventions. The Swedish *Social Services Act* works solely as a framework for the intervention, as no specific support measures are listed.

The typical support measures used by the countries are:

- Personal adviser, contact person or a support family for the child, the adolescent and/or the entire family.
- Practical and educational support in the home to parents and child - "in the home"-scheme.
- Counselling and guidance to parents, family-educational actions, family treatment and residential stays families at institutions. Parent Management Training (PMT) and Multi Systemic Therapy (MST), which are new methods from the USA, are used both in Norway and Denmark, and on an experimental basis in Sweden.
- Provision of day facilities, such as kindergartens, etc., leisure-time activities, education and traineeships.
- Financial support towards schooling, leisure-time activities, housing, etc.
- Relief schemes in the home or a short-term placement outside of the home.

The placement facilities in the five countries are also very similar, but in some cases they are called different things. In the below table, the different types have been grouped according to their categorization in the statistics in Section 4.5. It should be noted that in Sweden, Denmark and Iceland residential institutions are not broken down by types in the legislation, and that the mentioned types consequently are only examples.



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**Chart 4: Placement Facilities**

Types of facilities	Denmark	Finland	Iceland	Norway	Sweden
Foster care	Foster family	Foster family. Family homes run as a business (correspond to the Danish facilities)	Foster family	Foster family	Foster family
Residential institution	Residential institutions <ul style="list-style-type: none"> <li>• Children's homes</li> <li>• Infants' homes</li> <li>• Youth homes/reformatories</li> <li>• Boarding schools</li> <li>• Secured wards</li> <li>• Etc.</li> </ul>	Residential institutions <ul style="list-style-type: none"> <li>• Children's homes</li> <li>• Youth homes</li> <li>• Boarding schools</li> <li>• Etc.</li> </ul>	Residential institutions <ul style="list-style-type: none"> <li>• Treatment institutions</li> <li>• Emergency reception institutions</li> <li>• Children's homes</li> </ul>	Residential institutions <ul style="list-style-type: none"> <li>• Children's homes</li> <li>• Emergency homes</li> <li>• Treatment homes</li> <li>• Homes for mothers</li> <li>• Drug-abuse institutions</li> <li>• Psychiatric-treatment institutions</li> </ul>	Residential institutions (care or residential homes) <ul style="list-style-type: none"> <li>• Children and youth homes</li> <li>• Secured institutions</li> </ul>
Other facilities	Socio-educational facilities <ul style="list-style-type: none"> <li>• Small places run by a professional family</li> <li>• Larger institutionlike facilities</li> <li>• Municipal residential facilities</li> <li>• Boarding and continuation schools</li> <li>• Ship project</li> </ul> Own room, students' housing and similar facilities	Own home (parents) Own room with support	-	-	Own home (only in relation to coercive placements and short periods at the end of the placement) Own room with support Other facilities

In all the five countries, there are the same two main categories of placement facilities: foster care and residential institutions. A foster family is in all the countries, with the exception of Finland, primarily a private family, who receives children into care, without it being considered work. In Finland, the foster care concept covers both the ordinary family, who does not regard it as work, and the more professional family, who receive foster children as work and often have staff employed. It must be noted, however, that the distinction between a private family and a more professional family, who sees it as work, is very vague. In some cases, there will be foster families,

who have several children in care, and where one of the foster parents work at home and in reality takes care of the children as full-time employment.

Besides, there are also private placements in private homes comprised in the foster-family concept, i.e. placements, where the municipality has not been involved in the matter. These are, in contrast to the other Nordic countries, included in the Finnish number of placements in those cases, where the municipality supports the private placement financially or otherwise. This is, however, a limited number.

Residential institutions in the five countries cover a wide spectrum of homes and institutions. Some are aimed at different age groups; others are intended for short or long stays, respectively, while others are treatment institutions proper. Only Denmark and Sweden are in accordance with the child-welfare provisions authorized to place adolescents, who are in need of extra supervision, in the so-called secured wards/institutions, where front doors and windows may be locked.

Apart from the two main categories, there is in Denmark also a relatively large group of other placement facilities, i.e. socio-educational facilities, including small facilities run by professional families as well as boarding and continuation schools, which Denmark is the only country to use as proper placement facilities. It is not unlikely that some of the larger institution-like facilities, which Denmark categorizes as placement facilities, are categorized as residential institutions in the other countries, which may distort the comparison of placed children and youths broken down by placement facilities later in this chapter, cf. Section 4.

In the category *Other facilities* are also included own rooms and students' housing and similar facilities in Denmark, the possibility of being placed in one's own home (parental home) and in one's own room with support in Finland and in own home, own room or similar placement facility in Sweden. In reality, placement in one's own room and in students' housing and similar facilities in Denmark are comprised by the foster-family concept. Here they are, however, included under *Other facilities* in order to ensure a higher comparability with Finland and Sweden.

### 3.5 A Nordic Model?

As it appears from the above, there are many similarities in the actions in respect of children and adolescents at risk in the five countries. The historic development contains the same features, but has taken place in different stages. The wording and the intentions of the legislation are close to being identical. Focus on voluntary ways and support measures in the home exists

in all five countries. This also applies to the organization of the actions at local level. Even the types of measures resemble each other to a high degree.

There are, however, also important differences, which counteract the picture of a common Nordic model. Only three of the countries have a proper Child Welfare Act. The target group for the child-welfare provisions is much wider in Denmark than in the other countries, because they include disabled children. The contents of the placement concepts are different. The distribution of the responsibility among the local, regional and governmental level differs, and the authority to make decisions in coercive-placement cases rest with different types of authorities and under different auspices. Besides, there are minor variations as to the types of placement facilities.

Consequently, it is not possible, on the basis of the above, to conclude that the actions in respect of exposed children and adolescents in the Nordic countries may be regarded as a special Nordic model. Whether or not the intervention may be regarded as such does not depend only on similarities and differences among the Nordic countries, but also of similarities and differences in relation to the interventions in other European countries. The extent of the theme chapter does not, however, allow such a comparison.

#### **4. Implementation of the Legislation in Practice – Statistics on Exposed Children and Adolescents in the Five Countries**

In all the five countries, separate statistics are gathered on actions in respect of children and adolescents with social and behavioural difficulties. A comparison of the extent across the five countries is, however, not without difficulties when differences in legislations, definitions of concepts and placement facilities are taken into consideration, as described above. To this should be added differences in registration methods and amendments to the legislations through the years and consequent changes of definitions of what should be contained in the placement statistics, etc. The latter makes comparisons across a large span of years in the individual countries unreliable.

In the following, it is nevertheless attempted to make a comparative analysis of the interventions in the five Nordic countries on the basis of the countries' statistical data. On the basis of the above general reservations must be made as to the comparison of figures. In the comparison, focus will be on the use of support measures, the extent of placements, including coercive placements, the breakdown by sex and age of the placed children and adolescents and the use of

different types of placement facilities. The comparison will be made on the basis of quantity figures, process figures and the development over time.

#### *4.1. Statistics Gathering in the Five Countries*

In Denmark, the municipalities report data on assistance to children and adolescents to Statistics Denmark, who is responsible for the official statistics. Each year they report on:

- *additions*: number of children and adolescents, for whom a case has been opened during the year (individual level)
- *quantity*: number of children and adolescents with assistance as per 31 December in the year (individual level)
- *summary data at family level*: number of families, who received preventive measures during the year
- *types of measures*: placements and preventive measures.

In Finland, STAKES (Research and Development Centre for Welfare and Health) gather statistics on the municipalities' actions in respect of children and adolescents. Data on placements outside of the home are gathered at the individual level. From the register data it appears how many individuals were in placement as per 31 December in the year and during the year and type of placement facility, authority by law for the placement and the placement period. Data on children and adolescents, who are provided with support measures, are gathered at aggregated levels.

Barnaverndarstofa (the *Government Agency for Child Protection*) is responsible for the gathering of statistics among the local Child Welfare Committees in Iceland. The Child Welfare Committees report data on the number of child-welfare cases during the year, including placements and support measures for children and families. As Iceland does not gather data on the records as per a specific date, it is difficult to include Iceland in certain of the comparisons.

In Norway, it is Statistics Norway, who on behalf of the Child and Family Department gathers data on the actions in respect of children and adolescents. The municipalities report data once a year on children and adolescents, who are provided with support measures or have been placed outside of the home (assumption of custody) in accordance with the Child Welfare Act. The data are reported at the individual level and comprises the quantity as per 31 December and new accessions during the year. The municipalities report on who informed the municipality, the reason for the implementation of the intervention, the type of measure and placement facility.

The National Board of Health and Welfare is responsible for the official statistics on children and adolescents in Sweden. The statistics contain the actions that have been implemented according to the *Social Services Act* and the *Act on Special Provisions as to Care of Young People*. Data on children and adolescents in placements are gathered at the individual level from the municipalities. They report on authority by law, placement facility and beginning and end of the placement. On the basis of these data, the number of new accessions of children and adolescents, quantity at 1 November and quantity during the year are calculated. Data on support measures are reported at the aggregated level at 1 November.

## 4.2. Support Measures

Generally, it is difficult to compare the extent of the support measures in the five countries. *Firstly*, data are gathered in some countries for the entire year and in other countries for a certain date. Sweden thus only has quantity figures as per 1 November, while other countries only have a process figure. Denmark and Norway calculate both.

*Secondly*, Iceland only calculates the number of measures while the other countries calculate the number of children and adolescents/families, who are provided with one or more measures. Iceland's figures may consequently be higher, simply because one and the same person may count several times if that person is provided with several measures at the same time.

*Thirdly*, it varies how support measures are registered in the five countries. In Denmark, support measures are registered according to whether or not they are aimed at the child or the family. A child, who is provided with a support measure, may at the same time be part of a family, who is provided with support and so in practice counts twice. The two statements in Denmark cover:

- number of children and adolescents that are provided with preventive measures, including a personal advisor, contact person, relief stay, financial support towards payment for boarding/continuation school, arrangement of traineeships and a half-way scheme for the 18-22 year-olds, and
- number of families, who are provided with certain preventive measures, including consultant assistance, support in the home, family treatment, residential stays for the entire family, contact person and financial support in order to avoid placement.

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In Finland, Sweden and Norway, the number of children and adolescents, who are provided with support measures, irrespective of whether they are aimed directly at the child or at the entire family is calculated, and in Iceland, as mentioned, the number of measures are registered both the family-aimed ones and those aimed at the child. In Sweden, the support measures mentioned in Section 2.5 are divided into three types: contact person/contact family, structured support-measure programmes and personal support. Norway's figures cover support measures such as support-contact person, relief stays, relief in the home, leisure-time activities, MST and PMT, etc., cf. Section 2.4 on Norway. In Finland's figures are included children and adolescents, who are provided with support by way of a support person/support family, rehabilitation of the entire family, "in the home" scheme and day facilities, and in Iceland's figures are included guidance to parents regarding upbringing, support-contact person/support family, personal advisor for the child, support and treatment to the child, etc.

For all countries it applies that the support measures are implemented to improve a child's situation. In Table 1, the number and proportion of children and adolescents are shown, who were provided with support measures in 2003 as well as the number of families in respect of Denmark, who are provided with support measures. Please note that Iceland's figures cover the number of measures.

**Table 1. Children, Adolescents and Families, Who were Provided with Support Measures during 2003**

	Denmark <sup>1)</sup>		Finland <sup>2)</sup>		Iceland <sup>3)</sup>		Norway		Sweden <sup>4)</sup>	
	Number	Pr. 1.000	Number	Pr. 1.000	Number	Pr. 1.000	Number	Pr. 1.000	Number	Pr. 1.000
0-17 year-old	18 754	15.6	51 781	46.6	1 925	24.6	23 319	21.5	24 580	12.7
18-22 year-old	2 830	9.9	4 598	22.9	-	-	1 904	7.0	3 366	10.8
Families	35 477	53.5	-	-	-	-	-	-	-	-

1 Families per 1 000 are calculated on the basis of the number of families (single people, married couples, co-habiting couples) with children of the ages 0-17 years in 2003.

2 Only up to 21 years.

3 Number of measures.

4 Number as 1 November and only up to 20 years.

As only Finland and Norway's figures are directly comparable, *it makes no sense to compare across the five countries*. Two things should be noted, however, in spite of the more or less incomparable figures. Firstly that it seems that Finland implements more support measures per 1 000 of the population than do the other countries. It is, however, not unlikely that Denmark levels with Finland, if the support measures to families are included. Secondly, that it for all the countries seems to apply that the proportion of the 0-17 year-old children and adolescents, who are provided with support measures is larger than the proportion of the 0-17 year-olds, who are placed outside of the home, cf. Table 2 below (Table 3 in respect of Sweden).

### *4.3. Voluntary and Coercive Placements*

In Table 2, the development in quantity and ratio of placements during the year is shown, including coercive placements, since 1993. For the sake of comparison, adolescents of the age group 18-22 years have been omitted, although they in some countries make up a considerable part of the placed individuals.

The following should be noted when reading the tables:

- The division into voluntary and coercive placements follows the grouping in Chart 2 in Section 3.2. However, coercive placements in Norway include only assumption of custody in accordance with §. 4-12. Placements due to the adolescent's behaviour without consent from the adolescent in accordance with §. 4-24 are therefore not included, and Norway's figures coercive placements are consequently somewhat underestimated. As per 31 December 2003, there were 166 placements in accordance with this Section.
- Emergency placements are included in all the countries' placement figures. In Denmark, Iceland and Sweden, they are also included in coercive placements.
- In Finland's figures are included, in contrast to in the other countries, private placements in foster families, but only if the municipality at the same time grant financial or other support towards the private placement. The number is very limited.
- Children and adolescents, who have been placed in their own homes as a kind of placement outside of the home, are not included in the Norwegian figures. They are, however, included in the figures from Denmark, Finland and Sweden.
- Iceland only has figures for the number of placements during the year and not as per a certain date, cf. Table 3.

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**Table 2. Children and Adolescents 0-17 Years Placed Outside of the Home, of Whom Coercively, during the Year, 1993-2003**

		Denmark		Finland		Iceland		Norway		Sweden	
		Num-ber	Pr. 1.000	Num-ber	Pr. 1.000	Num-ber	Pr. 1.000	Num-ber	Pr. 1.000	Num-ber	Pr. 1.000
1993	Place-ments	13 143	12.1	8 347	7.1	507	6.5	8 448	8.5	13 182	6.8
	- of which coercive	1 122	1.0	941	0.8	28	0.4	-	-	3 545	1.8
1994	Place-ments	12 646	11.6	8 687	7.4	490	6.3	8 278	8.3	13 520	6.9
	- of which coercive	1 176	1.1	1 026	0.9	24	0.3	6 669	6.6	3 684	1.9
1995	Place-ments	12 646	11.5	9 167	7.9	507	6.5	8 489	8.4	13 930	7.1
	- of which coercive	1 313	1.2	1 050	0.9	18	0.2	6 188	6.1	3 799	1.9
1996	Place-ments	12 477	11.2	9 352	8.0	445	5.7	8 307	8.1	14 339	7.3
	- of which coercive	1 328	1.2	1 098	0.9	53	0.7	5 905	5.8	3 779	1.9
1997	Place-ments	12 500	11.2	9 967	8.6	482	6.2	8 104	7.9	14 279	7.3
	- of which coercive	1 417	1.3	1 150	1.0	41	0.5	5 643	5.5	3 756	1.9
1998	Place-ments	12 926	11.5	9 988	8.6	515	6.7	8 596	8.3	14 057	7.2
	- of which coercive	1 540	1.4	1 158	1.0	22	0.3	5 832	5.6	3 674	1.9
1999	Place-ments	13 659	12.0	10 270	8.9	626	8.1	9 145	8.7	14 531	7.5
	- of which coercive	1 574	1.4	1 288	1.1	13	0.2	6 101	5.8	3 755	1.9
2000	Place-ments	14 402	12.5	10 588	9.3	611	7.9	9 628	9.1	14 710	7.6
	- of which coercive	1 614	1.4	1 418	1.2	29	0.4	6 035	5.7	3 922	2.0
2001	Place-ments	15 008	12.8	11 036	9.8	675	8.7	10 151	9.5	15 141	7.8
	- of which coercive	1 677	1.4	1 476	1.3	21	0.3	6 215	5.8	3 975	2.1
2002	Place-ments	15 162	12.8	11 431	10.2	722	9.3	10 319	9.6	15 403	7.9
	- of which coercive	1 673	1.4	1 622	1.4	33	0.4	6 568	6.1	4 048	2.1
2003	Place-ments	14 724	12.3	11 512	10.4	737	9.4	10 686	9.9	15 615	8.0
	- of which coercive	1 552	1.3	1 782	1.6	63	0.8	6 747	6.2	4 183	2.2



In all the countries, both the number and ratio of placed children during the year increased from 1993 to 2003. The increase is most marked in Finland, where the number of placed 0-17 year-olds per 1 000 increased from 7.1 to 10.4 corresponding to an average annual increase of 3.9 per cent. In Norway and Sweden, the increase was also steady over the years, while the number of placed children per 1 000 in Denmark decreased from 1993 to 1997, increased from 1997 to 2002 and decreased again from 2002 to 2003. The number has been fluctuating relatively stably between 11.2 and 12.8 per 1 000. In Iceland, the placement figure fluctuated between 5.7 per 1 000 as the lowest and 9.4 as the highest figure.

If one compares the number of placed children per 1 000 in the five countries, it is persistently highest in Denmark in all 10 years. The numbers have, however, been drawn together during recent years due to the small decrease in Denmark in 2003 and the steady increase during the years in the other countries. Iceland has the fewest placements per 1 000 0-17 year-olds in the years 1993-1998, and Sweden the fewest in the years 1999-2003.

If one looks at the number of coercive placements, a somewhat different picture emerges. From a place at the top in relation to the total placement figures compared with the other countries, Denmark can now be found at the middle as regards the number of coercive placements per 1 000 0-17 year-olds. The figure fluctuates from 1.0 per 1 000 to 1.4. The coercive placements amount to about one tenth of all placements in Denmark. Instead, Norway has now the most placements followed by Sweden.

In Sweden, a little less than one third of the placements are coercive placements. This figure was rather stable in all the years from 1993 to 2003. Norway has obviously noticeably more coercive placements than do the other countries, which is due to the fact that far more than half of all placements are categorized as coercive placements. The ratio is, however, decreasing from 81 per cent of all placements in 1994 to 63 per cent in 2003. The reason why Norway's figures are much higher than those of the other countries is that they define all placements (assumption of custody) both with and without consent as coercive placements, cf. Chart 2 in Section 3.2. Only placements used as support measures are defined as voluntary placements. Norway's figures for coercive placements are slightly underestimated at that, as placements in accordance with §. 4-24 due to an adolescent's behaviour without consent do not count.

The number of coercive placements per 1 000 in Finland doubled from 1993 to 2003 and amounts to about 15 per cent of the total number of placements in 2003.

**SOCIAL MEASURES CONCERNING EXPOSED CHILDREN AND ADOLESCENTS**

**Table 3. Children and Adolescents 0-17 Years Old Placed Outside of the Home, of Whom Coercively, as per 31 December, 1993-2003**

	Denmark		Finland		Norway		Sweden	
	Number	Pr. 1.000	Number	Pr. 1.000	Number	Pr. 1.000	Number	Pr. 1.000
1993								
Placements	10 323	9.5	7 404	6.3	5 869	5.9	10 394	5.4
- of which coercive	840	0.8	863	0.7	-	-	3 335	1.7
1994								
Placements	10 225	9.4	7 536	6.5	5 822	5.8	10 623	5.4
- of which coercive	913	0.8	911	0.8	5 350	5.3	3 475	1.8
1995								
Placements	10 354	9.4	7 844	6.7	5 877	5.8	10 887	5.5
- of which coercive	998	0.9	957	0.8	5 095	5.0	3 611	1.8
1996								
Placements	10 234	9.2	7 640	6.6	5 805	5.7	11 027	5.6
- of which coercive	1 064	1.0	982	0.8	4 845	4.7	3 566	1.8
1997								
Placements	10 410	9.3	7 721	6.7	5 900	5.7	11 020	5.6
- of which coercive	1 119	1.0	1 033	0.9	4 735	4.6	3 568	1.8
1998								
Placements	10 972	9.7	7 539	6.5	6 358	6.1	11 117	5.7
- of which coercive	1 214	1.1	1 055	0.9	4 845	4.7	3 580	1.8
1999								
Placements	11 532	10.1	7 944	6.9	6 556	6.2	11 366	5.9
- of which coercive	1 215	1.1	1 148	1.0	4 949	4.7	3 730	1.9
2000								
Placements	12 339	10.6	8 195	7.2	6 941	6.5	11 502	5.9
- of which coercive	1 263	1.1	1 276	1.1	5 136	4.8	3 773	1.9
2001								
Placements	12 733	10.8	8 513	7.6	7 143	6.7	11 801	6.1
- of which coercive	1 278	1.1	1 289	1.1	5 261	4.9	3 924	2.0
2002								
Placements	12 924	10.9	8 895	8.0	7 328	6.8	12 025	6.2
- of which coercive	1 313	1.1	1 444	1.3	5 511	5.1	3 968	2.0
2003								
Placements	12 597	10.5	8 997	8.1	7 674	7.1	12 708	6.5
- of which coercive	1 214	1.0	1 549	1.4	5 693	5.3	4 160	2.1

NB! Iceland does not have figures for any given time, only for placements during the year, cf. Table 2.

If one looks at the number of placed 0-17 year-olds as per 31 December of the years 1993 to 2003, almost the same picture as before will emerge. Denmark has the highest figure fluctuating between 9.2 and 10.5 placements per 1 000 0-17 year-olds, while the number of placements in Sweden is down to between 5.4 and 6.5 per 1 000. Also Norway's figure is low in comparison with that of Denmark.

In Sweden, there was a steady increase in the number of placements at 31 December from 1993 to 2003, while the number of placements per 1 000 in the other countries fluctuated up and down. There is, however, in total an increase in all the countries from 1993 to 2003. Again the increase is largest in Finland.

The picture changes when one looks at coercive placements. Again, Norway has the highest number per 1 000, while Denmark and Finland have the lowest numbers. The ratio of the coercive placements of all placements at 31 December decreased in Norway from 92 per cent in 1994 to 74 per cent in 2003, while it in Finland increased from 12 per cent to 17 per cent in the same period. In Denmark and Sweden, the number of coercive placements out of the total number of placements was between about 8 and 11 per cent and between about 32 and 33 per cent, respectively. The ratio of coercive placements in Sweden being so much higher than in Denmark is partly a result of the fact that Denmark has far more placements in total than does Sweden, but Sweden's number per 1 000 is also higher than is Denmark's. This is rather interesting seen in the light of the definition of and conditions for voluntary and coercive placements, respectively, being very similar in the two countries.

#### *4.4. Placements Broken Down by Sex and Age*

In Tables 4 and 5, the numbers of placed children and adolescents at 31 December 2003 are broken down by sex and age. Table 4 shows how many individuals are in placements per 1 000 of the population in the same age group and of the same sex, while Table 5 shows the percentage breakdown by sex and age within the group of placements. In Table 5, the age group 18-22 year-olds has been omitted in order to improve the comparability.

**SOCIAL MEASURES CONCERNING EXPOSED CHILDREN AND ADOLESCENTS**

**Table 4. Children and Adolescents, Placed Outside of the Home, Broken Down by Age and Sex, 31 December 2003<sup>1)</sup>**

		Denmark		Finland		Iceland		Norway		Sweden	
		Num- ber	Pr. 1,000	Num- ber	Pr. 1,000	Num- ber	Pr. 1,000	Num- ber	Pr. 1,000	Num- ber	Pr. 1,000
0-6 year-olds	Boys	888	3.7	821	4,0	44	3.0	758	3.6	976	2.9
	Girls	813	3.6	721	3.7	22	1.5	667	3.3	946	3.0
7-14 year-olds	Boys	3 591	12.7	2 467	9.3	140	7.5	1 984	7.7	3 214	6.7
	Girls	2 625	9.8	1 948	7.6	111	6.3	1 747	7.2	2 780	6.1
18-20 year-olds	Boys	2 615	28.0	1 517	15.7	228	34.5	1 263	14.3	2 395	13.6
	Girls	2 065	23.4	1 523	16.5	192	31.2	1 243	14.9	2 397	14.4
18-20 year-olds	Boys	755	8.8	944	9.3	-	-	534	6.4	1 508	9.4
	Girls	638	7.7	838	8.6	-	-	381	4.8	1 110	7.3
21-22 year-olds	Boys	84	1.4	-	-	-	-	34	0.6	-	-
	Girls	57	1.0	-	-	-	-	33	0.6	-	-
In total	Boys	7 933	10.4	5 749	8.6	412	10.3	4 573	6.6	8 093	7.0
	Girls	6 198	8.6	5 030	7.9	325	8.5	4 071	6.2	7 233	6.6

1 Iceland during the year, however.

In all the five countries, more boys than girls are in placements at 31 December 2003, both absolutely and relatively. The number of placements per 1 000 of the population is larger for the boys than for the girls. Thus, 10.4 out of 1 000 0-22 year-old boys are placed outside of the home in Denmark, while the corresponding ratio is 8.6 for 0-22 year-olds girls. In Iceland, the relative difference is the same as it is in Denmark, while the difference in number of placed girls and boys in Finland, Sweden and Norway is less evident.

The majority of boys makes itself felt in almost all age groups with the exception of the 15-17 year-olds in Finland, Sweden and Norway, and the 0-6 year-olds in Sweden, where the number of girls is slightly higher.

In all the countries, the number of placed children and youths per 1 000 is largest for the 15-17 year-olds. The number is especially high in Denmark, where 23.4 out of 1 000 15-17 year-old girls and 28 out of 1 000 15-17 year-old boys, respectively, have been placed outside of the home, and in Iceland, where 31.2 out of 1 000 15-17 year-old girls and 34.5 out of 1 000 15-17 year-old boys have been placed outside of the home. The latter is, however, not directly comparable with the other countries, as the figure is a process figure for the year and therefore other things being equal will be higher than the other quantity figures. The corresponding figure for the 15-17 year-olds in the other countries is less than 16.5 out of 1 000 of the population.

**SOCIAL MEASURES CONCERNING EXPOSED CHILDREN AND ADOLESCENTS**

**Table 5. Children and Adolescents, Placed Outside of Their Homes, Broken Down by Age and Sex, 31 December 2003<sup>1)</sup>**

		Denmark	Finland	Iceland	Norway	Sweden
		Percent of all placed	Percent of all placed	Percent of all placed	Percent of all placed	Percent of all placed
0-6 years-old	Boys	7.0	9.1	6.0	9.9	7.7
	Girls	6.5	8.0	3.0	8.7	7.4
7-14 years-old	Boys	28.5	27.4	19.0	25.9	25.3
	Girls	20.8	21.7	15.1	22.8	21.9
15-17 years-old	Boys	20.8	16.9	30.9	16.5	18.8
	Girls	16.4	16.9	26.1	16.2	18.9
All	In total	100	100	100	100	100
- of whom	Boys	56.3	53.4	53.4	52.3	51.8
	Girls	43.7	46.6	46.6	47.7	48.2

1 Iceland during the year, however.

If one takes a look at the age *composition* of the placed 0-17 year-olds, the ratio of the placed 15-17 year-olds in Denmark does not differ considerably, however, from the other countries' ratios. Thus the 15-17 year-olds amount to 38 per cent in Sweden, 37 per cent in Denmark, 33 in Norway and 34 per cent in Finland. In Iceland, the ratio is 57 per cent and so considerably higher than in the other countries. In all the countries, with the exception of Iceland, the 7-14 year-olds amount to a little less than half of the placed 0-17 year-olds. In Iceland, they amount to about one third. In general, the age compositions of the placed 0-17 year-olds at 31 December 2003 are thus very similar to each other in the Nordic countries with the exception of Iceland, which has a majority of 15-17 year-olds from among the placed children and adolescents. It should again be taken into consideration that Iceland's figures are process figures, which maybe may explain the divergence from the other countries.

Table 5 confirms the trend in Table 4, i.e. that there are more boys than girls among the placed children and adolescents.

#### ***4.5. Placements Broken Down by Placement Facilities***

In Table 6, the children and adolescents, who were placed at 31 December in the years 1993, 1998 and 2003, have been broken down by the type of facility where they were placed. The breakdown follows the categorization in Chart 4 in Section 3.4.

**SOCIAL MEASURES CONCERNING EXPOSED CHILDREN AND ADOLESCENTS**

**Table 6. Placed Children and Adolescents as per 31 December during the Year, Broken Down by Types of Placement**

	Denmark		Finland		Iceland <sup>1)</sup>		Norway		Sweden <sup>2)</sup>	
	Num-ber	Per-centage	Num-ber	Per-centage	Num-ber	Per-centage	Num-ber	Per-centage	Num-ber	Per-centage
1993 Foster care	5 044	42	5 162	60	259	51	4 952	79	8 277	80
Residential institution	3 250	27	2 274	26	248	49	1 349	21	1 764	17
Other facility	3 793	31	1 239	14	-	-	-	-	353	3
In total	12 087	100	8 675	100	507	100	6 301	100	10 394	100
1998 Foster care	5 370	44	5 740	65	245	48	5 456	78	8 743	79
Residential institution	3 166	26	1 969	22	270	52	1 533	22	2 132	19
Other facility	3 593	30	1 077	12	-	-	-	-	242	2
In total	12 129	100	8 786	100	515	100	6 989	100	11 117	100
2003 Foster care	6 431	46	6 621	61	293	40	6 697	77	9 530	75
Residential institution	3 354	24	2 530	23	444	60	1 960	23	2 865	23
Other facility	4 346	31	1 628	15	-	-	-	-	313	2
In total	14 131	100	10 779	100	737	100	8 657	100	12 708	100

1 Iceland during the year, however.

2 Only the 0-17 year-olds. Other facility also covers placements, where the facility has not been stated.

Foster family/foster home is the most commonly used placement facility of the three types in all the countries, with the exception of Iceland, where the use of residential institutions dominated in both 1998 and 2003. In Norway and Sweden, between 75 per cent and 80 per cent of the children are placed in foster care, while the numbers in Finland and Denmark are lower and fluctuate between 60 and 65 per cent and 42 and 46 per cent, respectively, in the three years. The use of foster care dropped from 1993 to 2003 in Iceland, Sweden and Norway, while the number of placements at residential institutions increased. The trend is most obvious in Iceland. In Denmark, the ratio of children and adolescents placed in foster care increased, on the other hand, while the ratio of residential institutions decreased.

In Denmark, there is a far more varied variety of placement facilities, and almost one third of the children has been placed at socio-educational facilities, boarding schools or the like, own rooms, etc. (of the category *Other facility*), which is uncharacteristic compared with the other countries, including especially Norway and Iceland. As mentioned in Section 3.4, it cannot be ruled out that some of the very institution-like facilities are included under residential institutions in the other countries. It should further be mentioned that foster care that is run as a business is included under *foster care* in the statistics of Finland and Iceland and under the category *Other facility*

as a placement facility in the statistics in Denmark. In Norway and Sweden, there is no immediately similar category. These differences in the categorization may provide a misleading picture, when a comparison of the development in the use of placement facilities across the countries is made.

#### *4.6. Summary of the Comparison*

The comparison of the practice in the five countries may be summed up in the following items:

- Due to different calculation methods it is not possible to compare the extent of the preventive actions across the five countries. The figures point to there being far more children and adolescents in Finland, who are provided with support measures compared with the other countries, and moreover that the ratio of children and adolescents, who are provided with support measures in all the Nordic countries is larger than the ratio of children and adolescents, who are placed outside of the home.
- In all the five countries, there was an increase in the number of placed children and adolescents, both absolutely and relatively, in the years 1993–2003. That applies to both the number during the year and the number at 31 December in the year. The increase was largest in Finland and smallest in Denmark.
- Denmark has the most placed children and adolescents outside of the home per 1 000 0-17 year-olds both during the year and at 31 December in all the years from 1993 to 2003. Sweden has the fewest placements per 1 000 0-17 year-olds in almost all the years.
- Norway has the highest number of coercive placements per 1 000 0-17 year-olds. This is mainly a result of almost all Norway's placements being categorized as coercive placements. Denmark and Finland have the lowest numbers of coercive placements per 1 000 0-17 year-olds.
- More boys than girls are placed outside of the home in all the five countries, both as regards quantities and out of 1 000 in the population. With a few exceptions, there is now a majority of boys in all age groups. The trend is most apparent in Denmark.
- Generally, the age combination of the placed 0-17 year-olds is very similar in the countries with the exception of Iceland. In all the coun-

tries, with the exception of Iceland, the 7-14 year-olds make up a little less than half of the placed children and adolescents.

- The number of placed 15-17 year-olds per 1 000 in the population is very high in Denmark and Iceland compared with the other countries. The reason for Denmark's high figure is most likely that Denmark in contrast to the other Nordic countries registers stays at boarding and continuation schools as placements.
- In all the countries, with the exception of Iceland, foster care is the most used form of placement. In Norway and Sweden, 77 per cent and 75 per cent, respectively, of the placed children and adolescents were in foster care in 2003. In Denmark, Iceland and Finland, the ratio is somewhat lower. There is a trend in Iceland, Sweden and Norway towards the ratio of children and adolescents, who are placed in foster care decreasing and the ratio of placements at residential institutions increasing. In Denmark, the development has gone in the opposite direction.

## **5. Reasons for Differences in the Nordic Countries**

One of the most spectacular differences among the countries is Denmark's relative high placement figure. It is not possible to pinpoint one specific reason why Denmark generally places more children and adolescents outside of the home than do the other Nordic countries. Part of the explanation might be that children and adolescents with reduced mental and/or physical abilities in Denmark are covered by the same provisions as are children and adolescents with social and behavioural difficulties. That means that they are included in the placement figure and in the number of children and adolescents, who are provided with support measures. In the other Nordic countries, mental and physical disabled children are covered by other provisions than the child-welfare provisions, and consequently they are not included in the figures.

As the reason for the instigation of measures is not registered in Denmark, it is not possible to separate children and adolescents with disabilities from the figures in order to obtain a higher degree of comparability, but Statistics Denmark has calculated that 66 per cent of the residential clients, who stayed at residential institutions for children and adolescents in March 2003, stayed at a residential institution for children and adolescents with so-



cial and behavioural difficulties, and 34 per cent stayed at residential institutions for children and adolescents with reduced mental or physical abilities. If one supposed that the majority of the children, who are placed due to their disabilities, are placed at residential institutions, and then use the same distribution scale for the number of placed 0-17 year-olds staying at residential institution at 31 December, it means that the placement figure for 2003 at a rough estimate may be reduced by about 1 000 and so instead amount to about 9.6 per 1 000 0-17 year-olds. This figure is still considerably higher than in the other Nordic countries and can consequently not account for the entire difference.

Two supplementary explanations for Denmark's somewhat higher placement figures might be

- that it in the legislation in Finland, Iceland and Norway is stated that the support measures as far as possible must be tried out first and only if they cannot remedy the problem should a placement proper outside of the home be instigated. In Denmark, however, a voluntary placement outside of the home is mentioned as an option among the other support measures, and it is pointed out in the instructions to the section that the listing of possible measures is not in any order of priority, and a municipality must try out the support measures first and only subsequently a placement. In some cases, a placement will thus already from the opening of the case turn out to be the most expedient measure. This difference in the demand for order in the instigation of measures may possibly result in differences in the practices in the five countries. In Sweden, the same applies, however, as in Denmark, which undermines the explanation.
- that a voluntary placement in Denmark is not nearly as extensive an interference in the family as an assumption of custody is in the other countries and that placements are consequently used more often. In connection with a voluntary placement in Denmark, parents may at any time demand that their child be returned home contrary to an assumption of custody with consent in Finland, Norway and Iceland. This explanation does not, however, hold water when one also includes Sweden, who has the same type of voluntary placements and nevertheless fewer placements than has Denmark. Besides, placements are considered voluntary support measures in both Finland and Norway's placement figures, and they may to a certain degree be equated with the voluntary placements in Denmark. Nevertheless, the two countries have fewer placements than does Denmark.

Part of the explanation that Denmark has so relatively many placed individuals from the age group 15-17 years is possibly that there in Denmark is a larger variety of institutions, including the use of boarding and continuation schools as placement facilities, compared with the other countries (Hestbæk, 1998; Grinde, 2004). At 31 December 2003, 7 per cent of the placed children and adolescents 0-22 years were placed at boarding schools or the like. Of the placed 15-17 year-olds it was 14 per cent. It can be difficult to handle adolescents with severe behavioural problems in foster care, which is the most used measure in Norway and Sweden. Differences in facility options may partly steer practice.

Hestbæk (1998) has in her discussion of the reasons for the differences in child-welfare attitudes and evaluations in the Nordic countries furthermore referred to a strong, institutional Danish culture in line with traditions in Southern and Central Europe and to the fluctuating economic situation in the five Nordic countries. Moreover, Hestbæk mentions a large number of circumstances at macro level, which influence and may contribute to different practices in the Nordic countries, including the overall socio-political traditions and ideologies, the child-welfare services' structure and financing structures, occupational cultures among case workers, educational and qualification cultures, family structures and ideologies, including the perception of the responsibility distribution among State and family and demographic circumstances, living conditions and seriousness of problems in the individual municipalities. Hestbæk does not further discuss which of these factors may be the decisive ones.

Norwegian Social Research (NOVA) has in 2004 published the report *Nordiske barnevern. Terskelen for barneverntiltak af beslutningsprosessen ved bruk af tvang* with the support of the Nordic Council of Ministers. The aim of the report is to look into how and why the practices in child-welfare vary in the Nordic countries, when they in principle have so much in common. Focus is especially on how cultural values and traditions affect child-welfare work in practice. In the report, only Denmark, Iceland and Norway are included. The report is based partly on vignette surveys among case workers in the three countries and partly on a number of interviews with chairmen of the county authorities in Norway, the child-welfare boards in Iceland and judges from the High Court in Denmark.

One of the report's most important conclusions is that much consideration is given in Denmark to parents in the actions in respect of children and adolescents at risk, while the focus in Norway to a higher degree is put on the child. Consequently, coercive placements are to a higher degree accepted in Norway, which can be seen from the statistics, while case workers

in Denmark are more reluctant to interfere with the sanctity of private life and use coercion in respect of the parents. 90 per cent of all placements in Denmark are based on a consent from the parents. This conclusion is partly based on the case workers different ways, in which they evaluate cases in the three countries and partly on nuances in the legislation. Moreover, Norway and Iceland have a Child Welfare Act proper, while the provisions in Denmark are included in a general Act governing the entire social service area. The latter provides to a higher degree a context, which is characterized by the family's situation rather than the child's problems.

In the above, it has been endeavoured to point out some possible causes for differences in the countries' practices. A better comprehension of the differences may, however, only be obtained by way of more extensive and profound comparative studies among the countries.

## 6. Concluding Considerations

This theme chapter has only focused on the contents and the extent of the actions in respect of exposed children and adolescents in the Nordic countries. The chapter has thus not dealt with two otherwise evident and very essential questions, i.e.:

- which reasons lie behind the instigation of the various measures in respect of exposed children and adolescents, and
- what is the effect of the various child-welfare actions, and how are the children and adolescents, who have been in touch with the child-welfare service, doing later in life.

In relation to contributing knowledge on the first item, the Nordic countries still have a long way to go. At present, only Norway is carrying out a detailed registration of the causes in their statistical system, while in Denmark, in continuation of the placement reform, a method for the registration of the causes for the instigation of measures is being developed. The introduction of the registration of causes in the Nordic countries' statistical systems would contribute to it being possible to go deeper into the analysis of the actions in respect of exposed children and adolescents.

In relation to the second item on the effects of the actions, reference is made to Egelund and Hestbæk (2003) *Anbringelser af børn af unge udenfor hjemmet. En forskningsoversigt (Placements of children and adolescents outside of the home. A research overview)* and to the Danish National Institute of Social

Research's (Socialforskningsinstituttet) process survey of placed children in Denmark (Egelund, Hestbæk and Andersen, 2004), to which are attached great expectations. The survey will follow children born in 1995 through all of their maturity with a view to identifying how the actions in respect of placed children may be goal-oriented, so that children may grow up under the best possible conditions.

As a conclusion to the theme chapter, it should be mentioned that at present there is in the Nordic countries a clear developmental trend towards the preventive work being made independent of the execution of authority. The trend implies that children, adolescent and families may be provided with qualified support and treatment without it requiring a preceding municipal examination or decision. The power behind this development is that it is endeavoured to get in touch with the exposed families as early as possible to avoid that problems develop and that families at a later stage end up as clients in the public system. Examples of this development are resource teams in the schools, facilities for adolescents with abuse problems, education and training for children and adolescents with psychosocial problems as well as guidance of parents.

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## *Appendix 1*

# Information on the NOSOSCO home page

The NOSOSCO home page [www.nom-nos.dk](http://www.nom-nos.dk) contains supplementary information. The present report can be downloaded as a .pdf file from the home page.

The supplementary information is as follows:

- The social expenditure and the financing of it, broken down by the individual entries
- Specification of the social expenditure
- The typical cases that are used as basis for the figures in this publication
- Description of the calculation basis for the typical cases
- The tables on income distribution and relative poverty that were used as basis for the tables and figures in this publication
- Description of the calculation basis for the tables on income distribution

Further information on statistical agencies, committees and ministries

The home page also contains the database *Social and Health Indicators*, where the most important indicators in this publication can be found in an interactive database, in which the results may be shown both as graphic presentations and on maps.

## *Appendix 2*

# The Basis for the Adjustment of the 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, which reflects the development in the annual wages/salaries in the labour market. 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 and transition allowances, cash benefits, rehabilitation allowances, child allowances and child supplements as well as housing subsidies. The various amounts that are included in the calculation basis for the various benefits and various kinds of support are also adjusted by means of the rate-adjustment percentage.

The maximum amount of the unemployment benefit is adjusted by means of the rate-adjustment percentage. In respect of people, who receive individual daily cash benefits below the maximum amount, the calculation basis for the individual daily cash benefits (i.e. the previous earned income) will 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 the sickness and maternity benefits is also adjusted by means of the rate-adjustment percentage. In respect of people, who receive less than the maximum amount, and where the daily cash benefits therefore amounts to 100 per cent of their previous earnings, the benefit shall be adjusted to the extent the wages payable by their employers is typically adjusted in accordance with the general 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 that lies two years before the year, which the rate-adjustment percentage concerns, seen in relation to the year three years previously. The rate-adjustment percentage for 2003 was for example fixed on the basis of the adjustment of the annual wages/salaries from 2000 to 2001.

**THE FAROE ISLANDS:** The adjustment of the social benefits is based on special legislation, which lays down the annual adjustment at 4 per cent. The legislation covers pensions, pension supplements, special supplements to pensioners and maintenance allowance, with the exception of the basic amount of the old-age pension, which is not adjusted.

Unemployment benefits, sickness benefits and benefits in connection with pregnancy are adjusted in relation to the wage development.

**FINLAND:** The social benefits are adjusted in the following way:

The basic/minimum pension is adjusted once a year on the basis of the consumer price index of the previous year.

50 per cent of the employment pension to pensioners under 65 years is adjusted on the basis of the development in the wage/salary level, and 50 per cent on the basis of the consumer price index.

20 per cent of the pension to pensioners, who have reached the age of 65, is adjusted on the basis of the wage/salary development and 80 per cent on the basis of the consumer price index.

Sickness benefits and parental daily cash benefits shall not be adjusted at year-end for those who have already been awarded the benefit (if a person for example falls ill in December, the payment for January shall not be changed).

The income ceilings are, however, increased annually on the basis of the APL-index by 50 per cent in relation to the wage/salary development of the previous year and as to 50 per cent on the basis of the consumer price index of the previous year.

The unemployment benefits are increased once a year on the basis of the previous year's consumer price index (in the same way as the basic pension).

The social assistance (income support) is adjusted on the basis of the consumer price index of the previous year.

The child supplement is adjusted following a parliamentary decision.

**ICELAND:** All social benefits are adjusted annually on the basis of the wage/salary and price developments of the government budget. The benefits in question are: basic pension to old-age and disability/anticipatory pen-

sioners, unemployment benefits, public sickness benefits and maternity benefits to those who are not in gainful employment. Moreover, the income levels concerning basic and disability/anticipatory pensions are adjusted in relation to the wage/salary development at as 1 September each year.

The employment pension is adjusted in relation to the consumer-price index.

**NORWAY:** The old-age pension and the disability/anticipatory pension payable by the Social Insurance Scheme are calculated on the basis of the basic amount of the Social Insurance Scheme. The basic amount is adjusted by the Stortinget (the Norwegian parliament) following discussions between the Government and the pensioners' organisations. Usually, the adjustment is implemented on 1 May. The purpose of the adjustment of the basic amount is to give pensioners, who receive pension from the Social Insurance Scheme, an income development corresponding to the development for people in gainful employment.

Sickness benefits are not adjusted during a period of illness. Consequently, the sickness benefits will not be adjusted if changes occur in a sick 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 will not be changed, should changes occur in the general income level in society.

The Ministry of Social Affairs fixed recommended guidelines in 2001 for the social assistance payable. The guidelines will be evaluated and revised at regular intervals according to need, and the latest adjustment took place in 2004. There are no rules governing an annual adjustment of the child allowance. The Parliament fixes the annual rates in connection with the annual budget negotiations. These rates have not been price-adjusted since 1995, where the rate adjustments were a result of other conditions, such as the connection with the tax system and the child allowance being payable until a child turns 18 years (previously 16 years) since 2000.

**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.

The pension level and the ceiling for the sickness and the parental insurances (sickness and parental benefits) are important examples of benefits that are adjusted in this way.

Benefits that are means-tested are often adjusted in a different way.

## THE BASIS FOR THE ADJUSTMENT OF THE SOCIAL BENEFITS

In respect of the national standard of the social contribution (the 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 much different family types need for maintenance. The system allows for the possibilities of taking into account changed consumer patterns, etc.

The housing benefits are fixed amounts and will be awarded on the basis of given incomes. They will only be altered following political decisions. The same applies to maintenance allowance advances.

The child supplement is a general allowance that in spite thereof is not adjusted on the basis of the price development but only following a political decision.

## *Appendix 3*

# The Nordic Social Policy

## The Nordic Welfare Model

The Nordic welfare model may be characterized in the following way:

1. The public welfare policy is rather comprehensive. It covers social security, social services, health, education and training, housing, employment, etc., with the purpose of ensuring 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 macro-economic policy, social policy and an active labour-market policy.
3. The Nordic welfare systems are based on a high degree of universalism, i.e. all citizens are entitled to basic social security and services irrespective of their position in the labour market. The universalism has contributed to a broad public support to the welfare policy.
4. The income safeguarding 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 on 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 the 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, in which the significance of the local democracy is large. Social and health services are financed by way of taxes with no high user payment, and the aim is that all citizens have their needs met. Local authorities (municipalities and counties) provide the services and more often than not they also produce them.

6. The income distribution is relatively levelled. The income disparities in the Nordic countries as to wage/salary distribution and disposable incomes are limited compared with other countries. There are no large gaps between the various income groups, and consequently poverty and differences in the standard of living have been relatively limited.
7. Equal opportunities is a basic principle in the Nordic welfare states. In the Nordic countries, women have a high participation rate, 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.<sup>4</sup>

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, just as families themselves to a higher extent than before must make use of the social net for part of the social services that were previously provided by the public sector.

## The Organization of the Nordic Social Policy

**DENMARK:** There is a three-tiered taxation and administration system in Denmark (government, counties and municipalities).

The overall responsibility for the legislation and the structure of the social policy rests with the Danish parliament and Central Government, whereas the running and the day-to-day responsibility mostly rest with the county and municipal authorities.

The municipal authorities are responsible for the main part of the social cash 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 Central Government.

Administration and payment of unemployment benefits are, however, carried out by the voluntary unemployment insurance funds.

Local authorities are also responsible for and administer the main part of the social services, such as day care and preventive measures aimed at chil-

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<sup>4</sup> Points 1-7 from *Nordic Social Policy, Changing Welfare States*. Edited by Mikko Kautto, Matti Heikkilä, Björn Hvinden, Staffan Marklund and Niels Ploug.

dren and young people as well as care and nursing for the elderly and the disabled (home help, home nursing, nursing homes, etc.).

The county authorities bear the day-to-day responsibility for the health services, which includes the running of hospitals and administration of services and benefits from the National Health Insurance Service, including payments to general practitioners and dentists as well as subsidies to medicine. The county authorities also manage other aspects of the social field, such as residential institutions for children and young people and housing for the disabled and socially vulnerable groups.

Both municipal and county authorities receive block grants from Central Government.

Central Government is responsible for and manages a number of labour-market measures, including activation of the insured unemployed, by way of the employment service, which is run by the State.

**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 rest with the Home Rule.

The municipal authorities are responsible for day-care facilities to 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 benefit is financed by the labour-market parties and administered by a board composed of representatives for the labour market. A small part of the retirement pensions are also administered and financed by the labour-market parties.

**FINLAND:** Also in Finland the Government has the overall responsibility for the legislation. The taxation system is a two-tiered system (government and municipalities) but a three-tiered administrative system (government, regions and municipalities).

The Finnish pension system consists of two parts: an employment pension and national pension. The employment pension is an earnings-related and insurance-based pension while the national pension is awarded to all citizens in the country, who receive only a small employment pension or none at all. The private employment pension schemes are managed by private insurance companies.

The local authorities are responsible for arranging health and social services for all residents in the municipalities. Public health care services are sup-

plemented by private health care services, for which the expenses are partly reimbursed by the public Sickness Insurance Scheme.

There are three kinds of unemployment benefits: an earnings-related allowance, a basic allowance and a labour market support. Most employees are covered by the unemployment fund and are entitled to the earnings-related allowance.

**ICELAND:** There is only a two-tiered taxation and administration system in Iceland (government and municipalities). The Government 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 the home help, institutions and care of children and young people. The local authorities are in cooperation with Central Government responsible for services to the elderly and the disabled.

As regards income transfers (social cash benefits and pensions), Central Government shares part of the responsibility with the labour market parties. Pensions are partly administered by the National Social Security Institution (basic pensions) and partly by an independent Pension Fund (employment pensions) that is administered by the contributors (employees and employers).

The Unemployment Insurance Scheme is administered by Central Government, while the majority of the sickness benefits comes from salaries/wages that are payable during sickness.

The local authorities are responsible for the social assistance.

**NORWAY:** There is a three-tiered administrative and political system in Norway (government, counties and municipalities) and the same applies to the social sector.

Most of the social income transfers (sickness benefits, rehabilitation benefits and pensions) are administered by Central Government through the National Insurance Scheme.

The National Insurance Scheme is financed by contributions from employers, employees and the State. Employers' contributions depend on the regional zone in which an enterprise is located (five different zones in all).

Local authorities administer and are responsible for social assistance, primary health care, home help and home nursing, institutions for children, young people, the elderly and the disabled.

Central Government has recently taken over the responsibility for the hospital sector, which has left counties with only a minor responsibility.

**SWEDEN:** There is also a three-tiered administrative system in Sweden (government, counties and municipalities). Central Government is responsible for most of the income transfers, such as sickness benefits, parental benefits, unemployment benefits and the industrial injury insurance that is 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.



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