

Social Protection in the Nordic Countries 2001

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Scope, expenditure and financing

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<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 the social statistics of 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 Iceland having the chairmanship for the period 2002-2004.

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

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

In connection with the preparation of the present report, NOSOSCO set up an editorial group, which 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.

Nordic Social-Statistical Committee, 2003.

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Symbols Used in the Tables:

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

Chapter 1

Changes in Nordic Social Policies Since 2000

DENMARK: During recent years, the economic development in Denmark has been stable without any significant balance problems. The average annual increase of the GDP was 2.7 per cent from 1995 to 2000. In 2001, the annual growth rate was 1.4 per cent and in 2002 1.6 per cent, mainly as a result of influences from the international trends. In 2003, an increase in the GDP of 1.6 per cent is anticipated and in 2004 2.4 per cent.

The employment rate has increased markedly since 1994, which resulted in the unemployment rate decreasing from 12.3 per cent in 1994 to 5.1 per cent in 2002. In 2003, the increase in the labour force is estimated to be 5.6 per cent and to decrease again in 2004 to 5.3 per cent.

The increase in the payroll costs was higher in Denmark than in the international perspective, and increases of 3.9 per cent in 2003 and 3.7 per cent in 2004 are anticipated. The increase is primarily a result of a relatively tight labour market.

The surplus on the balance of payments' current account in 2003 and 2004 is estimated to increase to about 3 per cent of the GDP, and the surplus of the total public finances is estimated to be about 1.3 per cent of the GDP in 2003 and 1.5 per cent of the GDP in 2004. The framework for growth in the total public sector is 0.7 per cent in 2004 and 0.5 per cent from 2005 to 2010.

In future, the number of elderly will increase, while the number of people of working age will decrease. In order to secure future welfare and for businesses to have their needs for employees met, many more people must get into the labour market.

With a view to increasing the employment rate, an action plan, "More People in Work" was launched in 2003. The employment actions will in future be determined by an individual's need for help in finding employment, and neither by the insurance of an unemployed person, nor by which bene-

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fit the individual is being paid. A harmonisation and simplification of the rules governing municipal actions have been implemented in respect of recipients of cash benefits, introduction benefit, sickness benefit, rehabilitation, etc., and of the government employment service's actions towards insured unemployed people. The harmonisation covers examination, contact, job provision, simplified activation tools and rules governing availability and sanctions. So the first steps towards a more interrelated labour market system have been taken. The Government's vision is a unified labour market system.

The employment activities must to a higher extent focus on placing the unemployed quickly and directly in jobs by way of active job search, job provision and individually adapted contact relations. The principle of entitlement and obligation to accept activation will be maintained, but the activation must be far more flexible. It is not important, for how long or to what extent the unemployed are activated, but that the activation brings the unemployed closer to getting a job. The qualification of the unemployed must be improved by way of a more goal-oriented education and training. Unemployed people under the age of 30 must be encouraged to receive education or training on general terms, and the activities concerning youths must be enhanced to include unemployed daily cash benefit recipients between the ages of 25 and 30. The initiatives to enhance the labour-market integration of refugees and immigrants must be more business-oriented by way of a flexible combination of language courses, education, in-house training and subsidized employment, depending on the need of the individual.

To ensure that it will be worth everyone's while to work, several measures were introduced: a cash benefit ceiling, an increase of the employment deduction and a decrease of the assistance to married cash benefit recipients after six months as well as a discontinuation of the supplementary benefits in connection with activation.

In 2003, a reform of the anticipatory pension system was adopted, which enhances active efforts rather than passive maintenance. The citizens' resources rather than their limitations should be pinpointed. Not until it has been established that it shall not be possible to maintain any affiliation with the labour market, neither on normal nor on special terms, shall anticipatory pension be awarded. At the same time, the anticipatory pension scheme will be simplified and become more transparent.

The number of enrolled children between six months and nine years has increased by a little less than 60 per cent from 1992 to 2002. As a result of the substantial improvement, the coverage of day-care offers to children has

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increased for all age groups. At the same time, the number of children on waiting lists to a day-care offer was reduced, and the number of municipalities with a care guarantee also continued to increase. In order to make day-care options more flexible and to increase citizens' freedom of choice, it has since 1 July 2002 been possible to be granted an allowance for looking after one's own children in replacement of a place in a day-care institution. As from 1 August 2003, it has become obligatory for the municipalities to grant subsidies to parents who wish to make use of private child minding rather than use a place in a public day-care facility. As from 1 January 2004, parents will furthermore become entitled to a municipal subsidy towards payment for day-care facilities in another municipality, in which they wish to use the day-care facilities.

The parental leave scheme was extended to one year as from 2002. At the same time, parental leave has been made more flexible, in that part of the leave may be postponed, and the part reserved for fathers having been made more flexible. After the introduction of the new rules, it will no longer be possible to use child-minding leave.

The activities concerning children and young people at risk have been considerably increased during recent years. The increase can partly be ascribed to a general enhancement of the services, partly to the financing structure, where municipalities and counties share the expenses. With a view to creating coherence between powers and financial responsibility, a financing reform was implemented in 2002 that concerns both children and youths at risk and adults at risk. In future, part of the expenses will be defrayed by the municipalities or the counties. As to a number of other activities, the municipalities pay a fixed basic rate and the counties the remaining expenses. Moreover, analyses on children and youths were performed as part of the Government's discussions with counties and municipalities about the economy in 2003, with the aim of ensuring a professionally and financially expedient development of the sector.

The expenditure on the Danish health sector increased during the 1990s. The expenditure on hospitals, which make up two thirds of the expenditure in that field, increased by about 4.6 per cent annually from 1990 to 2001. In 2002, an extraordinary DKK 1.6 billion was allocated to the hospital sector. Furthermore, DKK 1.5 billion was allocated to increase the treatment capacity in order to reduce waiting lists. In total, the expenditure increased by about 7 per cent in 2002. The main challenge for the hospitals is to keep up with the increasing demand, which is a result of increasing expectations, new treatment methods and the demographic development.

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As part of the Governments objectives to increase the citizens' freedom of choice and to reduce waiting periods, a rule was introduced on 1 July 2002 to the effect that if patients have to wait more than two months to be treated, they may be treated at approved private clinics or abroad. As regards choice of GP and the possibility of choosing private visiting nurses, more flexible rules were introduced.

The last decade has seen a considerable extension of the activities in the services for the elderly. There has been an increase in the housing options for the elderly, which, however, does not nearly correspond to the increase in the number of elderly. At the same time, there has been a switch from traditional nursing homes to special housing units for the elderly. Most places for the elderly are now special housing units. The elderly have also got more say in the choice of place and form of accommodation, if they are to move to a nursing home or the like.

The expenditure on services to the elderly, which include home help, has increased by 1.0 per cent annually since 1995. The increase in the expenditure reflects to a high degree the increase in the number of elderly. The number of people, who receive home help, has increased during recent years. While the number of people between the ages of 67 and 79, who receive home help, has declined, the number of people over 80 years has increased. With effect from 1 July 2002, the elderly have obtained more say in the choice of home help and the organization of the help. Besides, the possibility of getting a substitute, in case the usual home help does not turn up, has been enhanced.

In order to improve conditions for pensioners with small incomes, an extension of the rules governing health supplements was implemented in 2003, so that it in future also includes expenses for glasses, dentures and chiropody. Besides, the financially weakest old-age pensioners have received a non-recurrent benefit (the so-called pensioner's cheque) in 2003 of up to DKK 5 000 before tax.

The expenditure on adults at risk also increased during the 1990s; for example the number of substance abusers undergoing treatment increased drastically. In 2003, a treatment guarantee for substance abusers was introduced, and the Government's efforts will in future include more places for the treatment of alcoholics, as well as the establishment of more acute activities for the homeless.

Offers to the disabled have been extended and enhanced. As from 1 October 2002, it will be possible to go on leave to care for relatives, who suffer from permanently reduced mental or physical capabilities, and the accompaniment scheme for people with reduced mental or physical capabilities has been extended, so that people who have been assigned to the scheme

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may continue to accompany others after they have turned 67 years. Besides, there is now, as in the ageing sector, more freedom of choice and more autonomy for people who live in special housing units.

Activities concerning mentally ill patients have been increased and improved during recent years – the proportion of mentally ill patients staying in single rooms is for example estimated to be about 75 per cent in 2004 as against 42 per cent in 1997. There has also been an increase in the number of staff per bed in wards. The activity level within the local-area psychiatric scheme has increased markedly in recent years, at the same time as the number of local-area psychiatric units increased by 50 per cent from 1996 to 2001. The number of people who have been assigned a support or contact person continues to increase. Consequently, the expenditure on the psychiatric sector increased concurrently with the extension – about 15 per cent from 1996 to 2001.

FINLAND: The economic growth decreased in Finland in 2001 after seven years of growth. In 2001, growth was only 0.6 per cent. In 2002, there was a slight increase, and the economic growth reached 1.6 per cent.

The beginning of 2003 was marked by considerable uncertainty with regard to the international economic development, which was also reflected in the Finnish economy. The national demand, however, remained stable. The financing surplus of the public sector was somewhat reduced in 2001 and 2002. Similarly, gains in the public sector revenue have decreased somewhat during the past two years due to the weak economic development, and at the same time, the public expenditure increased. In 2003, the surplus in the public finances is anticipated to drop to 2.5 per cent of the total national economy, and a deficit is anticipated in central and local government finances. The surplus in the public finances is solely a result of a build-up of capital in the pension funds.

Although the total increase in productivity was relatively small in 2002, the demand for labour increased slightly. The employment rate among the 55+ year-olds increased.

With part-time pension becoming more common, the number of persons leaving the work force decreased. In 2003, the demand for labour is estimated to become slightly more moderate, and the employment rate is estimated to decrease to 67.5 per cent. On the other hand, the unemployment rate is anticipated to increase to an average of 9.4 per cent, as the employment prospects of a considerable number of businesses has diminished due to the prolongation of the weak economic situation.

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For a number of years, there has been an increase in the income differences, but it stopped in 2001 due to a decrease in realised capital gains. The proportional poverty level rose slightly, but remained low from an international point of view.

The total development in the social expenditure was moderate despite the increased demand on pensions, the social services and the decline in the employment rate. In relation to the GDP, the social expenditure is still below the average level in the EU countries.

The total number of recipients of unemployment benefits decreased towards 2002. As a result of the deteriorating economic situation, the number of both unemployment benefit recipients and social assistance recipients increased by the end of 2002. At the same time, the number of people, who were awarded invalidity/ disability pension decreased.

The increase in the number of recipients of old-age pension was a result of an ageing population.

The increased employment rate has clearly contributed to the increase in the payments of sickness benefits.

The decrease in the number of births has in turn decreased the need for parental benefits and support towards minding of infants.

The legal basis governing cash benefits payable during a period of unemployment was thoroughly revised in 2002. The new act compiled different provisions concerning payment of unemployment benefits. At the same time, the following amendments were made:

- Persons born after 1949 no longer qualify for unemployment pension. Instead of the pension, elderly employees with a long work history will be entitled to other unemployment benefits until they turn 65 years, instead of the current 60 years.
- It will be easier to obtain unemployment benefits, as the work requirement was reduced from ten to eight months for people, for whom the maximum payment is to be calculated again from the beginning.
- The so-called severance pay was abolished. The severance pay is replaced by an increase in the income-related unemployment benefit with regard to persons, who have a long work history.

In the autumn of 2002, a comprehensive reform of the pension system of the private sector was adopted.

The main aim of the reform is to ensure that the employment pension system is economically sustainable, as people's life span becomes longer, and to postpone retirement by 2-3 years, which will also contribute to ensu-

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re a substantial labour force. In addition, the pension system will be simplified, and the fixation of the payments becomes more transparent. The main part of the pension reform will enter into force as per 1 January 2005.

The pension reform introduced a limitation of the entitlement to invalidity pension, in that the individual invalidity/disability pension will no longer be awarded to people, who are born after 1943, and in that the qualifying age for award of part-time pension was increased and the rules tightened.

The age-limit for entitlement to old-age pension was on the other hand made more flexible. In future, one may choose to retire from the age of 62 to the age of 68.

The pension agreement also includes reforms of the unemployment-benefit system and development of rehabilitation activities to people, who have received employment pension, as well as a change of the accumulation of pension during periods of childminding or study.

The new pension system also allows for a longer life span, as a coefficient for life expectancy will be introduced in 2010.

The high unemployment rate, which has prevailed for a long time, has increased the risk of exclusion. The Act on Rehabilitating Work Experience that is aimed at rehabilitation, entered into force on 1 September 2001. It obligates local authorities and employment services to cooperate in drawing up a suitable rehabilitation plan and service entity for clients who have been unemployed for a long time.

At the end of 2002, the number of long-term unemployed was estimated to be 106 500.

According to preliminary estimates, the activation measures have improved the employment rate for this group, just as the availability of labour force policy measures have increased. At the same time, the need for social security has decreased.

The provisions on social assistance were temporarily amended as of 1 April 2001. The changes involved the introduction of a three-year experiment to establish different incentives for work, where at least 20 per cent, although a maximum of EUR 100 per month of the salary of a person receiving social assistance, as so-called preferential income, is not taken into consideration when assistance is granted. The experiment is carried out between 2002-2005.

As from August 2001, all municipalities are required to arrange preschool education free of charge for all 6-year-old children before primary school begins. Preschool education can be administered either by educational or social authorities. Over 90 percent of all 6-year-olds take part in preschool education.

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In order to amend the deficiencies noted in psychiatric services for children and young people, the municipalities have accorded special allocations for 2000-2002. By means of these allocations, it has been possible to provide care for those in need of urgent care more rapidly, and the queues to child and youth psychiatry and the child-guidance and family-counselling centres have been shortened.

In order to secure the quality of care, the Finnish Association of Local and Regional Authorities has released a national framework on care and services for the elderly as well as one for mental health services.

The extent of dental care has been broadened in phases.

In April 2001, national health insurance compensation was extended to include compensation for dental care to persons born in 1946 or later. At the same time, municipal dental care was also expanded. In December 2002, the age-limits were abolished and the entire population came to be included within the sphere of dental health care.

The practice involving reimbursement of medical expenses has increased quickly during the last few years together with the increase in the use of different medicines, and medicines that are new and more expensive came to be reimbursed through national health insurance.

With the aim of promoting the cost effectiveness of medical treatment and appropriate usage, pharmacies are required to exchange a medicinal preparation prescribed by a physician for a less expensive exchangeable medicinal preparation (generic substitution).

The Finnish social protection is financed through duties and premiums from employers and the insured, taxation and user charges.

The improved employment rate has increased the portion to be financed by employers at the same time as it decreased the portion of the state. The proportion of the municipalities and the insured has remained largely the same during the last few years.

ICELAND: The economic development has been very favourable during the second half of the 1990s. The economic growth was 4-6 per cent each year, but in 2001 it dropped to 3 per cent, and in 2002 it was only 2.5 per cent. Since 1997, the government budget has shown a surplus. Many factors indicate that growth will increase in future, as investments are being made into a new hydroelectric power station, aluminium plants and improved road systems in all of the country. The Ministry of Finance anticipates growth to be about 3 per cent in 2003 and even higher in 2004.

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According to the Icelandic National Bank, there was an average inflation in 2002 of 2.2 per cent, but for a short while it was 8.7 per cent. The National Bank aims at keeping inflation down below 2.5 per cent.

The unemployment rate dropped markedly during the second half of the 1990s and was down to 1.4 per cent in 2001. In 2002 it was 2.3 per cent, and in 2003 it is expected to be an average 3 per cent.

During the first half of 2003, the unemployment rate was, however, 3.9 per cent, which corresponded to 6 100 people being unemployed.

The most significant changes in relation to previous years are that most unemployed people are found in the small towns outside of the metropolitan area.

The unemployment rate is still higher for women than it is for men, just as there are more young unemployed people than there are older ones. In 2004, an unemployment rate of 2 per cent is anticipated.

At the end of 2002, the Government entered into an agreement with the organizations on ageing, which entails that a number of measures must be implemented by the end of 2005. One of the measures is a reform of the pension system to the effect that the amount of the pension must not be influenced by any other income to the same extent as it is now.

Home help and other help in the homes will be improved, just as investments are made into new nursing homes and institutions for the elderly. New ways of running and owning these institutions will also be implemented.

The transition from working life to life as a pensioner will also be made more flexible.

At the beginning of 2003, the Ministry of Health and Social Insurance entered into an agreement with the Icelandic disability organizations concerning young disabled people, according to which the basic pension to this group of disabled people will be doubled. The rehabilitation activities will also be enhanced, and new ways of getting the disabled into the labour market will be tested.

The new basic-pension rate to the disabled will apply from 1 January 2004. A working group was set up with representatives from the Ministry and the disability organizations, which is to further the reform in the field of disability.

The child supplement has in recent years been adjusted on the basis of number of children and family income. It has now been decided that the child supplement for children of the ages 0 to 6 years shall not be based on income.

This is part of the attempt to improve conditions for families with young children and to reduce the direct link between personal income from work and contributions from the public authorities in the social field.

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Furthermore, the Government decided to enhance the psychiatric treatment of children and youths. The number of places in the psychiatric wards for children at the University Hospital in Reykjavik will be increased, and the support to children and youths with mental problems, who live at home, will also be increased. These measures are made to decrease the need for any future psychiatric treatment.

NORWAY: The year 2002 was very turbulent for the Norwegian economy. The persistence of the steep payroll increases and a tight monetary policy contributed to a record deterioration of the competitiveness for the second year in succession. Recession in other countries and Norwegian businesses' loss of market shares entailed that the growth in the Norwegian economy stagnated in 2002 following several years of slight growth. The GDP growth declined by 0.9 percentage points to 1.0 per cent in 2002. The 2002 production was also affected by the introduction of two new holidays, resulting in part of the welfare increase being reflected in more time off.

The participation rate was 73.5 per cent in 2002, which was the same as the year before. The unemployment rate increased, but is still rather low. There was a real increase in the households' earnings of about 5 per cent from 2001 to 2002. The consumer-price index increased by 1.3 per cent during that period, which is the slightest growth since 1996.

With effect from 1 January 2003, several changes were made to the rules governing unemployment benefits. The minimum-income requirement for being entitled to unemployment benefits was increased from NOK 67 771 to NOK 81 255.

The maximum period, in which benefits will be payable, was reduced from 156 weeks to 104 weeks (from 3 to 2 years), and the qualifying period was extended from three to five days.

The rules governing rehabilitation benefits from the Social Security Scheme were amended as from 1 January 2002.

The aim was to harmonize and simplify calculations and make them independent of the pension system. The benefit will in future become a temporary benefit, in that it will be awarded in the transition period to income earned from work. Before 2002, rehabilitation benefits were calculated in the same way as anticipatory pension. The income basis for the calculation of rehabilitation benefits will as from 2002 be the income earned the year before the working capacity was reduced, or the average of the income from the previous three years. Incomes that exceed six times the basic amount will not be included in the calculation basis. The benefit amounts to 66 per

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cent of the income basis, but a minimum benefit of NOK 86 672 per year. The rehabilitation benefits will after the alteration be pension-entitling income and will be taxed in the same way as income from work.

In the autumn of 2001, the Government entered into a four-years' intention agreement with the labour-market parties to the effect that more people participate in working life.

The intention agreement has three operational objectives:

1. To reduce the absence due to illness by at least 20 per cent for the entire agreement period in relation to the absence due to illness in 2001;
2. To get far more employees with reduced capabilities in work than is the case today;
3. To take care of elderly employees' resources and labour in order to counteract early retirement from work.

In order to meet the objectives, the authorities make a number of measures available. It is, however, important that the measures become firmly anchored in the individual working places, and that focus is on the dialogues between employer and employee.

Enterprises that enter into a cooperation agreement with the social insurance authorities on the basis of the intention agreement will be approved as "including working-life enterprises" (IWL-enterprises).

The agreement entails obligations and rights for both employers and employees, and the enterprises receive special resources that are earmarked for the individual enterprise. The social insurance authorities have set up working-life centres all over the country, which are specially obligated to monitor the IWL Enterprises. A consumer survey of the working-life centres shows that the most important measure for the IWL Enterprises is that they have their own contact person at the working-life centre.

On 1 March 2003, about 2 800 cooperation agreements on a more "including working life" had been concluded. The agreements cover more than 615 000 employees and make up about 32 per cent of all employees.

The absence due to illness decreased in the enterprises that concluded cooperation agreements during the first half of 2002.

The intention agreement is to be evaluated by the parties after the second quarter of 2003 and again after its expiry on 31 December 2005.

In the Government's long-term programme for 2002-2005, a parliamentary pension commission was set up in which the political parties of the Parliament are represented. The commission is to clarify main objectives and principles concerning an overall pension system. It has also been asked to

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evaluate circumstances that are connected with early pensioning as well as future needs for such schemes. Furthermore, the commission is to assess whether or not savings on pension contributions into funds may contribute to ensure a sustainable pension system in the long run.

The commission presented a preliminary report on objectives, principles and selection of guidelines for the pension system in the autumn of 2002. The report presents two alternatives for the future pension system: one system with a state basic pension to all pensioners or a modernized social security scheme with a clearer connection between income from work and pension than is the case today. The pension commission states that the state basic security in the social security scheme must be maintained on the basis of the current level of minimum pension. The commission is to present its final report before 1 October 2003.

In the autumn of 2002, the Government presented a plan concerning measures to combat poverty. The plan contains goal-oriented measures for individuals, who live in poverty, and measures against the reasons for and risk factors that lead to poverty. The main strategy to combat poverty is to enable more people to provide for themselves through work. The plan focuses on the prevention of the social exclusion that is connected with poverty.

The time frame is the period 2002-2005. The measures also include work-oriented activities for long-term recipients of social assistance and immigrants, enhancement of the follow-up for the homeless and goal-oriented improvements of the support schemes for groups at risk.

In December 2002, the Parliament presented a paper on the harmonization of the services provided by the Ministry of Labour, the Social Security Fund and the Ministry of Social Affairs to recipients of social assistance and daily cash benefits (SATS).

The Government suggests that a new directorate for people in work and a new directorate for pensioners be set up instead of the present system with the Social Security Fund and the Ministry of Labour.

In collaboration with the municipal social offices, common service offices must be set up that are especially aimed at users with needs for help in connection with work or lack of income from work. The main aim of the reform is to get more people in work and fewer recipients of social benefits by means of a user-friendly and efficient welfare administration. Until the government paper is discussed in the Parliament, efforts will be made to draw up a proposal for the design of the two new agencies during the autumn of 2003 and to clarify which centrally decided demands must be made on the new service.

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SWEDEN: The Gross Domestic Product (GDP) is estimated to increase by 1.4 per cent in 2003. That is a decline compared with 2002, where growth was 1.9 per cent. The revised national accounts show that the GDP growth was 4.4 per cent in 2000 and 1.1 per cent in 2001.

The demand for labour is currently limited, and the employment rate is declining. After a slight increase in 2001, the employment rate was by and large at the same level in 2002. The regulated employment rate for people between 20 and 64 years, which according to the Government's employment goal should reach 80 per cent in 2004, was 78.1 per cent in 2002. The employment rate is estimated to decrease to 77.6 per cent this year.

As a result of the limited GDP growth, the unemployment rate increased somewhat this year.

The registered unemployment rate has in recent years been 4 per cent, measured as an annual average. In 2003, it is estimated to increase to 4.5 per cent of the labour force.

The goal of the Swedish Government is to reduce the need for social assistance (social contribution) by 50 per cent in the period 1999-2004. The number of recipients calculated as "full-year recipients" has decreased each year since 1999. In 2001, the number of recipients corresponded to 91 000 full-year recipients, which relatively speaking is a decrease of 21 per cent in relation to 1999.

After a drop in the public consumption in both 2000 and 2001, the consumption increased by 1.7 per cent in 2002. This increase is, however, considered to be incidental, as the public consumption is expected to decrease both in 2003 and 2004, after which the increase is expected to be at the same level.

On the other hand, the municipal consumption increased by about 2 per cent per year in the period 2000 to 2002.

The limited financial scope in the municipalities is expected to curb the increase in municipal spending in future. In 2003, an increase in municipal spending of 0.8 per cent is anticipated.

The Government and the Parliament aim at a surplus of 2 per cent of the GDP on the public finances as an average for a cyclical upswing. On the basis of this average, the objective for the individual years is fixed in relation to the sustainability in the Swedish economy. According to the national accounts, the public surplus was SEK 25 billion in 2002, corresponding to 1.1 per cent of the GDP.

That is a plunge in relation to 2001.

The substantial financial surplus in 2001 was due to the exceptionally high tax income on housing and capital gains from 2000 that was included in the national accounts in 2001, which increased the surplus by 2 per cent of the GDP.

CHANGES IN NORDIC SOCIAL POLICIES SINCE 2000

If the surplus be adjusted for tax accrual and fluctuations, the surplus was as expected.

The cyclical circumstances are registered to be decreasing, measured as a proportion of the GDP, where they were 4.2 per cent in 2000 as against 0.8 per cent in 2002.

This development reflects an expansive fiscal policy by means of the reforms and tax reductions that were implemented in that period. In 2003, the financial surplus is estimated to decrease to 0.4 per cent of the GDP. The decrease is seen as a result of the market decline.

In 2002, the public share of the GDP was 56.8 per cent, while the expenditure was 55.8 per cent.

In 2001, the financial additions were larger than the debts.

A steep decrease in the public sector's assets has in 2002 resulted in net debts despite a persistent financial surplus. Sweden meets the so-called Maastricht criteria in respects of the public sector's consolidation.

In 2001, the first payments of the income-adjusted part of the new pension system took place.

The child supplement was increased in 2001 from SEK 850 to SEK 950 per months for each child. The multiple-birth supplement was increased correspondingly.

In 2002, a government adjustment of the rates (user charges) concerning child welfare was introduced, where a maximum charge is fixed on the basis of parents' income. The rules result in a considerable decrease in user charges for nearly all parents.

In 2003, a guaranteed pension was introduced that follows the new pension system. The guarantee implies that those who comply with the residential criteria shall receive a minimum pension, which covers basic maintenance. This pension replaces the minimum pension in the old pension system.

Chapter 2

Method

The present report employs the structure and definitions used in the ESSPROS¹ nomenclature. The overall definition in *Social Protection in the Nordic Countries* was, however, previously almost identical to that used by EUROSTAT.

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 all 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 social occurrences. 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.

¹ 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. That the recipient, by being affiliated with an insurance scheme, has paid contributions - and thereby in reality has financed, fully or partly, what 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 consequently 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 also 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 first and foremost 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.

METHOD

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 own employees, such as sickness benefit 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 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

The consumer price index was used for the conversion into fixed prices.

Typical Cases

To illustrate the compensation payable in connection with various social incidences, 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.

The following family types and income levels have been 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 person with no children:

- 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

Couple with no 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.

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's ages. This does not apply to Iceland, however, where children over the age of 15 living at home are calculated as independent households. The data are based on typical samples of the populations in each of the coun-

METHOD

tries. The income distribution has been calculated on the basis of these population segments. Data have been retrieved in respect of each individual population segment from administrative records and special surveys on incomes, taxes, social benefits and services, family types, etc. In respect of Iceland, only data concerning the disposable incomes for households over and under 65 years, respectively, were included in Chapter 7.

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. The quartiles were calculated on the basis of the equivalent disposable income, which means that the income was adjusted according to the number of people living in the various households. The adjustment was made by dividing the household's income by the square root of the number of people in that household.

In Figure 3.2, 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 was, as mentioned above, calculated for single people and cohabiting couples, respectively, broken down by quartiles converted into PPP-Euro. Besides, the gross income was included and distributed as percentages among the factor income and social benefits, as well as the taxes as percentages of the gross income in 2000. Here the quartiles have been fixed on the basis of the disposable income for single people and cohabiting couples, respectively.

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).

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 incidents.

The PPP calculations in the present report are in PPP-Euro. Preliminary 2001 estimates were used. The estimates for the individual countries are as

follows: Denmark 9.368; Finland 1.167; Iceland 106.8; Norway 10.85 and Sweden 11.27. In the calculations in the tables concerning income distribution, which are based on data from 2000, the following estimates for 2000 were used: Denmark 9.042; Finland 1.161; Iceland 95.23; Norway 10.46 and Sweden 10.79.

Ways of Comparing the Nordic Countries with Other Countries

Comparing the Nordic countries with the EU Member States presents some difficulties, but can be done when it comes to the data on social expenditure gathered by EUROSTAT, the statistics office of the EU.

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

It should be mentioned that the OECD calculations of expenditure on the health care sector (the social services in connection with illness), differ considerably from the calculations in the ESSPROS system and in the present report. While efforts are made in the ESSPROS to obtain as exact data as possible on the expenditure on social services to the elderly and the disabled, the majority thereof in the OECD statements in *A System of Health Accounts* are included as health expenditure. Furthermore, the expenditure in the ESSPROS is based on net calculations, while the OECD statements are based on gross expenditure (i.e. including investments, user payment, etc.).

The introductions to the various chapters contain tables of the social expenditure in the respective fields, seen in relation to the overall social expenditure.

Miscellaneous

Since Finland changed from Finmark to Euro on 1 January 2002, the time series concerning social expenditure have been translated into Euro.

Chapter 3

Population and Income Distribution

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.

While the birth rate in Denmark, Iceland and Norway remained stable during the 1990s, the number of births in both Finland and Sweden decreased.

In relation to the period 1981-1990, the number of births in Denmark and Norway increased during the last 10 years, resulting in an increased need for child minding in those countries.

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

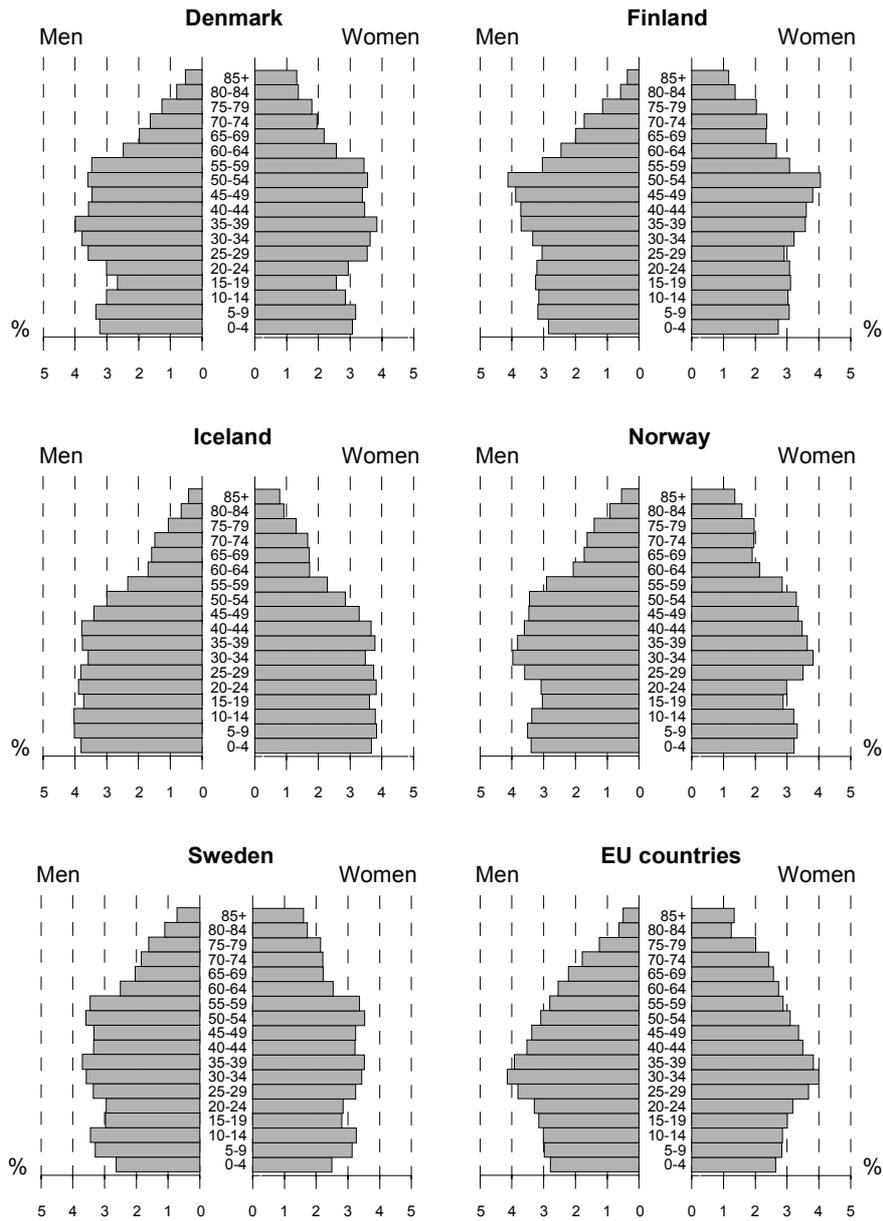
POPULATION AND INCOME DISTRIBUTION

Table 3.1 Mean population by sex and age, 2001

	Denmark		Finland		Iceland		Norway		Sweden	
	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	245	9	212	8	15	11	217	10	342	8
7-17 "	354	13	365	14	24	17	330	15	653	15
18-24 "	218	8	236	9	16	11	194	9	366	8
25-49 "	985	37	919	36	52	37	834	37	1 539	35
50-64 "	512	19	500	20	20	14	381	17	850	19
65-79 "	261	10	253	10	12	8	215	10	489	11
80- "	72	3	49	2	3	2	67	3	162	4
Total	2 647	100	2 533	100	143	100	2 237	100	4 401	100
<i>Women</i>										
0-6 years	233	9	203	8	15	10	205	9	324	7
7-17 "	336	12	350	13	24	17	313	14	619	14
18-24 "	212	8	225	8	15	11	187	8	351	8
25-49 "	955	35	888	33	51	36	803	35	1 481	33
50-64 "	511	19	508	19	20	14	374	16	839	19
65-79 "	317	12	349	13	13	10	263	12	584	13
80- "	144	5	131	5	5	3	133	6	296	7
Total	2 708	100	2 655	100	142	100	2 277	100	4 495	100
<i>Men and women</i>										
0-6 years	478	9	415	8	30	11	422	9	666	7
7-17 "	690	13	715	14	48	17	642	14	1 272	14
18-24 "	430	8	461	9	31	11	381	8	718	8
25-49 "	1 940	36	1 807	35	104	36	1 637	36	3 020	34
50-64 "	1 023	19	1 008	19	40	14	754	17	1 689	19
65-79 "	578	11	602	12	25	9	478	11	1 073	12
80- "	215	4	180	3	8	2	199	4	458	5
Total	5 355	100	5 188	100	285	100	4 514	100	8 896	100

POPULATION AND INCOME DISTRIBUTION

Figure 3.1 Population by sex and age as percentages of the total population, 2001



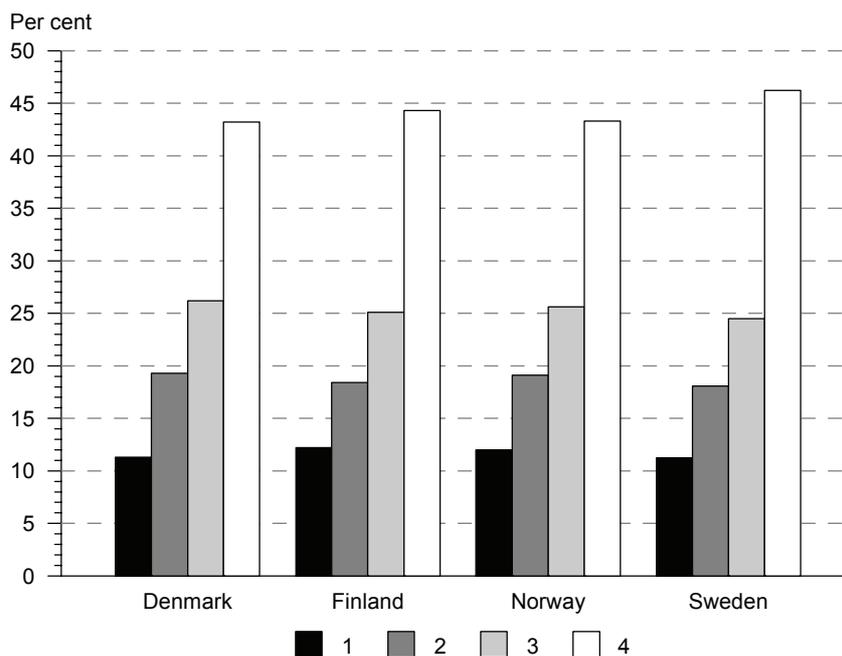
Income Distribution

Several previous studies have shown that the differences in the income levels are relatively smaller in the Nordic countries than they are in most of the OECD countries. Figure 3.2 shows the distribution of the disposable household income for each country in 2000, 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.

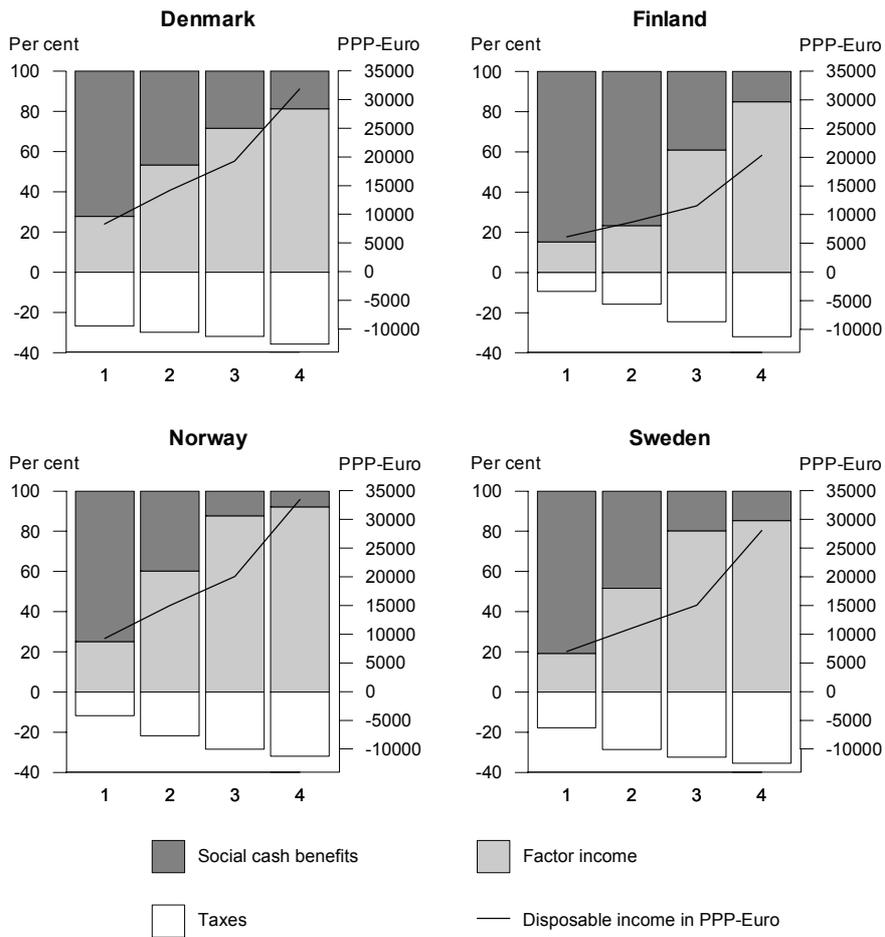
As can be seen from the figure, the distribution of income among the households is relatively homogenous in the Nordic countries.

Figure 3.2 Distribution of household incomes by quartiles, per cent, 2000



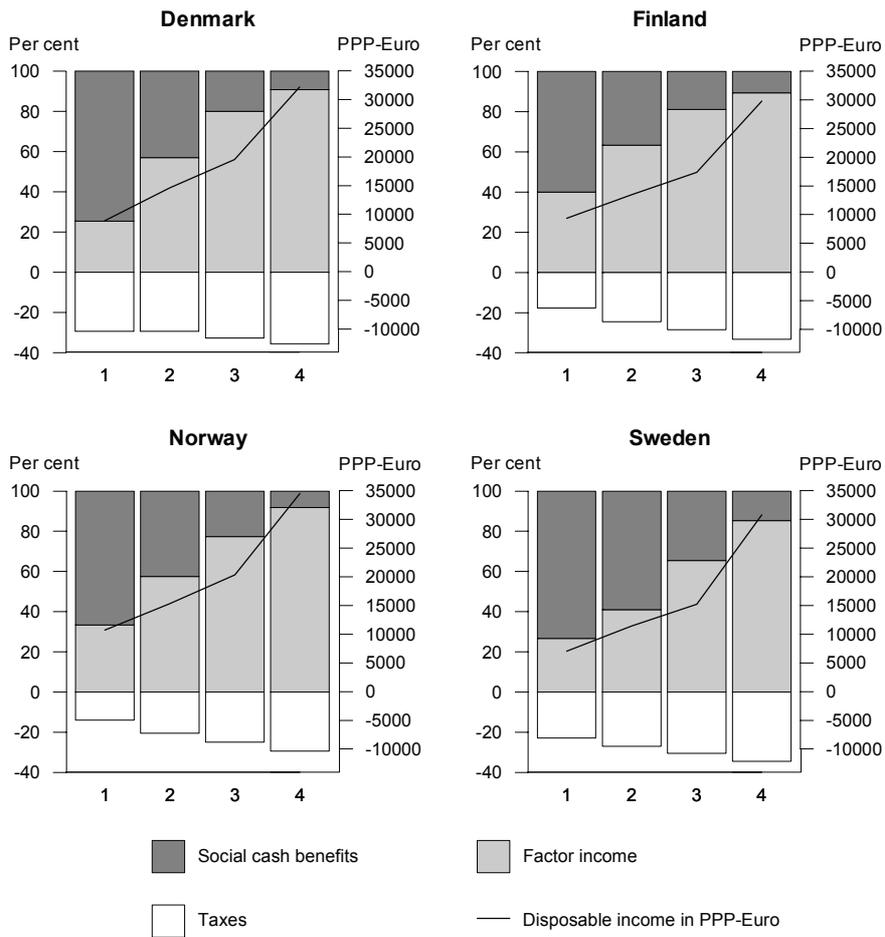
POPULATION AND INCOME DISTRIBUTION

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, 2000; single people



POPULATION AND INCOME DISTRIBUTION

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, 2000; married and cohabiting couples



POPULATION AND INCOME DISTRIBUTION

Figures 3.3 and 3.4 show the average disposable incomes for single people and couples, respectively, broken down by quartiles, 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 2000.

The quartiles have been fixed on the basis of the disposable incomes for single and cohabiting people, respectively. As was the case in Figure 3.2, equivalent incomes have been 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 that are not economically active, who receive transfer incomes, being larger for single people than it is for couples with children.

The tax share 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 elimination of the differences in the income levels.

The tax share 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.

Chapter 4

Families and Children

While the Nordic countries spend almost identical amounts of the total social expenditure on families and children, the way in which the money is spent differs 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, Iceland and Norway, 2000

Denmark	13.1	Austria	10.6	Italy	3.8
Finland	12.5	Belgium	9.1	Luxembourg	16.6
Iceland	11.7	France	9.6	The Netherlands	4.6
Norway	12.8	Germany	10.6	Portugal	5.5
Sweden	10.8	Greece	7.4	Spain	2.7
		Ireland	13.0	United Kingdom	7.1

Note: The source is EUROSTAT: Social Protection Expenditure and Receipts. European Union, Iceland and Norway, 2002 Edition.

One characteristic feature 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 rate is high (cf. Chapter 5). This increases the need for childminding options during parents' working hours.

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Table 4.2 Families by family type, 2001

	Denmark ¹⁾	Finland	Iceland	Norway ²⁾	Sweden ³⁾⁴⁾
<i>Number of families with children aged 0-17 years (1 000)</i>	658	605	44	581	1 142
Percentage of whom are:					
- Married couples	63	64	54	60	} 79
- Cohabiting couples	18	16	20	20	
- Single parents	19	20	26	20	20
Total	100	100	100	100	100
<i>Number of families without children (1 000)</i>	2 213	2 184	105	1 444	2 486
Percentage of whom are:					
- Married couples	28	26	23	34	} 36
- Cohabiting couples	8	8	3	6	
- Single people	64	66	74	60	64
Total	100	100	100	100	100
<i>Number of single parents with children (per cent):</i>					
Men	13	12	7	14	27
Women	87	88	93	86	73
Total	100	100	100	100	100
<i>Number of single people without children (per cent):</i>					
Men	50	48	45	47	58
Women	50	52	55	53	42
Total	100	100	100	100	100
<i>Average number of persons per family</i>	1.9	1.8	2.9	2.2	2.0

1 Furthermore, there are 16 494 families consisting of children under the age of 18 living outside of their family homes.

2 As from 2000, children aged 0-17 years will be calculated in the same way as in the other countries.

3 The 2001 census (individuals and housing units).

4 Figures taken from labour-force surveys performed by Statistics Sweden. The data were calculated on the basis of a selection of about 17 000 individuals per month. The number of persons per family was calculated by dividing the number of households consisting of persons between 18 and 64 years by the total population under 65 years.

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 or without children, respectively. The relative income levels for single people and couples with or without children, respectively, appear from Table 4.3, the average dispos-

FAMILIES AND CHILDREN

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

As it appears from Table 4.3, the equivalent disposable incomes of childless families are higher than are the disposable incomes of families with 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. This does not, however, apply to single parents with two children in Sweden.

In Norway, the income level for couples without children is relatively high in relation to couples with children.

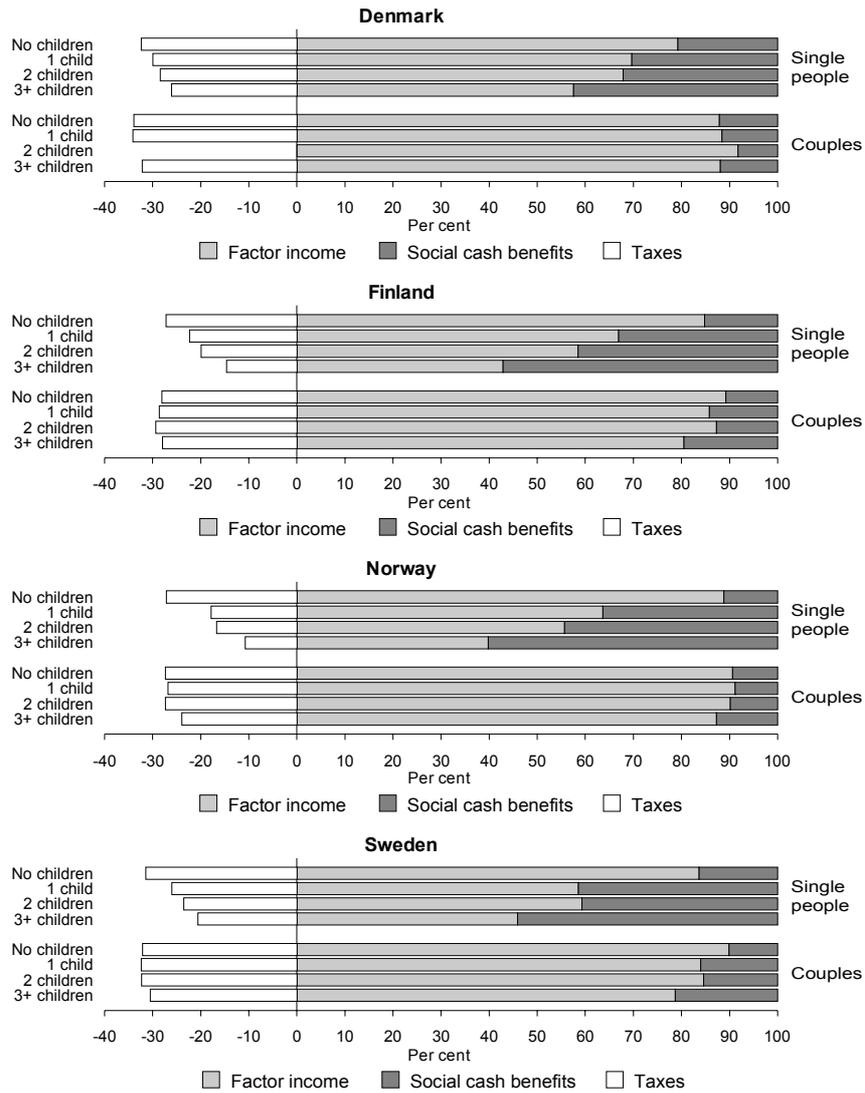
Table 4.3 Index for the disposable incomes for single people and married or cohabiting couples, with or without children, respectively, and the total disposable incomes in PPP-Euro for all in the age group 20-44 years, 2000 (total disposable income = 100)¹⁾

	Denmark		Finland		Norway		Sweden	
	Single people	Couples	Single people	Couples	Single people	Couples	Single people	Couples
<i>Index for the disposable income</i>								
No children	103	108	103	106	103	114	102	108
1 child	90	103	86	100	93	100	88	109
2 children	77	96	85	98	82	95	93	94
<i>All singles and married/cohabiting couples</i>	100	100	100	100	100	100	100	100
<i>Total disposable income in PPP-Euro</i>	14 405	20 979	12 038	16 601	16 386	22 452	12 106	17 664

1 The basis for the calculations is the equivalent disposable income.

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Figure 4.1 Income structure in 2000 for single people and for 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 as to single people, social cash benefits

represent a larger part of the gross income for families with children than is the case for families with no children. 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 essential that special benefits are granted to single parents in all the countries (with the exception of Sweden), and that the benefits per child in all the countries (with the exception of Denmark) increase concurrently with the number of children 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 in respect of single people than it is in respect of couples.

Cash Benefits to Families and Children²

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 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 somewhat 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 according to specific rules.

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.

In Denmark, 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, four weeks of the maternity leave is reserved for fathers. In Norway, four weeks of the birth/adoption period are reserved for fathers. Fathers are furthermore entitled to two weeks of unpaid leave in connection with confinement. In the public

² 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.

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.

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 is receiving 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 level is higher than the previous wages of single parents in the lowest income brackets in all the Nordic countries. 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.

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 is receiving maternity benefit.

The compensation levels also depend on the level of the daily cash benefit in relation to previous income. Daily cash benefits are lowest in Finland and highest in Denmark and Norway, measured in relation to previous income (cf. Table 4.5). In Finland and Iceland, there is, however, no upper limit to the level of daily cash benefits. In Finland, for people with incomes above EUR 24 611 per year the compensation only amounts to 40 per cent, and for incomes above EUR 37 861 per year, the compensation amounts to only 25 per cent. 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 significant that more and more men make use of the leave schemes in connection with childbirth or adoption. However, both the number of recipients and the number of days in which maternity benefit is received vary considerably from one country to another.

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Table 4.4 Rules governing payment of income-substituting cash benefits in the event of childbirth as per December 2001

	Denmark	Finland	Iceland	Norway	Sweden
<i>Gainfully employed (employees)</i>					
Maximum number of weeks in which maternity benefit is payable	30	44	30 ²⁾	52 ³⁾	Approx. 64
- Maternity benefit to mothers before birth (weeks)*:	4 ¹⁾	5-8	4	3-12	Approx. 9
Maternity benefit (weeks):					
- Only mother	18	18	13	9	4
- Only father	2	-	4	4	4
- Either mother or father	10	26	13	29/39	Approx. 56
Additionally:					
- Father together with mother	2	3	-	2 ⁴⁾	2
Benefit taxable?	Yes	Yes	Yes	Yes	Yes
<i>Not gainfully employed</i>					
Maximum number of weeks in which maternity benefits are payable	.	44	30 ²⁾	Non-recurrent payment ⁵⁾	Approx. 64
Benefit taxable?	.	Yes	Yes	⁵⁾	Yes
Leave period sharable with father?	.	Yes, for a max. of 26 weeks	Yes	⁵⁾	Yes

* NB: The weeks that mothers may be reimbursed before giving birth, are included in the total number of reimbursable weeks.

- 1 The period may be prolonged in case of a difficult pregnancy, or if work is a risk to the foetus. Public-sector employees and some private-sector employees are entitled to maternity leave with pay for eight weeks prior to birth according to collective agreements.
- 2 The period may be prolonged, if either the mother or the child is suffering illness.
- 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 after. 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 the two weeks.
- 5 A minimum tax-free amount corresponding to the non-recurrent payment of NOK 32 138 is guaranteed.

Table 4.5 Amount of income-substituting cash benefits in the event of childbirth as per December 2001

	Denmark	Finland	Iceland	Norway	Sweden
<i>Gainfully employed (employees)</i>					
Amount of maternity benefit (per week) in per cent of previous income	100	Normally 70	80	100/80	80
Income ceiling per week for full compensation in national currency ¹⁾	DKK 3 245	.	.	NOK 5 926	SEK 5 308
Income ceiling per week for full compensation in PPP-Euro ¹⁾	346	.	.	546	471
Min. amount per week in national currency	.	EUR 60.55	ISK 13 117 ²⁾	³⁾	SEK 420
Min. amount per week in PPP-Euro	.	52	123		37
Max. amount per week in national currency	DKK 2 937	.	.	⁴⁾	SEK 4 214
Max. amount per week in PPP-Euro	314	.	.		374
<i>Not gainfully employed</i>					
Amount of maternity benefit (per week), national currency	.	EUR 60.55	ISK 8 054	NOK 618	SEK 420
Amount of maternity benefit (per week), PPP-Euro	.	52	75	57	37

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 in accordance with differing principles in the various countries.

2 The minimum amount will be payable after an employment rate of 25-49 per cent.

3 There is a guaranteed minimum amount equal to the non-recurrent payment of NOK 32 138 (PPP-Euro 2 962. This amount equals the maternity benefit of NOK 618 (PPP-Euro 57) at 100 per cent compensation for 42 weeks, or NOK 494 (PPP-Euro 46) at 80 per cent compensation for 52 weeks.

4 Calculated as maternity benefits for gainfully employed persons, the maximum amount will be NOK 5 926 (PPP-Euro 546) per week at 100 per cent for 42 weeks, and NOK 4 741 (PPP-Euro 437) at 80 per cent for 52 weeks.

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Figure 4.2 Disposable income for a single parent with a newborn child, 2001

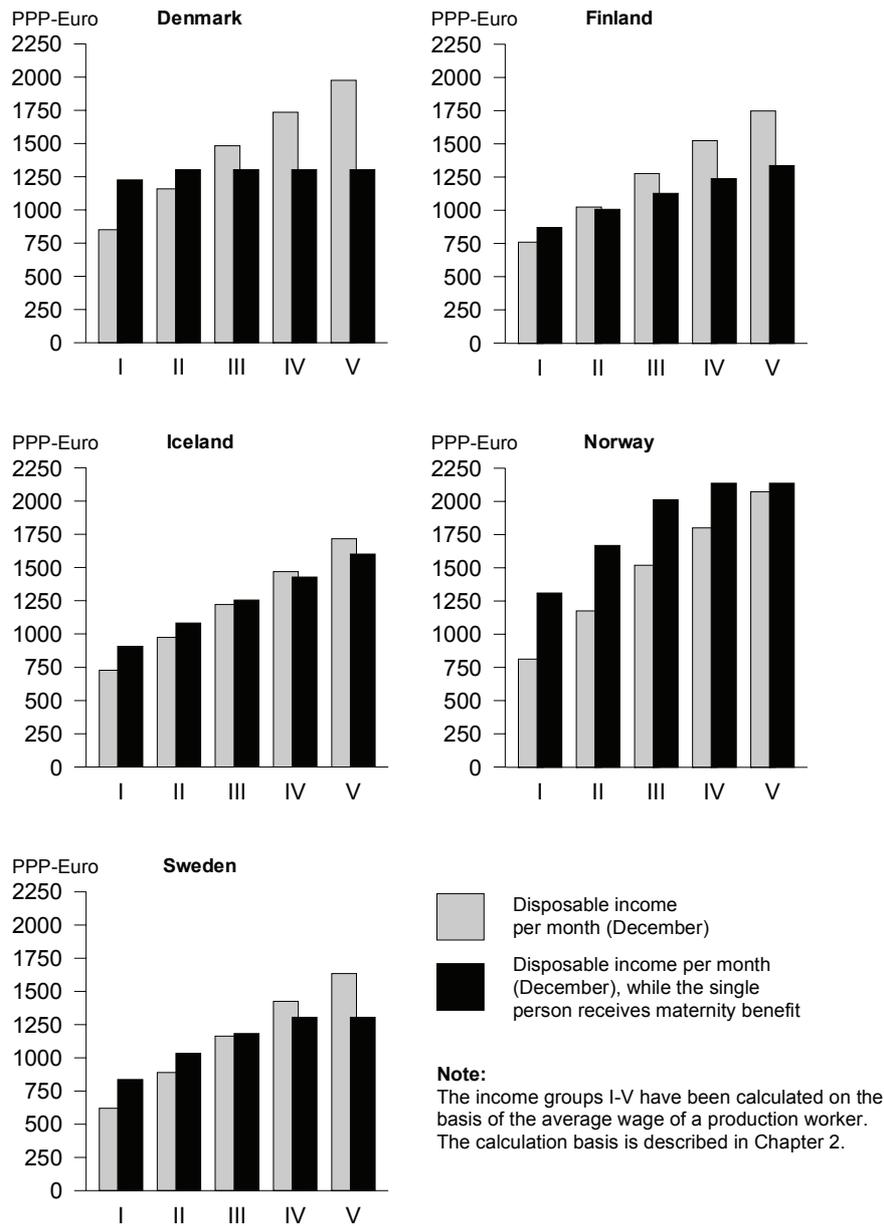
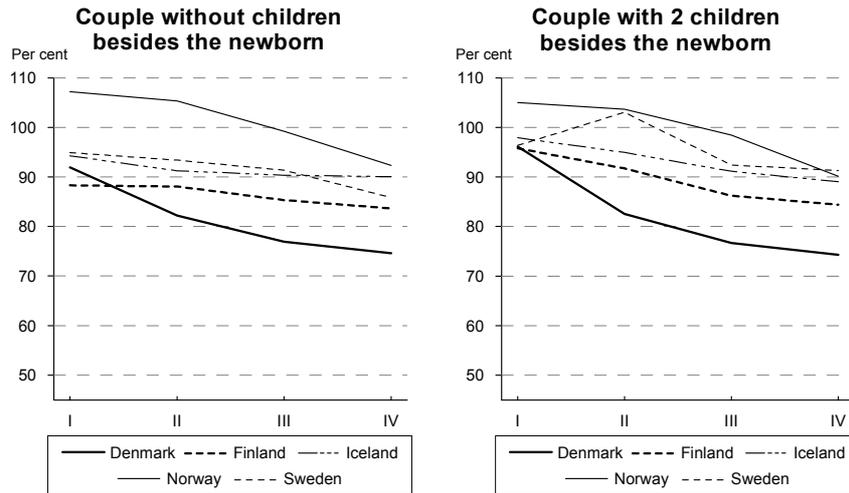


Figure 4.3 Disposable income during receipt of maternity benefit as percentage of disposable income from work, 2001



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.

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 Denmark, fathers' entitlement to paternity benefit was extended by two weeks as from 1998. As per 1 January 1998, Icelandic fathers obtained an independent entitlement to paternity leave for two weeks within the first eight weeks of childbirth. As from 2001, the leave scheme was expanded to entitle fathers, like mothers, to 13 weeks of leave within a three-year period, once the scheme is fully developed. Norway has seen a rise in the number of men receiving daily cash benefits. This is due to both a scheme from 1993 giving men an exclusive right to four weeks of leave with daily cash benefits as well as to a 'time-account' scheme that since 1994 has allowed for flexible use of leave of absence with daily cash benefits. As from 2000, fathers have 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

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Table 4.6 Recipients of daily cash benefits in the event of pregnancy, childbirth and adoption during the year, 1990-2001

	Denmark	Finland	Iceland ¹⁾	Norway	Sweden
<i>Number of beneficiaries</i>					
<i>Men</i>					
1990	34 499	27 338	75	645	104 356
1995	41 003	40 267	10	25 166	130 786
2000	45 559	42 294	1 421	33 806	166 661
2001	45 166	43 590	2 840	35 096	186 177
<i>Women</i>					
1990	80 108	110 518	5 404	51 949	295 080
1995	90 335	108 429	5 066	76 088	327 846
2000	82 657	97 359	5 097	80 368	275 214
2001	81 158	96 135	5 861	79 835	280 856
<i>Number of benefit days (1 000)</i>					
1990	12 523	16 900	725	5 149	50 607
1995	14 385	16 947	688	10 699	52 212
2000	13 150	15 232	698	11 152	37 100
2001	13 314	15 193	844	11 170	37 969
<i>Of which men, percentage</i>					
1990	4.1	2.4	..	..	8.8
1995	4.4	3.6	0.1	5.8	10.3
2000	5.5	4.1	3.3	7.2	13.7
2001	5.7	4.3	11.5	8.3	15.0

1 From 2000 the right to daily cash benefits during maternity leave has been abolished for mothers entitled to full wages from an employer.

the benefit is payable for more days per child than is the case in any of the other countries. Besides, parents may be entitled to a daily cash benefit until their child reaches the age of 8 years. In 2001, 86 per cent of the total amount of days for which parental daily cash benefit was paid concerned children under the age of two years. For women, about 90 per cent of the days were for children under the age of two, and for men, about 61 per cent.

Cash Benefits to Parents Minding Children

- Entitlement to leave of absence for child-minding

In Denmark, parents with children under the age of nine are entitled to child-minding leave. In 2001, parents were entitled to a minimum of eight and a maximum of 13 weeks of leave, but a minimum of 8 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 2001, there was an average of just under 20 000 people on child-minding leave. The number has practically remained the same since 1998.

In Finland, parents are, after having received parental daily cash benefit for a while, entitled to choose between a place in a municipal day-care institution or an allowance for minding young children. The allowance may be granted either as a supplement towards child-minding in the home or as a supplement towards 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 per 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.

The supplement (EUR 168) will only be granted for one child and is subject to family income. At the end of 2001, child-minding allowances were being paid for 109 140 children. Allowances 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 entitled to a partial minding allowance of EUR 63 per month.

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

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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 2001, 2.2 per cent of mothers and 1.2 per cent of fathers made use of the time account. Three fourth of the women chose leave with a compensation level of 80 per cent. 33 679 fathers received daily cash benefits. Of these, 4 547 fathers received paternity benefit for longer than the four weeks that are reserved for fathers.

In Norway, cash benefits are granted for children between one and three years. The cash benefit amounts to NOK 3 000 per month, 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 for 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 part-time place in a kindergarten.

In Sweden, parents are entitled to a parental benefit for 64 weeks in connection with childbirth. This period may be divided into several shorter periods until a child turns eight or has completed its first year at school.

In most of the countries, there are also schemes entitling parents to stay at home without pay to take care of their children.

Minding of sick children

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 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 and Iceland.

In Denmark, Finland and Iceland, full wage compensation is given, however, in connection with child-minding during short-term illness. In Norway, a bene-

fit equivalent to the amount of the sickness benefit is payable, while in Sweden, a compensation corresponding to 80 per cent of the income from work is payable.

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

- Allowances payable for all children

In all five 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 as from 2001, however, irrespective of the income 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.

Table 4.7 Rules governing child allowance, 2001

	Denmark	Finland	Iceland	Norway	Sweden
Child allowance income-adjusted?	No ¹⁾	No	Yes	No	No
Child allowance exempt from tax?	Yes	Yes	Yes	Yes	Yes
Same allowance granted for children of all age groups?	No	Yes	No	No	Yes
Supplements for any additional children?	No	Yes	Yes	No	Yes
Extra child allowance to single parents?	Yes	Yes	Yes	Yes	No

1 The special child allowance granted where one or both a child's parents receive anticipatory pension or retirement pension is, however, income adjusted. The special child allowance granted to children who are receiving education, is also income-adjusted.

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 years. In Denmark, the allowance is furthermore higher for the 0-2 year-olds than it is for the 3-6 year-olds.

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In Norway, a supplement is payable for children aged 1-3 years, as well as supplements for children living in the Finnmark and in certain municipalities in Troms County.

In all the countries, with the exception of Sweden, a special child allowance is payable to single providers, making the allowance per child higher for single parents than it is 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 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 according 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 Norway, the multiple-child supplement was abolished with effect from 1 January 2001.

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 a pensioner, or where one of the parents has died, or where paternity has not been established. The special child allowance for children of pensioners will be income adjusted. As from 2001, a new income-related child allowance to children receiving education was introduced. In Iceland, a supplement that is not income-adjusted is granted in the shape 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 child allowance will be paid as a supplement to the pension. The amount is tax free and not income-adjusted.

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Table 4.8 Annual amount of child allowance as per December 2001

	Denmark DKK ¹⁾	Finland EUR	Iceland ISK ²⁾	Norway NOK ³⁾	Sweden SEK ⁴⁾
<i>Couple with:</i>					
1 child	11 000	1 080	33 470	11 664	11 400
2 children	22 000	2 406	33 470	23 328	22 800
3 children	33 000	3 978	33 470	34 992	37 248
<i>Single parent with:</i>					
1 child	18 688	1 483	163 079	23 328	11 400
2 children	33 500	3 213	309 497	34 992	22 800
3 children	48 312	5 189	479 768	46 656	37 248
Average amount of child allowance per child	11 198	1 080	67 341	14 096	12 048
Average amount of child allowance per child in PPP-Euro	1 195	925	631	1 299	982

1 Calculations were made on the basis of a general family allowance for the 3-6 year-olds of DKK 2 750 per quarter to both single parents and couples. The allowance payable for the 0-2 year-olds amounted to DKK 3 025 per quarter and to DKK 2 150 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 0-15 years is ISK 113 622 and ISK 189 244 to single parents. For each child in addition to the first one, a maximum of ISK 135 247 is payable to cohabiting couples and ISK 194 125 to single parents. Besides, a supplement of ISK 33 470 is payable for children between 0 and 6 years. Where a couple's annual income exceeds ISK 1 290 216 and that of a single parent ISK 645 109, the allowance will be reduced by 5 per cent of the earnings exceeding the maximum amount for one child, 9 per cent for two children and 11 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 payable for all children between 0 and 15 years. The average amount per child is ISK 40 134 for couples and ISK 168 494 for single parents.

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 paid for child allowance, multiple-birth supplement and prolonged period of child allowance in 2001, divided by the number of children receiving child allowance and the number of children with prolonged period of child allowance in December 2001.

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 allowance 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 all the countries, a minimum maintenance-allowance advance has been fixed. In Finland, Iceland, Norway and Sweden, the public authorities pay the difference up to the minimum amount if the party liable to pay is unable to do so. In Norway, the law was amended to the effect that maintenance-allowance advances would now only be payable where the party liable to pay does not pay or does not pay on time.

Table 4.9 Amounts of maintenance allowance advances in 2001

	Denmark	Finland	Iceland	Norway	Sweden
Maximum amount per child per year, KR/EUR	10 980	1 374	166 740	13 720	14 076
Maximum amount per child per year, PPP-Euro	1 172	1 177	1 561	1 265	1 249

Table 4.10 Number of children receiving maintenance allowance advances as percentages of the population under 18 years, 1990-2001

	Denmark	Finland	Iceland	Norway	Sweden
1990	14	7	16	12	15
1995	15	10	17	15	16
1999	14	10	19	15	16
2001	14	10	19	11	16

Other Benefits

In Norway, tax relief for 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, economic support towards child-minding, as well as education grants.

In Finland, Iceland, Norway and Sweden, a child pension has been introduced in the shape of a basic pension and a supplementary pension. In Denmark, a special child allowance is payable.

Child pension is payable to children who have lost one or both parents. Child pensions are 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 young people, 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 young people 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 at pre-school age are received in day-care institutions. In all the countries, there are both full-time and part-time places.

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Both 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, 76 per cent of the municipalities provided a child-minding guarantee in 2001 for children aged 0-9 years, whereas another 16 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 2001, a little over 3 461 children were covered by this scheme. 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 2001, subsidies were paid for private minding of 14 450 children.

In Sweden, local authorities are obliged to provide a place for all children in a day-care institution (pre-school) within three to four months after their parents have applied for it. This obligation is limited to children whose parents work or study. During 2001 and 2002, amendments were implemented to the effect that local authorities are obliged to offer a place for 15 hours per week to children of unemployed parents or parents who are on maternity leave. In Norway and Iceland, local authorities are not obliged by law to offer a kindergarten place to all children.

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 Finland, the scheme is not compulsory, but about 97 per cent of the children 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 - pre-school class. In the autumn 2001, 93 per cent of all 6 year-olds attended pre-school classes, whereas 3.5 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 may 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.

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.

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Table 4.11 Children enrolled in day-care institutions and family day care (1 000) by age, 1990-2001

	Denmark	Finland ¹⁾	Iceland ²⁾	Norway ³⁾	Sweden ⁴⁾
<i>1990</i>					
0-2 years	88	55	3	19	103
3-6 years	161	141	10	120	263
0-6 years, total	248	196	13	139	367
7-10 years	74	17	1	.	146
<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>2001</i>					
<1 year	10	1	0	1	0
1-2 years	105	41	6	45	111
3-5 years	191	119	12	146	242
0-5 years total	307	162	18	192	353
6 years	63	43	-	.	81
0-6 years total	370	204	18	.	434
7-10 years	180	7	-	.	255

1 Figures from and including 1999 include children in publicly subsidised private day care.

2 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).

3 As from 1999, only children between 0 and 5 years.

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

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Table 4.12 Children enrolled in day-care institutions and family day-care, by age as percentages of the respective age groups, 1990-2001

	Denmark	Finland ¹⁾	Iceland ²⁾	Norway ³⁾	Sweden ⁴⁾
<i>1990</i>					
0-2 years	48	31	24	11	29
3-6 years	73	58	60	57	64
0-6 years, total	61	44	43	33	48
7-10 years	34	7	3	.	38
<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>2001</i>					
<1 year	15	2	10	2	0
1-2 years	78	36	66	38	61
3-5 years	94	67	93	80	87
0-5 years total	76	47	71	54	64
6 years	89	68	-	.	78
0-6 years total	78	50	61	.	66
7-10 years	65	3	.	.	53

1 Figures as from 1999 include children in publicly subsidised private day care.

2 As from 1995, only children between 0 and 5 years. The enrolment percentage in 1995 was 91 for 3-5 year-olds and 67 for 0-5 year-olds.

3 As from 1999, only children between 0 and 5 years.

4 Cf. Table 4.11, note 4.

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 youth in safe and comfortable environments. These may comprise both general measures and measures specifically aimed at individual children or youths.

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

Preventive measures

In Denmark, 32 788 families made use of one or more preventive measures during 2001 in the shape of advisory services, practical educational support in the homes, family treatment, stays in residential institutions for both parents and children, or financial support with a view to avoiding placement of children outside of their homes. Furthermore, at the end of 2001 7 166 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. 1 272 children and youths had had a personal advisor appointed to them, and 1 654 children a specific contact person. 2 777 children and youths received financial support towards staying at boarding or continuation schools without that being an actual placement outside of their own homes.

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 2001, 49 610 people received support. 91 per cent of these were children under 18 years, whereas the remaining 9 per cent were between 18 and 20 years. In 2001, there was an addition of 12 984 new clients, corresponding to 26 per cent of all those receiving assistance.

In Iceland, 2 746 children received help in 2001 by way of preventive measures. Of those, 430 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 reassess-

ment 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, 33 300 children made use of one or more preventive measures from the Child Welfare Service in 2001. Of these, about 6 200 were under the care of the Child Welfare Service. At the end of 2001 there was an average of 23 children per 1 000 children under 18 years who made use of one or other of the offers as against 22 per 1 000 children the year before.

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 psycho-social support in the homes.

For young criminals, abusers and young people with other psycho-social problems, measures have been developed to the effect that a youth 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 that part of the open efforts, which most children and youths had contact with in 2001. About 22 000 children and youths had such a contact during the year. About 18 500 children and youths received personal support based on need, and about 4 600 participated in a structured treatment programme (without placement) during 2001.

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 a child, or that a 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 removed from their homes without the consent of their parents. In Finland and Sweden, this is done following a

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court decision. In Denmark and Iceland, special municipal child and youth committees decide whether or not a child is to be removed 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, but one trait common to all the countries is that more preventive measures are taken in the homes, in respect of children and families.

In spite thereof, the number of placements increased slightly during recent years in all the countries. In Denmark, the decline in the number of placements since the beginning of the 1990s is a result of a number of young people who are at boarding or continuation schools - due to an amendment of the law in 1993 - no longer being considered to be placed outside of their homes. The number of placements is nevertheless still somewhat higher in Denmark than in the rest of the Nordic countries. This mainly applies to the 15-20 year-olds.

Even after the amendment of the law in 1993, a relatively large number of young people in Denmark are 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.

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.

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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, 1990-2001

	1990	1995	2000	2001		
				Total	Boys	Girls
<i>Denmark</i>						
0-6 years	6.8	3.9	4.5	4.7	4.8	4.5
7-14 years	14.9	11.9	13.0	13.2	15.0	11.4
15-17 years	34.2	29.3	33.1	33.6	36.1	30.9
18-20 years	17.9	15.0	17.1	19.1	20.4	17.9
0-20 years	16.1	12.0	13.0	13.5	14.8	12.3
<i>Finland</i>						
0-6 years	5.1	5.2	5.7	5.9	6.0	5.8
7-14 years	7.2	8.5	9.6	9.9	10.7	9.1
15-17 years	11.3	12.7	16.1	17.5	17.4	17.6
18-20 years	5.3	9.0	11.7	12.3	12.8	11.7
0-20 years	6.8	8.1	9.7	10.1	10.5	9.7
<i>Iceland</i>						
0-6 years	5.5	3.5	2.6	3.0	3.0	2.9
7-12 years	16.9	9.0	4.8	5.1	6.1	4.2
13-16 years	8.2	11.4	8.8	11.0	13.4	8.5
0-16 years	10.2	7.3	5.2	6.1	7.2	5.0
<i>Norway</i>						
0-6 years	3.5	3.4	3.6	3.8	3.8	3.7
7-14 years	6.2	7.9	7.9	8.0	8.3	7.6
15-17 years	9.6	14.2	17.4	17.7	18.0	17.3
18-19 years	5.4	7.4	11.0	12.0	12.4	11.4
0-19 years	5.7	7.1	7.9	8.2	8.4	7.9
<i>Sweden¹⁾</i>						
0-6 years	3.7	3.6	3.6	3.7	3.8	3.5
7-14 years	7.9	7.0	7.1	7.2	7.5	6.9
15-17 years	14.5	14.4	16.8	17.2	17.1	17.3
18-20 years	5.8	5.1	11.8	12.1	13.4	10.8
0-20 years	7.1	6.5	8.0	8.2	8.6	7.9

1 As from 1999, figures include a 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.

Expenditure on and Financing of Cash Benefits and Services for 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 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 return, Iceland spends the largest amount on benefits payable on childbirth. Such benefits are also granted in Norway to women who work at home, but are almost non-existent in the other countries.

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.

When it comes to services, Denmark spends the most and Finland and Iceland the least.

In Denmark, the expenditure on day-care institutions and residential institutions, preventive measures, etc., is considerably higher than in the other countries, followed by Sweden. 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.

The expenditure on child allowances is highest in Norway and lowest in Iceland. Expenditure on other cash benefits mainly consists of the public authorities' advance payment of maintenance allowances for children, where Sweden spends the most.

Changes in the social expenditure on families and children from 2000 to 2001

In Denmark, the expenditure on cash benefits to families and children increased slightly by 1 per cent from 2000 to 2001. The expenditure on services increased by 4.3 per cent, however. Especially 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, increased. There was also a limited increase in the expenditure on day facilities as a result of an increase in the number of enrolled children of almost 9 000, including children in the after-school-club schemes. The expenditure on after-school-club schemes, which is not included in the Nordic statistics on expenditure, increased from DKK 2.8 billion in 2000 to DKK 3.0 billion in 2001.

In Finland, the expenditure in 2001 remained the same as in 2000. This was mainly due to a decrease in the number of births by 550 and the demand for places in day-care institutions decreasing by 4 000 places.

In Iceland, the social expenditure on families and children increased by 19.0 per cent from 2000 to 2001, measured in fixed prices. The expenditure on cash benefits increased by 17.9 per cent, which was mainly due to changes in the leave schemes in connection with births and the introduction of a non-income related supplement to the child allowance for children under seven years. The expenditure on social services increased by 19.9 per cent, measured in fixed prices, where the increase in the expenditure on day-care institutions was the most significant.

In Norway, there was a slight increase in the total expenditure on families and children from 2000 to 2001. The increase in women's employment rate resulted in an increased use of the maternity benefit schemes, in spite of a decrease in the number of births. This development resulted in a reduction of non-recurrent payments. The expenditure on maternity benefits increased by a couple of per cent from 2000 to 2001, while the expenditure on cash benefits to women who had not qualified for maternity benefits

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Table 4.14 Expenditure on and financing of cash benefits and services for families and children, 2001

	Denmark	Finland	Iceland	Norway	Sweden
	DKK	EUR	ISK	NOK	SEK
<i>Cash benefits, million</i>					
A. Daily cash benefit in the event of childbirth and adoption	4 955	527	3 068	7 853	13 097
B. Birth grants	-	9	226	420	33
C. Parental leave benefits	1 704	349	-	3 702	3 605
D. Family or child allowances	13 130	1 376	4 800	14 830	21 120
E. Supplements	-	-	-	-	-
F. Other	162	88	777	2 759	2 481
a. Of which advance on maintenance allowance to children	162	88	777	575	2 481
Cash benefits, total	19 951	2 349	8 872	29 564	40 336
<i>Services, million</i>					
A. Child day care	21 650	1 284	7 283	11 350	17 420
B. Accommodation	6 377	188	1 818	1 889	6 374
C. Home help	16	31	144	-	-
D. Other	2 246	235	1 027	6 132	4 558
Services, total	30 289	1 738	10 272	19 371	29 725
Total expenditure, million	50 240	4 088	19 144	48 935	70 061
Expenditure as percentage of GDP	3.8	3.0	2.6	3.2	3.1
<i>Financed by (per cent)</i>					
- Public authorities	90.7	90.4	80.3	83.6	62.7
- Employers	0.4	4.7	19.7	9.6	36.6
- The insured (contributions and special taxes)	8.9	4.9	0.0	6.8	0.7
<i>Changes 2000-2001 in terms of 2001 prices</i>					
- Million	1 435	-23	3 067	2 404	3 676
- Per cent	2.9	-0.6	19.1	5.2	5.5

Table 4.15 Expenditure on cash benefits and services for families and children, PPP 2001

	Denmark	Finland	Iceland	Norway	Sweden
Cash benefits, total per capita	398	388	291	604	402
Per child 0-17 years of age	1 824	1 781	1 064	2 560	1 847
Services, total per capita	604	287	337	396	296
Per child 0-17 years of age	2 769	1 318	1 232	1 678	1 361
Families and children, total per capita	1 001	675	629	999	699
Total per child 0-17 years of age	4 592	3 100	2 297	4 238	3 208

dropped by about 12 per cent during that same period. The expenditure on supplements towards maintenance of children increased by about 15 per cent as a result of increased child allowance rates. The rates increased because the tax reduction for providers was abolished.

In Sweden, the expenditure on families and children was 3.1 per cent of the GDP in 2001. In 2000, it was 3.6 per cent. In relation to the total amount of social expenditure, the expenditure on families and children increased by 9.8 per cent in 2000 to 10.1 per cent in 2001. The reason for the relatively high expenditure was the increase in the child allowance, higher expenditure on the parent insurance scheme and the fact that the expenditure on social services for children and young people (both in and out of the institutions) continued to increase.

User charges payable for child-minding

In all five 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 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 Norway, the kindergarten owners, who are either the local authorities or private individuals, fix user charges. In Sweden, parents normally pay a charge based both on their incomes and

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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 of time. 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. 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 19 per cent of the running costs in 2001 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 29 per cent of the total running costs, and user charges for after-school-club schemes amounted to 48 per cent of the total running costs. In Norway, user charges payable for private kindergartens amounted to 46 per cent and for municipal kindergartens 33 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, 18 per cent of the gross expenditure on pre-schools, after-school clubs and foster care are covered by user charges (parent charges) in 2001, i.e. just before the maximum rate was introduced. The highest user charges were charged by the after-school clubs at 25 per cent and the lowest by pre-schools at 16 per cent.

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, Iceland and Norway, 2000

Denmark	10.5	Austria	4.7	Italy	1.7
Finland	10.4	Belgium	11.9	Luxembourg	3.3
Iceland	1.3	France	6.9	The Netherlands	5.1
Norway	2.7	Germany	8.4	Portugal	3.8
Sweden	6.5	Greece	6.1	Spain	12.2
		Ireland	9.7	United Kingdom	3.2

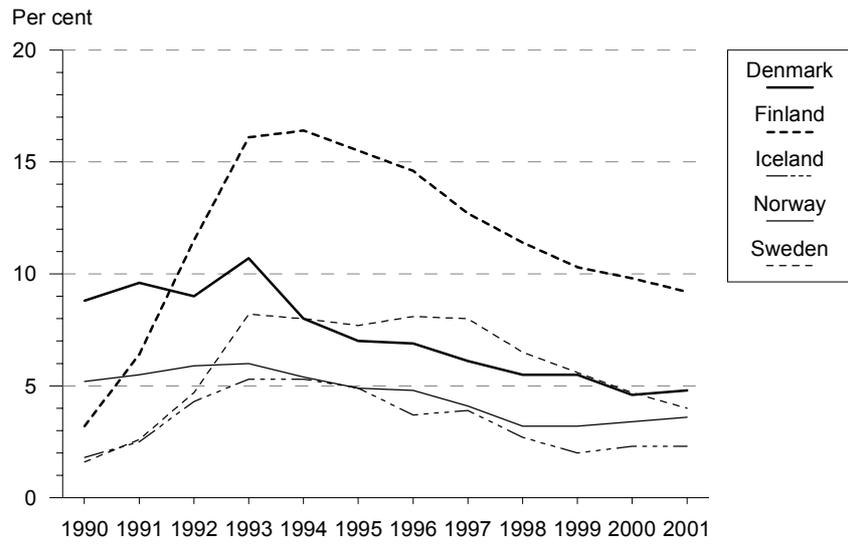
Note: Cf. Table 4.1.

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

The unemployment rate was very high in some of the Nordic countries during the 1990s, but it declined markedly during recent years in all the countries in relation to the first half of the 1990s. 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.

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Figure 5.1 Development in the unemployment rate, 1990-2001



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Table 5.2 The population aged 16-64 years, broken down by sex and activity, 2001

	Denmark	Finland ¹⁾	Iceland	Norway	Sweden
<i>Men</i>					
Men aged 16-64 years (1 000)	1 772	1 754	90	1 466	2 861
<i>Of whom (per cent):</i>					
Employed, total	81	70	90	81	77
- Full-time	74	65	80	72	70
- Part-time	7	5	10	9	7
Unemployed	4	7	2	3	4
Outside of the labour force	15	23	8	16	20
Total	100	100	100	100	100
<i>Women</i>					
Women aged 16-64 years (1 000)	1 735	1 717	87	1 420	2 771
<i>Of whom (per cent):</i>					
Employed, total	72	65	83	74	74
- Full-time	50	55	47	43	48
- Part-time	22	11	36	31	25
Unemployed	4	7	2	3	3
Outside of the labour force	24	28	15	24	24
Total	100	100	100	100	100
<i>Men and women</i>					
Men and women aged 16-64 years (1 000)	3 507	3 471	176	2 887	5 632
<i>Of whom (per cent):</i>					
Employed, total	77	68	87	78	75
- Full-time	62	60	64	58	59
- Part-time	15	8	23	20	16
Unemployed	4	7	2	3	3
Outside of the labour force	19	26	12	20	22
Total	100	100	100	100	100

1 Population aged 15-64 years.

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Table 5.3 Development in the unemployment rate by sex, 1990-2001

	Average number of unemployed people	Unemployed people as percentages of the labour force					
		Total	Men	Women	16-24 year-olds		
					Total	Men	Women
Danmark¹⁾							
1990	258 000	8.8	8.2	9.6	12.1	11.8	12.4
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
2001	137 000	4.8	4.4	5.3	8.6	8.2	9.0
Finland²⁾							
1990	82 000	3.2	3.6	2.7	9.3	10.2	8.2
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
2001	238 000	9.2	8.7	9.7	19.8	19.6	20.0
Iceland							
1990	2 255	1.8	1.4	2.2	..	..	..
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
2001	3 700	2.3	2.0	2.5	4.8	5.4	4.3
Norway³⁾							
1990	112 000	5.2	5.6	4.8	11.8	12.7	10.7
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
2001	84 000	3.6	3.7	3.4	10.6	10.8	10.4
Sweden							
1990	75 100	1.6	1.7	1.6	3.7	3.8	3.6
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
2001	175 200	4.0	4.3	3.6	8.0	9.1	6.8

1 The data are based on the labour-force surveys concerning the 15-66 year-olds. The surveys in 1990 were conducted according to methods that differ from those used in other years, and the results are therefore not directly comparable.

2 15-24 year-olds.

3 The statistics were restructured in 1996, for which reason the figures are not comparable with those from previous years. Had the gathering method been the same, the unemployment figures would have been lower for men, women and young people of the ages 16-24 years.

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Table 5.4 Number of people (1 000) who received cash benefits for at least one day in connection with unemployment, 1990-2001

	Denmark	Finland	Iceland ¹⁾	Norway ¹⁾	Sweden
<i>1990</i>					
Insured	621	171	11	303	262
Non-insured	116	126	..	-	36
Total	737	289	11	303	298
Total in per cent of the labour force	26	11	..	14	7
<i>1995</i>					
Insured	672	683	19	310	824
Non-insured	111	270	..	-	137
Total	783	827	19	310	961
Total in per cent of the labour force	28	33	..	14	22
<i>2000</i>					
Insured	490	340	7	165	622
Non-insured	70	287	..	..	55
Total	560	603	7	165	677
Total in per cent of the labour force	20	23	4	7	16
<i>2001</i>					
Insured	478	320	9	161	536
Non-insured	64	271	..	..	61
Total	542	568	9	161	597
Total in per cent of the labour force	19	22	5	7	14

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

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

- The unemployed are entitled to income-substituting benefits

The actual extent of unemployment cannot be measured merely by focusing on the number of unemployed people. The ways in which the individual countries have designed their labour market measures vary considerably by way of active help (employment measures, etc.) and passive help (unemployment benefit and the like).

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

With the exception of Iceland, the unemployment insurance schemes are financed by contributions from employers, employees and Governments. In addition, membership contributions are payable to the unemployment insurance funds in Denmark, Finland and Sweden.

In Denmark, the unemployment benefit scheme is chiefly financed by the labour-market contribution payable by all employed people. In Iceland, the unemployment benefit is financed completely by employer contributions.

Benefits in Case of Unemployment

In the Nordic countries, most unemployed people are entitled to cash benefits. In Norway, unemployment insurance is compulsory for wage earners. In Iceland, all wage earners and self-employed people are automatically insured against unemployment, and in Denmark, Finland and Sweden, unemployment insurance is voluntary. In those countries, non-insured unemployed people are, however, entitled to cash benefits that are usually lower than the unemployment benefit.

In Denmark, they are entitled to cash benefits (social assistance) if they meet certain requirements, whereas they in Finland are entitled to a special labour-market benefit. The unemployment insurance in Sweden consists of a basic insurance and a voluntary unemployment insurance.

Unemployed people, who are not members of an unemployment insurance fund, are in Finland entitled to the basic daily cash benefit amount. People who have received income-related daily cash benefit or the basic amount for the maximum period of two years, and who are still unem-

ployed, are entitled to a so-called labour-market assistance. This also applies to people entering the labour market for the first time. In Finland, 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 2001, 58 022 people received an average unemployment pension of EUR 1 041 per month. In Denmark, 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.

Entitlement to Daily Cash Benefits

Entitlement to 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 was in 2001 reduced to four years. During the last three years of the total cash benefit period one is entitled to and under an obligation to accept activation. Members of unemployment benefit funds, who at the end of their activation 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 benefit is subject to at least 26 weeks of work as an employee or as a self-employed person within the past three years.

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 benefit. The total benefit period is normally 500 days within four consecutive calendar years. 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.

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Table 5.5 Rules applying to payment of cash benefit in the event of unemployment as per December 2001

	Denmark	Finland	Iceland	Norway	Sweden
<i>Insured individuals</i>					
Age limit for entitlement to unemployment benefit	19-66 years ¹⁾	17-64 years	16-69 years	16-66 years	16-64 years ⁵⁾
Number of qualifying days	-	7	-	3	5
Maximum number of days of unemployment benefit	1 040 within 6 years (5 benefit days per week for 4 years) ²⁾	500 within 4 years ⁴⁾ (5 benefit days per week)	260 days per year for 5 years	780 (156 weeks of 5 working days)	300/600
Benefit re-obtainable?	Yes	Yes	Yes	Yes	Yes
On which conditions?	By complying with the requirement of 26 weeks' work within the past 3 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
Supplement for children?	No	Yes	Yes	Yes	No
<i>Non-insured individuals</i>					
Age limit for entitlement to unemployment benefit	18-66 years ³⁾	17-64 years	.	.	16-64 years
Maximum benefit period	.	.	.	.	300/600 ⁶⁾

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 50 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 benefit till they reach the age of 60. Members who have turned 60 years are entitled to unemployment benefit 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, up to the age of 60, however.

5 Individuals under the age of 16 are also entitled to unemployment benefit if they comply with the employment requirement.

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Table 5.6 Amount of cash benefit in the event of unemployment as per December 2001

	Denmark	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 per week ²⁾	Income-related benefit: on average 58 per cent of previous income from work. Basic amount: EUR 106.80 + child supplement: EUR 21.00-39.50 per week	Fixed amount + child supplement ³⁾	62.4 per cent of the calculation basis	80 per cent of the income from work
Maximum income per week for full compensation ¹⁾	DKK 3 607	.	.	NOK 5 926	SEK 4 250 for 100 days, then SEK 3 625
Maximum income per week for full compensation in PPP-Euro ¹⁾	385	.	.	546	302 for 100 days, then 257
Min. amount per week	DKK 2 410	EUR 106.80	ISK 3 921	NOK 617	SEK 1 350
Min. amount per week in PPP-Euro	257	92	37	57	120
Max. amount per week	DKK 2 940	.	ISK 15 685	NOK 3 698	SEK 3 400 for 100 days, then 2 900
Max. amount per week in PPP-Euro	314	.	147	341	302 for 100 days, then 257
<i>Non-insured individuals</i>					
Amount of benefit per week	Young people under 25 years: DKK 553/1 147 ³⁾ ; others: DKK 1 779/2 364+ special assistance ⁴⁾	EUR 106.80 + child supplement: EUR 8.4-15.8	Social assistance according to need.	.	SEK 1 350

1 The maximum income is the income ceiling (previous income) on the basis of which the unemployment benefit is calculated. Calculation of the income ceiling is made according to differing principles in the various countries.

2 Employers pay daily cash benefit of DKK 588 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.

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In Iceland, one must have worked for at least 425 daytime hours during the past 12 months to be entitled to unemployment benefit. The benefit is payable for 260 working days, after which period payment will be discontinued for 16 weeks. After the 16 weeks, one will again become entitled to the benefit for 12 months. Recipients may avoid such discontinuation if they have accepted job training or special employment offers for a duration of at least eight weeks during the unemployment benefit period. 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 in the shape of 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 unemployment benefit is that one has earned an income of at least 1.25 times the basic amount, corresponding to NOK 64 200 during the previous calendar year or at least 3 times the basic amount during the past three years, corresponding to NOK 154 080, prior to becoming unemployed. The basic amount will be adjusted once a year and was as at 1 May 2001 NOK 51 360. 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 102 720 results in a benefit period of 156 weeks, whereas an earned income of less than twice the basic amount results in a benefit period of 78 weeks. Persons over 64 years are ensured daily cash benefits until they reach the pensionable age of the national social security fund, which is 67 years.

In Sweden, one must have been gainfully employed for at least six months and been working for at least 70 hours per calendar month, or have been gainfully 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 benefit (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 benefit is in all five 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 qualifying period during which unemployment benefit is not payable. In Denmark and Iceland, there is no qualifying period; in Norway, there are three qualifying days, while Finland has seven and Sweden five qualifying days.

Compensation Level in Case of Unemployment

Figure 5.2 shows the disposable income 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 income in the event of unemployment in per cent of the income earned from work for single people with or without children, 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, 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 people without children. 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 Finland and Norway. In Iceland, a fixed amount is payable, irrespective of previous income. Secondly, the compensation level depends on the maximum amounts. It is highest in Norway and lowest in Iceland. 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. In Norway, the fluctuating compensation levels are due to income ceilings and child supplements. In Sweden, the compensation-increase from level I to II is due to the way in which the basic allowance is calculated in the tax system.

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 benefit 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 giving single parents a high compensation level.

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Figure 5.2 Disposable income for an insured childless couple, 2001

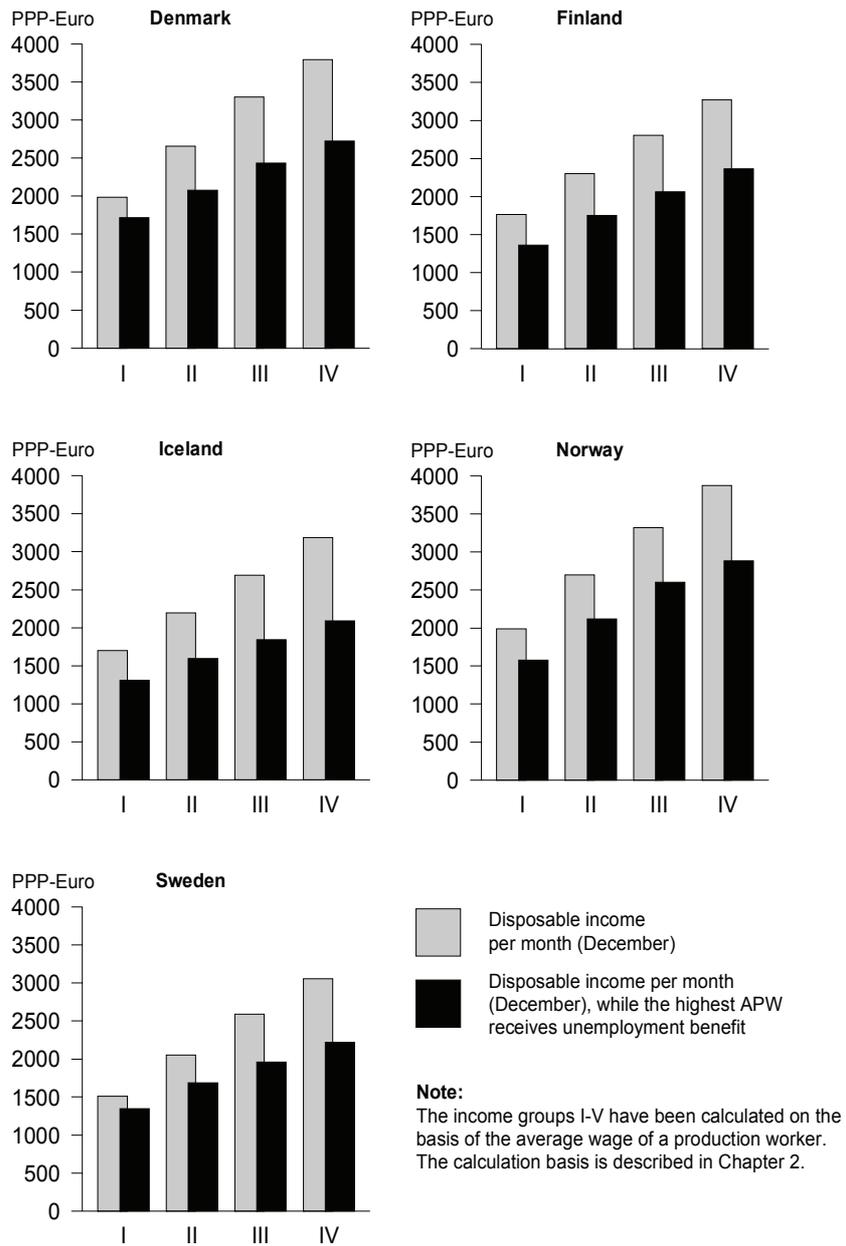
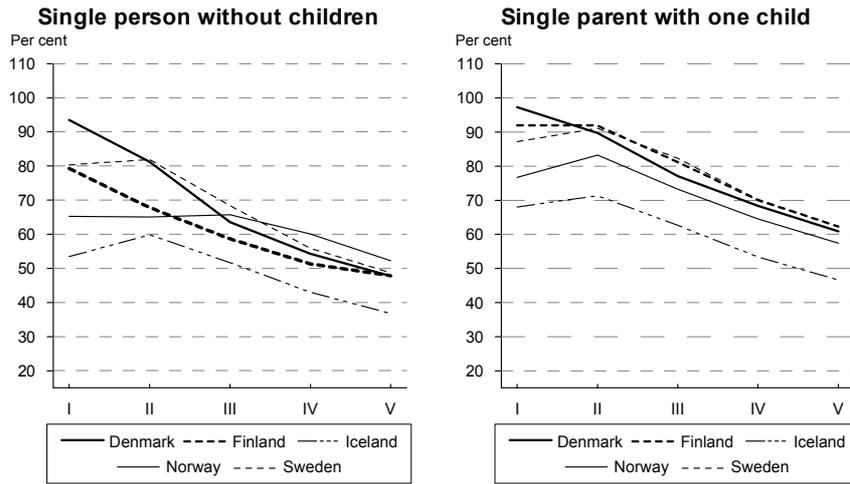
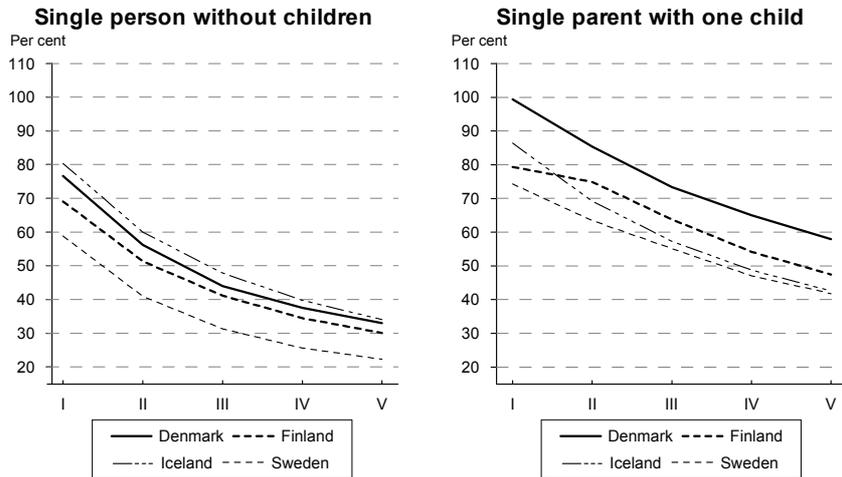


Figure 5.3 Disposable income while receiving unemployment benefit as percentages of disposable incomes while being employed, 2001



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 income for non-insured individuals as percentages of disposable incomes from work, 2001



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.

Cash Benefits during Job Training and Activation

- Focus on Activation

In addition to unemployment benefit, all the Nordic countries offer other forms of cash benefits to unemployed people. 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 benefit payable during education or training corresponds to half the amount of the daily cash benefit. Other unemployed recipients of daily cash benefits under the age of 25 have a right and an obligation to accept activation after six months of unemployment equalling the activation period for unemployed recipients of daily cash benefit over 25 years.

Unemployed recipients of daily cash benefits over 25 years are as from 2001 entitled to and obliged to accept activation after one year of unemployment. At the same time the total daily cash benefit period was reduced to 4 years, and will from now on consist of a one-year daily cash benefit period and a three-year activation period. In the activation period, an unemployed person has the right and obligation to receive activation offers in the shape of education, job training, etc. and must be activated for at least 75 per cent of the three-year period. During the daily cash benefit period, the activation 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

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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.

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 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 improved 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 business 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 occupation, 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 benefit, to an increasing degree undertaken to grant unemployed people subsidies to various courses and special municipal employment measures.

In Norway, the responsibility for occupational rehabilitation rests with the labour market authorities. They will first refer a person who has become unemployed to apply for job that he or she is qualified for. If that proves insufficient, the authorities decide whether or not other measures, such as labour-market measures, are needed and will provide a suitable offer, if necessary. The level and the composition of the labour-market measures will be adapted to the situation in the labour market. The number of special job offers is limited. The art of the measures varies, but will mainly be directed towards groups with special difficulties in the labour market, such as long-term unemployed people, young people and immigrants.

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 to improve considerably unemployed people's possibilities of getting proper work in the labour market.

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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 i.a. 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 a combination of both.

Moreover, there is recruitment support to employers, aimed at stimulating them to hire an unemployed person by partly covering his 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 a subsidy to start their own business.

There are measures for people with reduced working capacity, 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, 1995-2001

	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
2001, total	219 542	33 354	88 742	9 624	3.2	2.4
Of whom:						
- Subsidized employment	90 219	19 436	35 303	5 600	1.3	1.4
- Education and training	120 132	7 493	44 348	1 893	1.6	0.5
- Other	42 996	12 775	9 090	2 131	0.3	0.5
<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
2001, total	201 074	54 259	73 463	15 850	2.8	4.8
Of whom:						
- Subsidized employment	102 441	14 830	38 425	5 199	1.5	1.6
- Education and training	59 075	9 550	26 103	3 919	1.0	1.2
- Other	39 558	29 879	8 935	6 732	0.3	2.0
<i>Iceland</i>						
1995, total	..	..	..	..	..	..
2000, total	3 811	764	..	..	2.4	2.6
2001, total	4 304	870	..	..	2.6	3.0
Of whom:						
- Subsidized employment	..	..	..	..	..	..
- Education and training	..	..	..	..	..	..
- Other	..	..	..	..	..	..
<i>Norway</i>						
1995, total	..	..	42 145	16 482	1.9	5.6
2000, total	..	..	11 439	3 520	0.5	1.1
2001, total	..	..	10 066	3 147	0.4	1.0
Of whom:						
- Subsidized employment	..	..	1 959	..	0.1	..
- Education and training	..	..	5 288	..	0.2	..
- Other	..	..	2 819	..	0.1	..
<i>Sweden</i>						
1995, total	781 000	..	275 100	..	6.1	..
2000, total	470 970	..	166 159	..	3.8	..
2001, total	397 883	..	164 409 ¹⁾	..	3.7	..
Of whom:						
- Subsidized employment	121 057	..	78 294	..	1.8	..
- Education and training	218 021	..	68 135	..	1.5	..
- Other	58 805	..	17 980	..	0.4	..

1 The data are exclusive of the effect of those people who are part of the programme that is about to be abolished.

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Services in Connection with Unemployment

The services provided in connection with unemployment is first and foremost job provision, but in all the countries, also mobility-promoting benefits are available in the shape of i.a. removal assistance and assistance in connection with double housekeeping.

Employment Service

- Job provision is free of charge

In all five 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.

In all five countries, job provision is free of charge for the users, and it is in principle up to a job seeker whether or not he or she wishes to accept the job offered. Unemployment benefit is, however, only payable if a job seeker is willing to accept a suitable offer, when available.

The activities run by the employment service include information on occupation and education as well as various activating measures, such as job seeking.

There are considerable differences from one country to another as to how many vacant positions are registered with the employment service. The differences in the figures reflect, however, differences in the way in which the employment service is used, rather than the actual number of vacant positions in the various countries.

**Table 5.8 Number of vacancies registered with the employment offices.
In thousands and as percentages of the labour force, 1990-2001**

	Denmark		Finland		Iceland		Norway ¹⁾		Sweden ²⁾	
	Number of positions registered (1 000)	As percentage of the labour force	Number of positions registered (1 000)	As percentage of the labour force	Number of positions registered (1 000)	As percentage of the labour force	Number of positions registered (1 000)	As percentage of the labour force	Number of positions registered (1 000)	As percentage of the labour force
1990	112	4	341	13	..	..	237	11	650	14
1995	117	4	170	7	..	..	276	13	339	8
2000	96	3	302	12	..	..	591	25	522	12
2001	97	3	319	12	3	2	406	17	475	11

1 Comprises both vacancies registered with the employment offices and vacancies registered elsewhere.

2 As percentage of the labour force aged 16-64 years (including the unemployed).

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 benefit, and partly the extent of the activating measures provided for the unemployed.

Finland, being the Nordic country with the highest unemployment rate, has the second highest expenditure on unemployment measured in PPP per capita. 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 equivalent to that in Denmark, spends almost the same amount as Finland 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. Iceland has the lowest unemployment rate, followed by Norway, which also reflects low costs, cf. Table 5.10.

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Table 5.9 Expenditure on and financing of cash benefits and services in connection with unemployment, 2001

	Denmark	Finland	Iceland	Norway	Sweden
	DKK	EUR	ISK	NOK	SEK
<i>Cash benefits, million</i>					
A. Unemployment benefit	17 279	2 101	1 454	6 626	23 355
B. Partial unemployment benefit	-	63	-	251	
C. Pension for labour market reasons	-	682	-	-	775
D. Cash benefits payable during vocational training	19 263	155	138	-	6 459
E. Compensating benefits	-	18	-	-	1 311
F. Other	-	-	-	-	-
Cash benefits, total	36 542	3 019	1 592	6 877	31 900
<i>Services, million</i>					
A. Mobility and resettlement	-	2	-	-	190
B. Vocational training	-	165	-	1 175	3 960
C. Other	1 410	128	594	1 796	2 756
a. Of which employment services	1 203	128	594	1 794	-
Services, total	1 410	295	594	2 972	6 906
Total expenditure, million	37 951	3 314	2 186	9 849	38 806
Expenditure as percentage of GDP	2.9	2.4	0.3	0.7	1.7
<i>Financed by (per cent)</i>					
- Public authorities	36.6	50.9	8.1	53.3	0.1
- Employers	0.0	36.3	91.9	27.3	94.5
- The insured (contributions and special taxes)	63.4	12.8	0.0	19.4	5.4
<i>Changes 2000-2001 in terms of 2001 prices</i>					
- Million	-1 221	-118	342	158	-5 513
- Per cent	-3.1	-3.4	18.5	1.6	-12.4

Table 5.10 Expenditure on cash benefits and services in connection with unemployment in PPP 2001

	Denmark	Finland	Iceland	Norway	Sweden
Cash benefits, total per capita	728	499	52	140	318
- Per capita of working age	1.113	759	82	220	503
Services, total per capita	28	49	20	61	69
- Per capita of working age	43	74	31	95	109
Unemployment, total per capita	757	547	72	201	387
- Per capita of working age	1.156	833	112	315	611

Changes in the Expenditure on Unemployment from 2000 to 2001

In Denmark, the expenditure on unemployment benefits continued falling as a result of the decline in the unemployment rate. The expenditure on activation of daily cash benefit recipients also declined from 2000 to 2001 as a result of a decrease in the number of activated daily cash benefit recipients. On the other hand, the expenditure on activated cash benefit recipients in the municipalities increased as a result of an increase in the number of activated people.

In Finland, the expenditure on unemployment decreased by 3.4 per cent due to a decrease in the unemployment rate by 15 000 people.

In Iceland, the expenditure on unemployment increased by 18.4 per cent from 2000 to 2001. This was mainly due to an increase in the expenditure on cash benefits payable in connection with job training and an increase in the expenditure on services.

In Norway, the expenditure on unemployment increased from 2000 to 2001. The increase was due to an increased number of recipients of daily cash benefits and an increase in the daily cash benefit amount payable per recipient.

In Sweden, the cyclical decrease in the expenditure on unemployment also continued in 2001. This has been going on since 1994. In 2001, the expenditure on unemployment equalled 1.7 per cent of the GDP, which is a decrease in relation to 2000, where the expenditure was 2.0 per cent. The proportion of the expenditure of the total social expenditure was 6.5 per cent in 2000 and 5.7 per cent in 2001.

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, Iceland and Norway, 2000

Denmark	20.2	Austria	26.0	Italy	24.9
Finland	23.8	Belgium	25.1	Luxembourg	25.2
Iceland	39.2	France	29.1	The Netherlands	29.3
Norway	34.2	Germany	28.3	Portugal	30.6
Sweden	27.1	Greece	26.6	Spain	29.6
		Ireland	41.2	United Kingdom	25.9

Note: See Table 4.1.

Paid Absence in Connection with Illness

- Everyone in Gainful Employment is in Principle Ensured Daily Cash Benefits or Wages in Case of Illness

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

Table 6.2 Rules governing payment of cash assistance* to employees in connection with illness as per December 2001

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

* By cash assistance is meant sickness benefit or wages.

- 1 Under special circumstances, the benefit period may be prolonged. This applies, for instance, where it is deemed likely that rehabilitation may be implemented, or where an application for anticipatory 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. According to collective agreements, employers pay full or partial wages for 1-3 months during illness. During that period, the benefit will be payable to the employer.
- 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 qualifying period of one day. This also applies to people who are not gainfully employed.

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Table 6.3 Amount of sickness benefits payable to employees in connection with illness as per December 2001

	Denmark	Finland	Norway	Sweden
Amount of sickness benefit as percentage of income from work	100	Normally 70	100	80
Maximum income per week for full compensation ¹⁾	DKK 3 245	.	NOK 5 926	SEK 5 279
Maximum income per week for full compensation in PPP-Euro ¹⁾	347	.	546	468
Min. amount per week in national currency	.	. ²⁾	NOK 494	SEK 170
Min. amount per week in PPP-Euro	.	.	46	16
Max. amount per week	DKK 2 937	.	NOK 5 926	SEK 4 214
Max. amount per week in PPP-Euro	314	.	546	374
Sickness benefit taxable?	Yes	Yes	Yes	Yes
Supplement for children?	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 People, who have a small or no income, may receive income-tested daily cash benefits, a maximum of EUR 60.54/PPP Euro 52, for periods of incapacity for work exceeding 60 days.

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 benefit 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 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 that employer has employed 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, with the exception of 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 by the collective agreements.

In Finland, wages/salaries shall be paid in full 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 unions in question. 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, so that the difference between the maximum amount of sickness benefit and the normal wages is compensated. 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

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corresponds to 80 per cent of the income from work up to the income ceiling, and employers pay an additional 10 per cent, so that all employees in that category will receive 90 per cent of their wages/salaries during the first 15-90 days. Those earning more than the income ceiling will be compensated at an amount that corresponds to 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 scheme. 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 immediately prior to the illness. The compensation is 100 per cent of the income, but a maximum of DKK 2 937 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 2 937 per week.

In Finland, sickness benefits shall be paid both to those in work and to those who work for themselves (e.g. work in the home or study). A precondition is that the ill person has not been voluntary unemployed for three months prior to falling ill. No income-related sickness benefits shall be payable, if the annual income from work amounts to less than EUR 995. Up to an annual income of EUR 24 609, the compensation rate is 70 per cent, af-

ter which, the compensation is gradually reduced. People with low or no incomes may be granted means-tested sickness benefits after a qualifying period of 60 days.

As mentioned above, the sickness benefit schemes are of little significance in Iceland. 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 two 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 25 680. This income limit does not apply to sickness benefits payable during the employer period. The maximum amount of sickness benefits is NOK 308 160 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, due to sickness or injuries. A compensation will be payable from the 15th 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 2001 was SEK 36 900. The compensation is 80 per cent, but only for an earned income up to SEK 276 750.

Qualifying Periods

The rules governing qualifying periods also vary from one country to another. In Denmark and Norway, there are no qualifying periods for employees if a paid employer period exists. As to self-employed people and people who work freelance, there is a qualifying period of two weeks, which may, however, be reduced by a voluntary insurance. In Denmark, there is a qualifying period of two weeks for self-employed people. Voluntary insurances may be taken out in order for a self-employed person to be entitled to sickness benefit after 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

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will amount to at least two thirds of the maximum amount of DKK 2 937 per week. Self-employed people may take out an insurance (at a higher premium) that entitles them to the full maximum amount. There is a qualifying period of two weeks for the self-employed.

In the Finnish sickness insurance scheme, there is a qualifying 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 qualifying period of the sickness insurance, self-employed people do not receive any benefits for the day on which they fall ill and the following nine working days.

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

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

In Sweden, there is a minimum of one qualifying day, both in connection with sick pay and sickness benefits. There may, however, be no more than 10 qualifying days in a period of 12 months. Self-employed people have a qualifying period of 3 or 30 days, depending on the maximum amount 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), where a period may consist of several separate sickness benefit periods.

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.

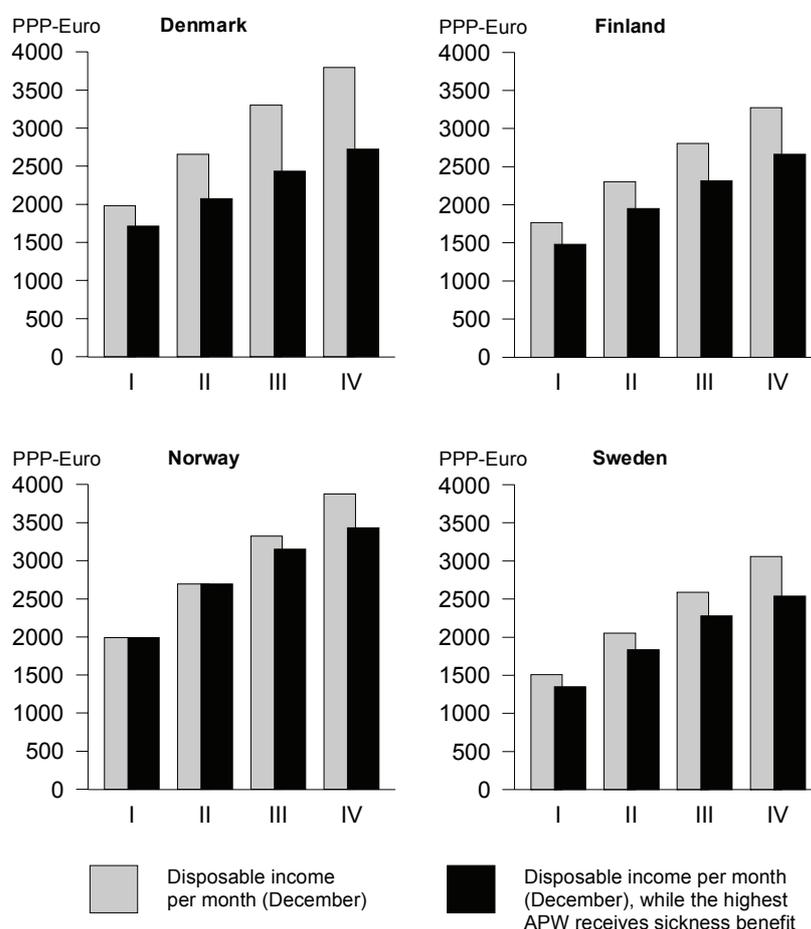
In Denmark, sickness benefits are paid and managed by the local authorities. Central Government reimburses the local authorities their expenditure on sickness benefits for the first four weeks at 100 per cent, while the expenditure after the four weeks and up to and including 52 weeks will be reimbursed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

In Finland, sickness benefits are payable by the Social Insurance Institution; in Iceland, 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 income for a childless couple, 2001

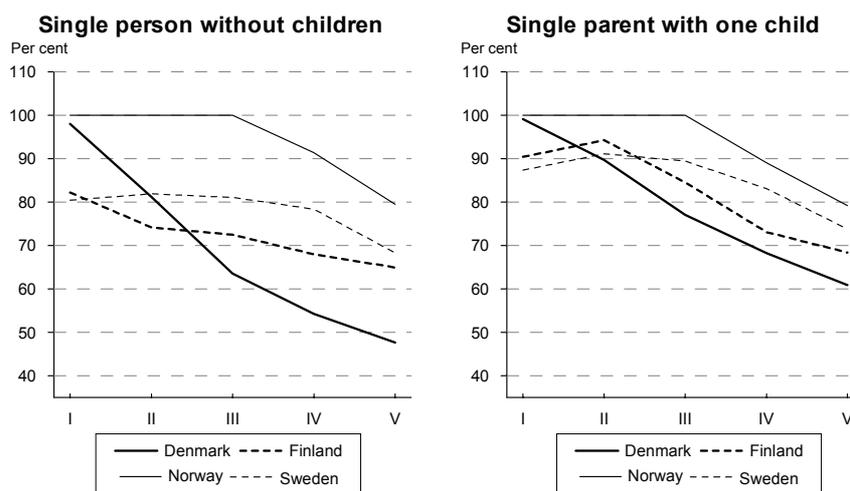


Note:

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.

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Figure 6.2 Disposable income while receiving sickness benefit as percentages of disposable income from work, 2001



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 people in the lowest income brackets, compensation is highest in Denmark and Norway and lowest in Sweden and Finland, whereas it for single people in the highest income brackets is lowest in Denmark and highest in Norway and Sweden. 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 37 861.

The higher compensation levels in Denmark and Finland for single parents with one child in relation to single people with no children are mainly due to the fact that payment for 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, 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 has the highest degree of absence, which is due to increased employment and a decrease in the unemployment rate. In Sweden and Norway, absence due to illness has increased since 1995.

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 i.a. 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 anticipatory 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 5 per cent in Norway of over 360 days also cover people who are ill for more than a year (365 days). They are not entitled to sickness benefit for more than one year, but will qualify for a rehabilitation benefit.

Table 6.4 Employees' calculated absence due to illness for at least one week as percentages of all employees, 1990-2001¹⁾

	Denmark ²⁾	Finland	Iceland	Norway	Sweden
<i>1990</i>					
Men	1.5	2.2	1.1 ³⁾	2.7	3.7
Women	2.2	2.6	1.9 ³⁾	3.5	5.4
Total	1.8	2.4	1.5 ³⁾	3.1	4.5
<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	1.7	2.4	1.3	4.0	3.7
<i>2001</i>					
Men	1.4	2.1	0.7	3.2	2.7
Women	1.9	2.4	2.0	4.5	5.1
Total	1.7	2.2	1.3	4.0	4.0

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

2 15-66 year-olds.

3 Refers to 1991.

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Table 6.5 Number of terminated sickness benefit periods of at least 15 days (per cent), 2001

	Denmark	Finland	Norway ¹⁾	Sweden
<i>Men</i>				
Duration (days)				
15-21	21.6	27.2	20.9	18.4
22-29	14.8	17.0	12.3	16.4
30-59	25.4	26.6	25.6	22.9
60-89	10.8	9.9	12.0	9.8
90-119	6.4	4.6	6.7	5.7
120-149	3.9	2.6	4.3	3.5
150-179	2.7	1.9	3.1	2.6
180-359	7.9	8.4	10.2	7.9
360+	6.3	1.7	4.8	12.9
Total	100.0	100.0	100.0	100.1
<i>Women</i>				
Duration (days)				
15-21	20.4	29.9	19.4	17.6
22-29	13.2	18.1	11.9	15.6
30-59	25.5	29.1	26.0	23.4
60-89	11.2	8.6	13.0	10.5
90-119	6.2	3.7	7.4	5.9
120-149	3.9	2.1	4.7	3.8
150-179	2.8	1.4	3.3	2.7
180-359	8.7	6.1	10.0	7.8
360+	8.1	1.0	4.3	12.8
Total	100.0	100.0	100.0	100.1
<i>Men and women</i>				
Duration (days)				
15-21	21.0	28.7	20.1	17.9
22-29	14.0	17.7	12.1	15.9
30-59	25.5	28.0	25.8	23.2
60-89	11.0	9.2	12.6	10.2
90-119	6.3	4.1	7.1	5.8
120-149	3.9	2.3	4.6	3.7
150-179	2.8	1.6	3.2	2.6
180-359	8.3	7.1	10.1	7.8
360+	7.3	1.3	4.5	12.9
Total	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 15th day of illness.

Men and women's absence due to illness shows a rather uneven 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 have the longest periods of absence of more than 360 days.

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

In all five 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 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, Norway and Sweden, the local and/or county authorities are responsible for the organization of the health sectors, while it in Iceland is Central Government.

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.

Hospitals

In all the Nordic countries, there are general hospitals with outpatient clinics/policlinics and emergency wards. There are also highly specialized hospitals, psychiatric hospitals and, in some of the countries, hospitals 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. It is, however, a general trend that the length of hospitalization becomes still shorter, and that more and more patients are treated at the outpatient clinics.

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

Medical Treatment, Etc.

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

In Denmark, general medical treatment is provided solely by self-employed general practitioners, fully financed and according to agreements with the public authorities. In Norway, about 75 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 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 five countries, pregnant women and infants are offered public health care. In addition, all the countries provide school health care schemes. 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, the health centres perform these tasks.

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

Dental Treatment

Dental treatment is a well-developed service in all the Nordic countries. With the exception of Iceland, treatment of children and youth is performed at public clinics. In all the countries, treatment is completely or partly free of charge.

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

In Sweden, the counties organise the public dental care scheme.

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 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.

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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 different ways in the various countries.

Changes in the Social Expenditure on Illness from 2000 to 2001

In Denmark, the expenditure on sickness benefits defrayed by the local authorities increased from 2000 to 2001. The increase was both due to an increased number of sickness benefit recipients, including people in flex jobs, and an increase in the average duration of sickness-benefit periods. Part of the increased expenditure was, however, due to the fact that the public employers' right to redemption of the sickness benefits, in line with the right of the private employers, which was introduced in 2000, caught on fully in 2001. Consequently, the estimated expenditure on sickness benefits payable during the employer period has decreased. The expenditure on services in the health sector continued to increase, and in particular the expenditure on medicine, the hospital sector and home nursing.

In Finland, the expenditure on sickness benefits increased by 3 per cent in 2001, especially due to an increase in the employment rate. In 2001, local authorities focused more on the health sector following several years of cost-savings, and the expenditure increased by 5 per cent. The expenditure on medicine increased by 10 per cent.

In Iceland, the social expenditure on illness increased by 5.0 per cent in terms of 2001 prices. The increase in the expenditure on cash benefits was 7.8 per cent, while it was 4.3 per cent on services. This increase can first and foremost be explained by pay increases, both in respect of social cash benefits and services.

In Norway, the expenditure on cash benefits in connection with illness increased by approximately 5 per cent from 2000 to 2001. This increase was due to both the absence due to illness and an increase in the income basis for the calculation of sickness benefits. The number of days, in which the National Sickness Insurance Fund paid sickness benefits per employed person, was 12.9 days in 2001 as against 12.5 days in 2000. This equals an increase in the absence per employee of approximately 3 per cent.

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Table 6.6 Expenditure on and financing of cash benefits and services in connection with illness, 2001

	Denmark	Finland	Iceland	Norway	Sweden
	DKK	EUR	ISK	NOK	SEK
<i>Cash benefits, millions</i>					
A. Paid sick leave	12 410	1 624	11 439	43 943	55 781
Of which:					
a. General sickness benefit	9 010	523	643	23 697	36 693
b. Daily cash benefits in employer period	3 400	944	10 598	20 246	13 300
c. Special insurance in the event of industrial injury or occupational disease	-	129	198	-	5 788
B. Other	457	-	-	-	61
Cash benefits, total	12 867	1 624	11 439	43 943	55 842
<i>Services, millions</i>					
Services, total	63 976	6 640	45 329	88 178	143 188
Total expenditure, millions	76 843	8 263	56 767	132 122	199 030
Expenditure as percentage of the GDP	5.8	6.1	7.7	8.7	8.8
<i>Financed by (per cent)</i>					
- Public authorities	90.5	67.0	79.5	63.0	68.7
- Employers	4.7	23.3	20.5	28.0	30.8
- The insured (contributions and special taxes)	4.8	9.7	0.0	9.0	0.5
<i>Changes 2000-2001 in terms of 2001 prices</i>					
- Millions	1 803	428	2 694	7 393	13 101
- Per cent	2.4	5.5	5.0	5.9	7.0

Table 6.7 Expenditure on cash benefits and services in connection with illness, in PPP 2001

	Denmark	Finland	Iceland	Norway	Sweden
Cash benefits, total per capita	256	268	376	897	557
Cash benefits per person aged 16-64 years	392	408	588	1.407	880
Services, total per capita	1 275	1 097	1 489	1 801	1 428
Illness, total per capita	1 532	1 365	1 865	2 698	1 985

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In Sweden, the expenditure on sickness increased by 9.7 per cent from 2000 to 2001. As percentage of the GDP, the expenditure increased from 8.3 per cent in 2000 to 8.8 per cent in 2001 due to both a steep increase in the expenditure on cash benefits (sickness benefits), as the absence due to illness continued to increase during 2001, and an increase of about SEK 10 billion on services.

The Government presented a national action plan for the development of the health sector as well as a subsidy to the care sector of a total of SEK 9 billion for the years 2001-2004. To this should be added increased expenditure on medicine, which increased to SEK 17 billion incl. VAT, which corresponds to an increase of 7.1 per cent in fixed prices in comparison to 2000. The expenditure on cash benefits increased by about 15 per cent, or SEK 7 463 million in current prices from 2000 to 2001. Measured as a percentage of the total social expenditure, the expenditure on illness increased from 27.4 per cent to 28.6 per cent in 2001.

User Charges Payable for Health Services

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

Maximum User Charges

In Denmark, a new subsidy system based on need was introduced on 1 March 2000, where the subsidy granted depends on an individual's consumption of subsidized medicine. In 2001, subsidies to a consumption of medicine of less than DKK 510 per year shall not be granted, after which the subsidy will gradually be increased to 85 per cent of the expenses exceeding DKK 2 875 per year. User charges must not exceed DKK 3 700 per year.

In Finland, the sickness insurance fund covers the exceeding amount if the total amount of user charges payable for medicine amounts to EUR 580.25 per year. Transport expenses in connection with treatment will be reimbursed in full, if they exceed EUR 157.25 per year.

In Iceland, the maximum user charge payable as from 1 July 2001 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 anticipatory 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 1 450 in 2001. Other expenses are covered by the State. The Social Security Scheme financed about 55 per cent of the total expenditure on pharmaceutical products in 2001.

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 exempt 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 Finland, the amount will not exceed EUR 20.2 per year or EUR 10.1 for the first three treatments in an outpatient clinic in the primary health sector. For temporary home nursing, EUR 5.9 is payable per visit by a doctor and EUR 10.1 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 1/3 of the normal user charges. For a visit to a specialist, user charges normally vary from ISK 2 484 to ISK 6 000, and for children and pensioners from ISK 988 to ISK 6 000. For visits to the primary health-care sector, ISK 700 is normally payable, and children and pensioners pay ISK 300. Home nursing is free of charge.

In Norway user charges payable for medical visits vary. In connection with visits to a general practitioner and for visits to an emergency medical service during the day, user charges are NOK 110, whereas charges are NOK 193 for treatment by a specialist. For treatment outside of the day-

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time hours by the medical emergency service, user payment is NOK 168. 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 to SEK 250. Usually, 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 2001 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 Finland, people born in 1956 or later are entitled to a subsidy of about 41 per cent for dental treatment and of 37 per cent for examinations and preventive treatment.

In Iceland, people over 67 years, as well as disabled people, are reimbursed between 50 and 100 per cent of the expenses, depending on their incomes. Children under the age of 17 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 2001, 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 43 per cent. The National Health Insurance Service (the counties) financed about 53 per cent, and the municipalities financed the remaining 4 per cent of the expenses.

In Finland, user charges amounted to about 58.5 per cent of the expenses for medicine with basic reimbursement. For specially subsidized medicine, patients pay 29.3 per cent or 3.2 per cent.

In Iceland, user charges are calculated to be about 35.6 per cent, but pharmacies may grant a number of discounts, for which reason the actual amount of user charges cannot be calculated. Patients pay a certain amount for prescribed medicine up to a maximum amount. Of this, children and pensioners pay only 30 per cent.

In Norway, user charges for reimbursed medication were in 2001 36 per cent of the subscription amount up to NOK 360 for a three months period. Patients' actual user payment for pharmaceuticals was 13.7 per cent in 2001.

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 27.71 per day is payable for short-term hospitalization and EUR 11.77 per day for hospitalization in psychiatric wards. 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

The Structure of this Chapter

While the other chapters have followed the chapter structure of the ESSPROS, 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 the 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

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 proportion 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, Iceland and Norway, 2000

Denmark	50.1	Austria	56.5	Italy	69.4
Finland	49.7	Belgium	52.5	Luxembourg	53.7
Iceland	45.0	France	49.9	The Netherlands	54.2
Norway	47.1	Germany	50.1	Portugal	58.6
Sweden	51.1	Greece	54.5	Spain	54.0
		Ireland	30.7	United Kingdom	57.1

Note: See Table 4.1.

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 between the ages of 50 and 66 in 2001, and Figures 7.2 and 7.3 show the development in the employment rate for 60 and 64 years-old men and women, respectively, for the period 1990-2001.

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 between the countries. Both in respect of men and women, the highest employment rate is found in Iceland, and the lowest in Finland. These differences between the countries are mainly to be found in different occupational structures, with the resulting different patterns of wear in 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.

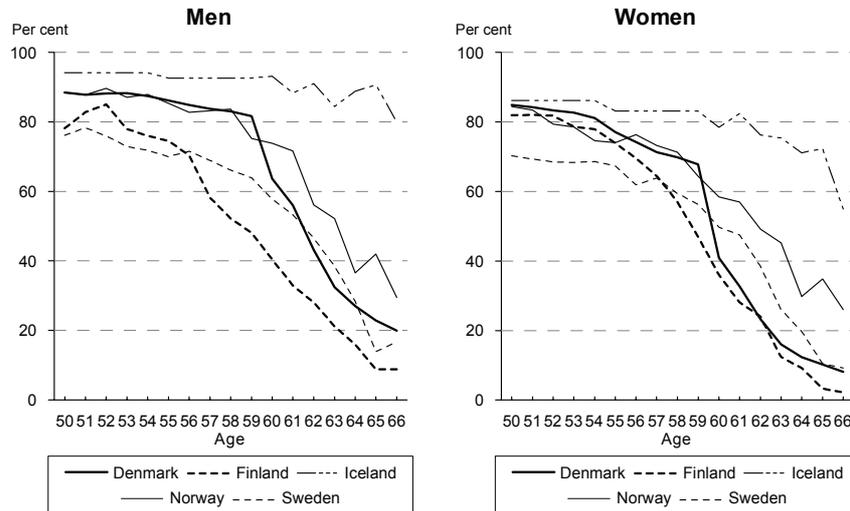
Early retirement from the labour market is most common in Denmark and Finland. Those two countries have the most comprehensive public retirement schemes, and the unemployment rate has been relatively high for a long period of time. Early retirement is least common in Norway and especially so in Iceland, where there are no other public retirement schemes than health-related disability/anticipatory 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 in the 1990s.

There are distinct differences between the countries as to the employment rate for the 60 and 64 years 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

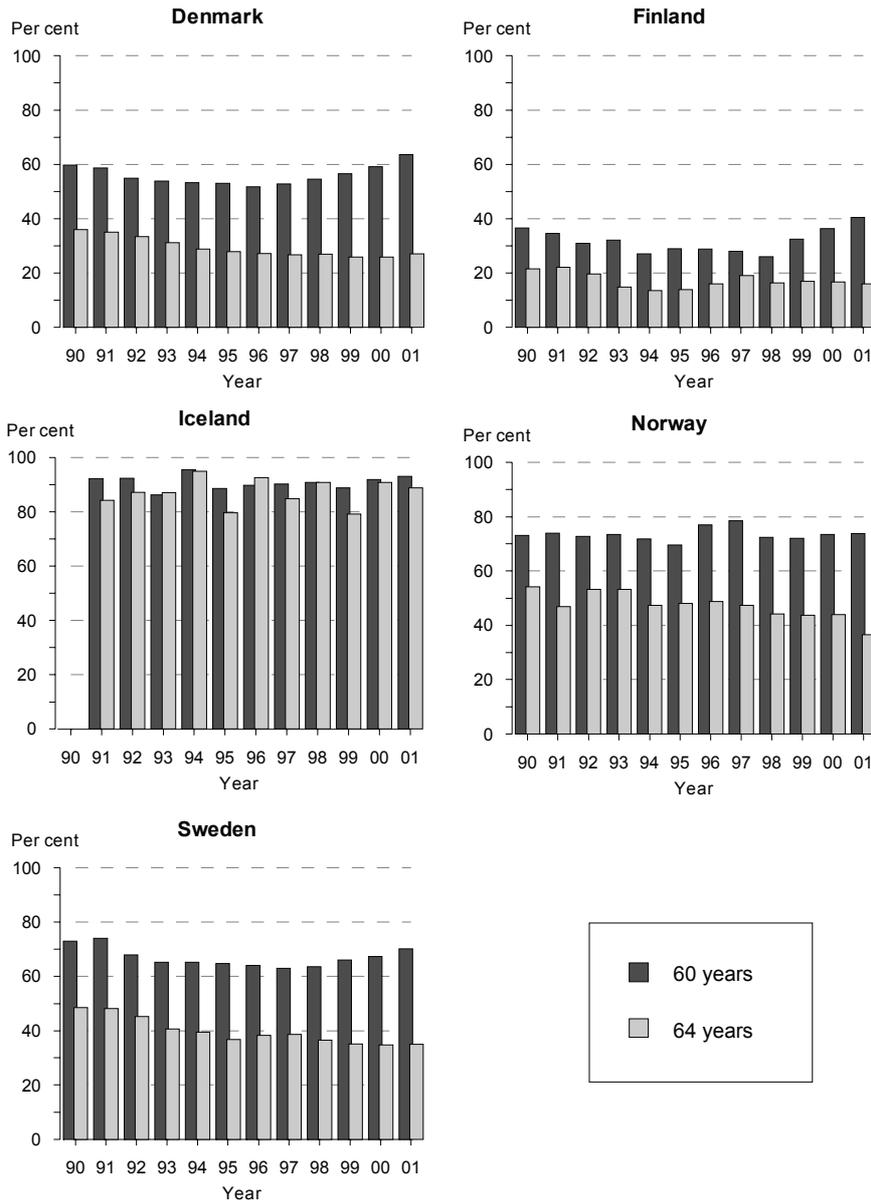
The development during that same period also differs from one country to another. While there was a decline in the employment rate for men in Denmark and Sweden until the middle of the 1990s, recent years have seen an increase. In Finland, the employment rate for men has, however, been generally declining 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 gainful employment as percentages of the population, broken down by age and sex, 2001



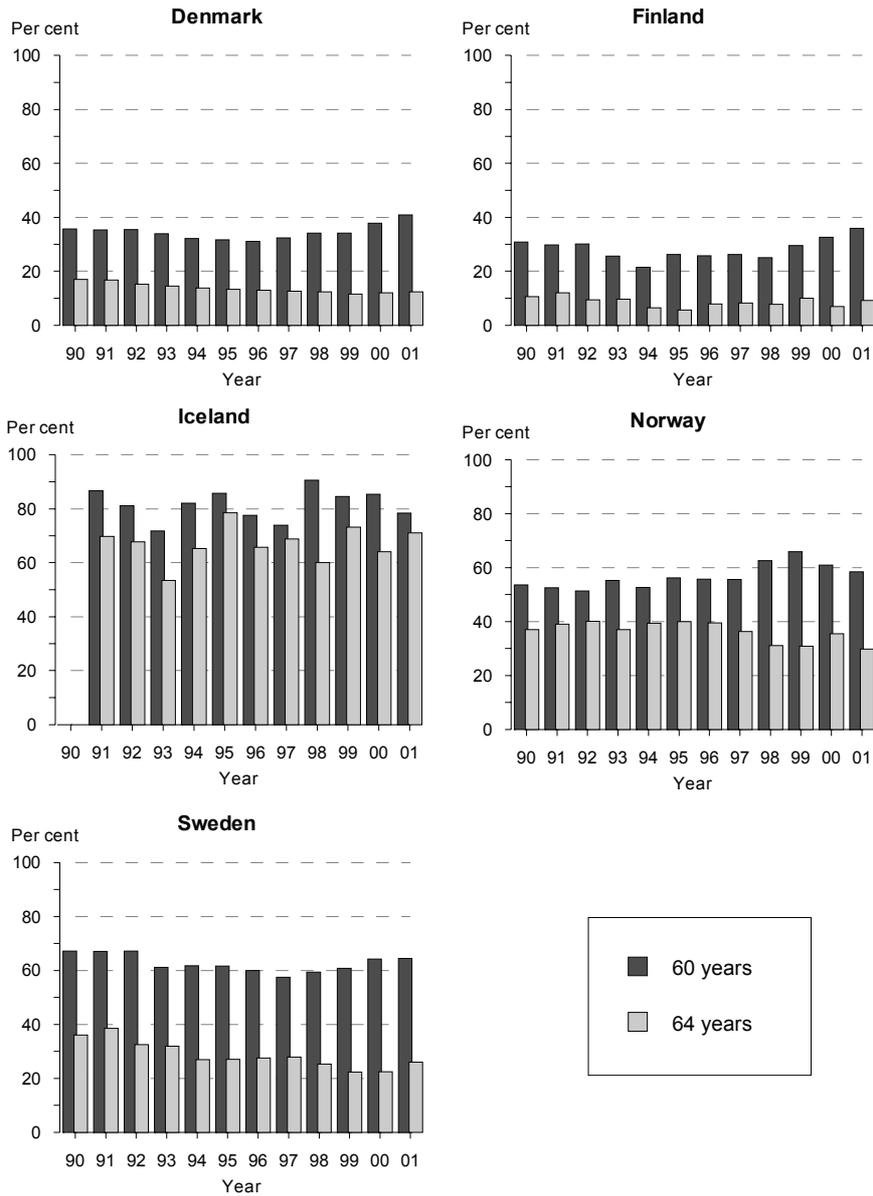
OLD AGE, DISABILITY AND SURVIVORS

Figure 7.2 Men in gainful employment of the ages 60 and 64. Per cent, 1990-2001



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Figure 7.3 Women in gainful employment of the ages 60 and 64. Per cent, 1990-2001



Pensioners' Income

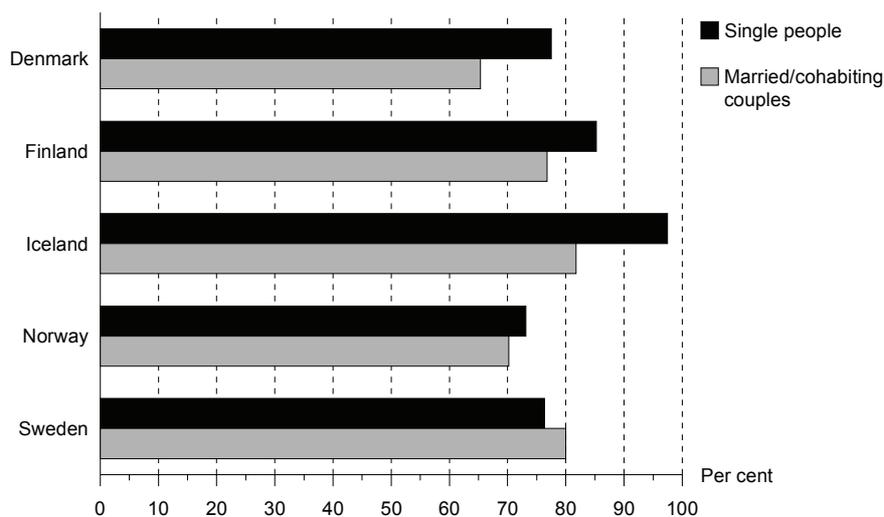
Figure 7.4 shows the disposable income for families, where the key person, i.e. the person earning the most, is over 65/67 years, as a percentage of the disposable income for single people and couples under 65/67 years. As in the other chapters, equivalent incomes have been used. The disposable income is the factor income (income from work + capital income) plus social cash benefits less tax. A different family definition is used in Iceland, as any children under 15 living at home count as independent families in the statistics, which is not the case in the other four countries, and the result in Figure 7.4 will consequently 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 do, however, have a slightly higher income than is the case in the other countries. This should be seen in relation to the fact that a different family definition is used, based on a national register. Besides, the actual pensionable age is very high in Iceland.

With the exception of Sweden, single people over 65/67 years have a relatively higher disposable income than have couples. This is a result of the pension systems in the Nordic countries paying a relatively high compensation to single people in relation to previous income, cf. Figure 7.5. In addition, there are more young single people with a relatively low income than there are 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 Norway. As to couples, the difference is most significant in Denmark and least so in Iceland. 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, 2000



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 old-age pension: the so-called special old-age pensions.

The various pension types are in this publication divided as follows: Pensions where the health criteria are predominant are described under disability/anticipatory pension. The special old-age pensions cover many different kinds of pensions, which ease the transition from work to retirement. In respect of the Danish disability/anticipatory pension, it applies that the highest and the intermediate amounts of disability/anticipatory pension are regarded as disability/anticipatory pensions, whereas the ordinary and the increased ordinary disability/anticipatory pension are regarded as special old-age 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. In

Denmark, surviving spouses may be awarded ordinary disability/anticipatory pension (special old-age pension) if they comply with the requirements. In all the countries, a pension is payable to children, in Denmark 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 fixed 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.

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

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

The Finnish reform has been implemented, whereas the Swedish reform is still in progress.

Instead of the division between basic pension and employment pension, everyone is guaranteed a minimum pension, irrespective of their previous affiliation to the labour market. People who through employment have accumulated sufficient employment pension shall not be granted the guaranteed minimum pension. Although this basic principle is the same in both the Finnish and the Swedish system, the pension systems are quite different in structure. Besides, the rules governing payment of disability/anticipatory pension have not yet been fixed in the new Swedish pension system.

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, Iceland and Norway, whereas the supplementary pension schemes continue to apply in all the Nordic countries.

The supplementary pension schemes are, however, rather insignificant in Finland.

OLD AGE, DISABILITY AND SURVIVORS

Table 7.2 Pension recipients by type of pension, 2001¹⁾

	Denmark	Finland	Iceland ²⁾	Norway ²⁾	Sweden
<i>Recipients of:</i>					
Basic pension/ guaranteed minimum pen- sion	All people resi- dent in the country for at least 3 years	All people resi- dent in the country for at least 3 years	All people resi- dent in the country for at least 3 years	All people resi- dent in the country for at least 3 years	All people resi- dent in the country for at least 3 years
Length of resi- dence to obtain full basic pen- sion	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)	-
	Public collective agreements	-	-	Public collective agreements	Public collective agreements
	Private collective agreements	Private collective agreements	-	-	Private collective agreements

1 As 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 age 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 old-age pensioners.

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

It is not possible to define clearly the borders between the three pension systems, and especially not between employment pensions and supplementary pensions.

In the statistics in the present report, basic pensions in Denmark and Iceland as well as the guaranteed minimum pension in Finland, Norway and Sweden are dealt with as one. Also the new and the old employment pensions are dealt with as one.

The Nordic statistics thus differ somewhat from the European statistics where basic and employment pensions are dealt with together as the first pillar in the pension systems, and the supplementary pensions are referred to as the second pillar, while private pensions, which have not been included in the present report, are referred to as the third pillar of the pension system.

OLD AGE, DISABILITY AND SURVIVORS

Table 7.3 Supplements to the basic pension/guaranteed minimum pension, 2001

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

1 The ordinary child allowance is not income-adjusted as is the special child allowance.

2 Pensioners may qualify for a housing benefit depending on income and size of their accommodation. The benefit is not part of the pension.

3 From 1996 to 2001, no new child supplement was awarded. But from 2002, child supplement is given again.

4 The old-age 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.

5 The spouse supplement has not been awarded since 1996, and was totally phased out in 2001.

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 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.

8 Shall only be granted to people with a low employment pension. As from 2001, pension shall be payable according to both the old and the new system.

OLD AGE, DISABILITY AND SURVIVORS

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. As mentioned above, 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 about EUR 975 per month.

Income-substituting benefits, other than pensions, usually entitles recipients to pensions in all the countries in relation to the employment pensions.

In Denmark, the basic amount of the statutory retirement pension is income-adjusted/income-tested on the basis of a recipient's own income. The basic amount of the disability/anticipatory pension is income-adjusted in relation to a household's income. This also applies to the pension supplements and the personal supplements to both old-age and disability/anticipatory pensioners as well as to the special child allowance and housing benefits to pensioners. The remaining benefits payable to pensioners are not income-tested.

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 975 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 owners of the house they live in.

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 incomes, 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 2001, there were 136 230 recipients of the front supplement.

In Iceland, the basic amount payable to old-age and disability/anticipatory pensioners is adjusted both in relation to their own income from work and to half of the income from capital in their households. 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 an disability/anticipatory pensioners own income shall be included in the adjustment. The aim is to have more disability/anticipatory pensioners partici-

pate in the working life. The pension supplement will be stopped completely, if an income exceeds a certain level.

In Norway old-age 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 from 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 Labour Market Supplementary Pension (ATP) will only be income-tested in relation to the ATP.

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 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 (161 217 people) aged 60-66 years, as well as recipients of transition benefit (17 882 people) aged 54-59 years. As the widow's pension has been abolished in Denmark, and widows may instead apply for the ordinary disability/anticipatory pension, the number of pension recipients in Denmark is overestimated in relation to the other Nordic countries.

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 old-age 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, 29 093 people in 2001 aged 56-64 years who received partial retirement pension. Were they to be included in the calculations, 77.1 per cent of the 60-64 year-olds and 26.4 per cent of the 55-59 year-olds would be pensioners.

In Sweden, there were in 2001 9 700 persons aged 61-64 years, who received partial retirement pensions. Were they to be included in the calculations, 40.9 per cent of the 60-64 year-olds in this group would be pensioners, corresponding to a total of 186 500 persons.

As it applies to all the countries that one may be resident outside of the country in question and still receive a pension, the number of recipients may exceed 100 per cent.

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.

OLD AGE, DISABILITY AND SURVIVORS

Table 7.4 Pension recipients by age, in thousands and as percentages of the age group as at December 2001

	Denmark		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
<i>Men</i>										
16-39 years	17	2.0	16	1.9	1.7	3.4	15	2.2	30	2.1
40-49 "	24	6.3	24	6.0	1.5	7.5	21	6.6	37	6.3
50-54 "	18	9.5	27	12.5	0.8	9.8	18	11.5	31	10.0
55-59 "	28	14.9	37	23.0	0.9	13.6	24	17.2	46	14.6
60-64 "	72	53.1	95	71.2	1.0	19.9	40	42.6	78	34.4
65-66 "	34	74.2	45	104.8	1.0	48.4	21	65.5	80	104.3
67+ "	293	101.8	272	103.9	16.4	100.0	258	103.1	601	104.5
Total	486	23.1	516	25.4	23.2	21.3	397	23.5	905	25.7
<i>Women</i>										
16-39 years	15	1.8	12	1.5	1.3	2.5	17	2.5	49	3.6
40-49 "	27	7.3	19	4.9	1.1	5.2	30	9.8	64	11.1
50-54 "	23	12.4	21	10.2	0.5	6.3	27	18.1	53	17.1
55-59 "	44	23.2	33	20.0	0.6	8.4	35	26.4	76	24.7
60-64 "	95	68.8	107	74.1	0.6	11.7	46	47.6	99	43.2
65-66 "	41	83.2	51	105.3	0.7	41.2	22	63.8	83	102.7
67+ "	416	101.1	445	103.1	12.9	98.2	370	102.5	819	102.6
Total	661	30.1	688	31.6	17.8	16.5	547	31.1	1 243	34.0
<i>Men and women</i>										
16-39 years	32	1.9	28	1.7	3.0	2.9	32	2.3	79	2.9
40-49 "	51	6.8	42	5.5	2.6	6.3	52	8.2	101	8.6
50-54 "	41	10.9	48	11.4	1.4	8.0	44	14.7	84	13.5
55-59 "	72	19.0	70	21.5	1.5	10.9	59	21.7	122	19.6
60-64 "	167	61.1	203	72.7	1.6	15.8	87	45.1	177	38.8
65-66 "	75	78.8	95	105.0	1.7	45.0	43	64.6	164	103.5
67+ "	709	101.4	717	103.4	29.3	99.2	628	102.7	1 421	103.4
Total	1 147	26.7	1 203	28.6	41.0	18.9	945	27.3	2 148	29.9

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, 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. 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 five countries, old-age pension is payable both by way of a basic or a guaranteed minimum pension and of an employment pension.

The pensions are usually adjusted in relation to the general wage and/or price development in the various countries.

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 old-age 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, Iceland, Norway and in the old Swedish system, 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.

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).

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.

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 Denmark and Iceland, on the other hand, a supplement to the basic amount is payable. The amount of the supplement depends on a pensioner's other income.

In Sweden, a completely new pension system is gradually being 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 will be payable as from 2003.

OLD AGE, DISABILITY AND SURVIVORS

Table 7.5 Monthly minimum amount of pension, 2001

	Denmark	Finland ¹⁾	Iceland ²⁾	Norway	Sweden
	DKK	EUR	ISK	NOK	SEK
<i>Single people</i>					
- Basic amount	4 262	.	18 424	4 280	2 952
- Supplement	4 290	.	64 011	3 395	1 750
- Total before tax	8 552	477	82 435	7 675	4 702
- After tax	6 276	477	75 728	7 675	4 702
- After tax in PPP-Euro	670	409	709	707	417
<i>Married couples (both pensioners)</i>					
- Basic amount	8 524	.	35 004	6 420	4 828
- Supplement	4 004	.	88 852	6 791	3 500
- Total before tax	12 528	838	123 856	13 211	8 328
- After tax	9 782	838	123 856	13 211	8 328
- After tax in PPP-Euro	1 044	718	1 160	1 218	738

1 The basic pension and the pension supplement were combined into one pension on 1 January 1997. Pensioners who at the end of 1995 only received the basic amount are entitled to a so-called reduced old-age pension until the end of the year 2000.

2 With effect from 1 July 2001, supplements to single people include ISK 15 778, which is only payable to people who live alone.

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. One condition for being awarded employment pension is in all the countries that the insured person has previously been affiliated to the labour market. 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 monthly pension from the SP for 10 years. The payment from the SP is a joint benefit in the sense that the contributors will receive an average payment and not a payment that depends on their own contributions.

As it appears from Table 7.6, there are large differences from one country to another and between the sexes as to how many people only receive

OLD AGE, DISABILITY AND SURVIVORS

Table 7.6 Pensioners receiving old-age pension by way of basic pension/guaranteed minimum pension and employment pension at the end of the years 1990-2001

	Old-age pensioners, total (1 000)	Old-age pensioners who only receive basic/minimum pension		Men who only receive basic/minimum pension, and men who receive both basic/minimum and employment pension, per cent		Women who only receive basic/minimum pension, and women who receive both basic/minimum and employment pension, per cent	
		Total (1 000)	Of whom women, per cent	Only basic/minimum pension	Both basic/minimum and employment pension ¹⁾	Only basic/minimum pension	Both basic/minimum and employment pension ¹⁾
<i>Denmark</i>							
1990	706	292	75.7	24.9	75.1	54.3	45.7
1995	709	328	76.0	27.3	72.7	59.3	40.7
2000	706	244	80.0	16.8	83.2	46.9	53.1
2001	709	236	79.4	16.6	83.4	45.0	55.0
<i>Finland²⁾</i>							
1990	737	146	87.7	6.7	93.3	27.4	72.6
1995	804	108	88.2	4.3	95.7	19.0	81.0
2000	870	90	84.3	4.9	95.1	15.8	84.2
2001	876	78	84.2	3.6	96.4	12.4	87.6
<i>Iceland</i>							
1990	24	6	62.6	28.9	71.2	37.9	62.1
1995	26	5	73.3	10.9	89.1	22.8	77.2
2000	28	2	68.8	4.9	95.1	8.8	91.2
2001	29	2	67.3	7.0	93.0	4.1	95.9
<i>Norway</i>							
1990	613	299	81.5	22.3	77.7	67.0	33.0
1995	625	258	84.6	15.6	84.4	58.7	41.3
2000	629	237	86.2	12.7	87.3	55.1	44.9
2001	627	226	86.6	11.8	88.2	53.1	46.9
<i>Sweden</i>							
1990	1 554	395	91.8	4.9	95.1	40.6	59.4
1995	1 590	301	91.8	3.7	96.3	30.5	69.5
2000	1 604	226	89.3	3.5	96.5	22.2	77.8
2001	1 609	212	88.8	3.5	96.5	20.8	79.2

1 In Denmark, the very small employment pensions have been payable as non-recurrent amounts since 1993. The figures for Finland also include pensioners who receive only employment pension. The figures for Norway only include pensioners who receive an employment pension that makes the old-age pension exceed the minimum pension amount. The figures for Sweden include all pensioners who receive employment pension, even where the employment pension amounts to less than the pension supplement.

2 The figures comprise people who have been awarded old-age pension before time as well as old-age pensioners under 65 years.

OLD AGE, DISABILITY AND SURVIVORS

basic pension. In Denmark, it is a little less than 17 per cent of the men, and 45 per cent of the women. In Sweden, it is less than 4 per cent of the men, and about 21 per cent of the women.

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 80 per cents, and in Norway about 60 per cent of the wage earners 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

Table 7.7 Average payment of statutory old-age pensions per month, 2001

	KR/EUR			PPP-Euro		
	Men	Women	All	Men	Women	All
Denmark ¹⁾	6 852	7 461	7 217	731	796	770
Finland ²⁾	1 207	749	929	1 034	642	796
Iceland ³⁾	98 213	..	..	920
Norway ²⁾	10 901	8 113	9 259	1 005	748	853
Sweden ²⁾	10 526	6 806	8 420	934	604	747

1 Average payment of statutory old-age pension in January 2001 and calculated payment of own pension by way of ATP in 2001 pr. recipient of statutory old-age pension.

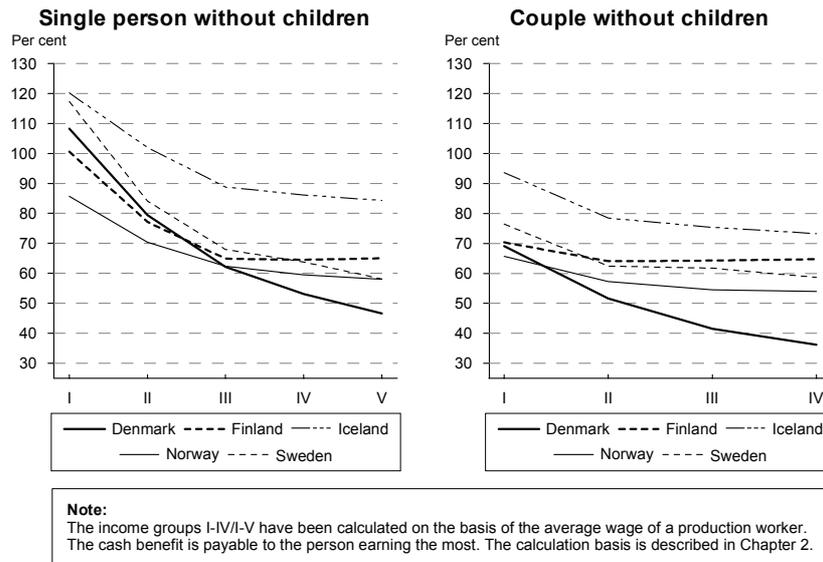
2 Average payment of pension in December.

3 Expenditure on both basic and employment pensions, divided by the number of recipients of basic pension have been included. About 96 per cent of those receiving a basic pension also receive an employment pension.

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 ATP, men in Denmark receive the least, which is a result of more men receiving supplementary pensions, which has a bearing on the basic pension.

Figure 7.5 first and foremost shows the disposable income at five different compensation levels (including the maximum amount of employment

Figure 7.5 Disposable incomes when receiving old-age pension (including employment pension) as percentages of disposable income from work, 2001



pension) for a single old-age 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 pensioner couple, in per cent of disposable income from work.

As can be seen from the figures, there are considerable differences in the compensation levels after retirement. 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 Sweden. 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.

The differences in the compensation levels in the various countries, in particular in relation to the high-income brackets, reflect to a certain degree

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the significance of the supplementary pension schemes based on labour market agreements (not included in the figures). These schemes are most important in Denmark and Norway.

Special Old-Age and Partial Retirement Pensions

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

The special old-age pensions comprise several forms of pension granted to people of working age, which cannot be regarded as traditional old-age 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 disability/anticipatory pension, which may be awarded to people aged 18-66 years whose working capacity has been reduced by at least 50 per cent for health and/or social reasons. The number of new recipients of general disability/anticipatory 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. 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/anticipatory 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. Accession to this scheme 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 semi-retire from the labour market.

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 included in the statistics on old-age pensioners. Self-employed people

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Table 7.8 Average monthly amounts of the special old-age/partial retirement pensions as per December 2001

	KR/EUR	PPP-Euro
<i>Denmark</i>		
Basic ordinary disability/anticipatory pension ¹⁾	7 816	834
Voluntary early retirement pay ²⁾	10 068	1 075
Partial retirement pension ³⁾	6 116	653
Transition allowance ²⁾	10 019	1 069
<i>Finland³⁾</i>		
Partial retirement pension	528	452
Special pensions to farmers	715	612
<i>Norway⁴⁾</i>		
Pension fixed by collective agreement	11 063	1 020
Special pension to sailors	3 468	320
Special pension to fishermen	4 518	416
Special pension to woodsmen	2 511	231
<i>Sweden³⁾</i>		
Partial retirement pension	1 800	167

1 Average pension paid out in January 2001.

2 Average benefit amount paid out in 2001.

3 Average pension paid out in December 2001.

4 Average monthly amount, December 2001 (average annual amount in 2001 divided by 12).

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 operating their farms before reaching the pensionable age, may receive a special pension. The Finnish unemployment pensions are described in Chapter 5.

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 67 years. In the pension schemes for sailors and fishermen, old-age 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.

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Table 7.9 Pensioners receiving special old-age/partial retirement pensions, by sex and age, 2001

	Total	-49		50-59		60-64		65-	
		M	W	M	W	M	W	M	W
<i>Denmark</i>									
Basic ordinary disability/anticipatory pension	86 765	9 340	11 337	10 835	20 221	6 100	16 842	2 735	9 355
Voluntary early retirement pay ¹⁾	179 099	.	.	5 418	12 464	49 543	60 971	25 673	25 030
Partial retirement pension	2 809	.	.	.	.	1 283	317	971	238
<i>Finland</i>									
Partial retirement pension	29 073	.	.	7 584	8 901	5 993	6 595	.	.
Special pensions to farmers	39 332	.	.	1 778	2 879	4 550	6 220	10 815	13 090
<i>Norway</i>									
Pension fixed by collective agreement	32 558	.	.	.	.	10 293	7 711	8 270	6 284
Special pension to sailors ²⁾	18 253	.	.	..	..	..	..	..	..
Special pension to fishermen	1 684	.	.	..	..	..	..	..	..
Special pension to woodsmen	72	.	.	..	..	..	..	..	..
<i>Sweden³⁾</i>									
Partial retirement pension	9 700	.	.	.	.	..	..	.	.

1 Including 17 882 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 2001. Information on sexes not available.

In Sweden, a partial pension may be awarded to insured people aged 61 to 64 years, who have reduced their working hours by a maximum of 10 hours per week. An insured person must, however, work at least 17 hours and not more than 35 hours per working week.

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 five 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.

Table 7.10 People aged 65+ years living in institutions or service housing, total and as percentages of the total number of elderly, December 2001

	Denmark ¹⁾	Finland	Iceland ²⁾	Norway ¹⁾	Sweden ³⁾
<i>People of the ages</i>					
65-74 years	8 926	8 788	483	8 463	10 374
75-79 years	10 472	9 861	490	12 270	15 440
80+ years	44 380	36 232	2 100	51 486	92 807
Total, 65/67+ years	63 778	54 881	3 073	72 219	127 124
<i>As percentage of the respective age groups</i>					
65-74 years	2.8	2.0	2.6	3.3	1.4
75-79 years	6.4	5.9	7.3	8.1	4.7
80+ years	20.5	19.8	26.5	25.6	20.0
Total, 65/67+ years	9.1	7.0	9.3	11.8	8.2

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

2 Only residents in homes for the long-term ill, nursing homes and old people's homes have been included, which explains the large discrepancy in relation to previous figures.

3 Calculation as per 1 October 2001. Besides, people staying on a short-term basis are included in the age group 65+ years.

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Home help

Table 7.11 Elderly people receiving home help, 2001

	Denmark ¹⁾	Finland ²⁾	Iceland	Norway ³⁾	Sweden ⁴⁾
<i>Recipients of home help</i>					
65-74 years	} 64 600	15 603	..	13 046	16 519
75-79 years		40 542	..	19 494	20 406
80+ years	108 770	28 065	..	62 342	84 816
Total 65+ years	173 370	84 210	6 334	94 882	121 741
<i>Recipients of home help as percentage of the age group</i>					
65-74 years	} 13.4	3.6	..	5.1	2.2
75-79 years		15.0	..	12.9	6.2
80+ years	50.2	35.2	..	30.9	18.3
Total 65+ years	24.8	10.7	18.9	15.6	7.9

1 People of the age groups 67-79 years and 80+ years.

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

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

4 People who as at 1 October 2001 had been granted home help and who live in their own house or flat.

In all five 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. 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 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.

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/Anticipatory Pension

- Social Grounds are Evaluated in Different Ways in Respect of Award of Disability/Anticipatory 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/anticipatory pension. The disability/anticipatory pension is called disability pension in Finland and Iceland and anticipatory pension in Norway.

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/anticipatory Pension Basis

In Denmark, the statutory retirement pension (old-age pension), disability pension, widow's pension and anticipatory pension are integrated in a coherent set of rules. Disability/anticipatory pensioners are awarded basic pension according to the same rules as apply to old-age pensioners. Besides, pensioners who have been granted the intermediate amount of disability/anticipatory pension also receive a disability allowance, and pensioners who have been granted the highest amount of disability/anticipatory pension also receive an unemployability amount in addition to the disability allowance. The disability allowance and the

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unemployability amount are not earnings-related, and besides, the disability allowance is exempt from tax. In Denmark, disability/anticipatory pensioners do not receive employment pension. As mentioned earlier, the ordinary minimum disability/anticipatory pension has been included as a special old-age pension in the present report.

In Finland, Iceland, Norway and Sweden, disability/anticipatory pension is granted by way of a basic pension/guaranteed minimum pension and an employment pension according to the same rules as apply to old-age pensions, whereas the old rules apply in Sweden.

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 old-age pensioners.

Circumstances Influencing the Number of Disability/anticipatory Pensioners

In the Nordic countries, there are a number of alternative benefits that affect both the award of disability/anticipatory pension and the number of disability/anticipatory 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 Norway, a rehabilitation benefit is normally payable before disability/anticipatory pension will be awarded.

Also the other disability/anticipatory pension schemes (which in this report are referred to as special old-age pensions) may affect the number of disability/anticipatory pensioners. In Denmark and Finland, there is, for example, a large number of pensioners who mainly draw pension for other reasons. 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/anticipatory 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/anticipatory pensioners. Several surveys have shown that about 20 per cent of the AFP pensioners would have been disability/anticipatory pensioners, had the scheme not existed.

The amount of the disability/anticipatory 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, 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/anticipatory pensioner who has previously been in work, and who has completely lost his working capacity. The highest level is found in Denmark and Sweden and the lowest in Finland and Norway for people who previously had a low income. The very high compensation level in Denmark is due to the highest disability/anticipatory pension being independent of any previous income. Besides, people who have completely lost their working capacity are entitled to both a disability allowance and an unemployability amount. Furthermore, the rules governing housing benefits for pensioners are relatively favourable, which also applies to Sweden. The disability/anticipatory 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 7.12 Average monthly amount of statutory disability/anticipatory pension, 2001

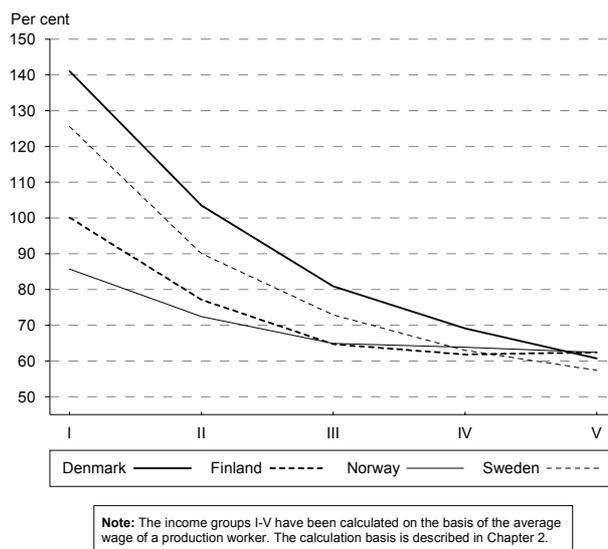
	KR/EUR			PPP-Euro		
	Men	Women	All	Men	Women	All
Denmark ¹⁾	10 237	9 844	10 037	1 093	1 051	1 071
Finland ²⁾	1 008	799	910	864	685	780
Iceland ³⁾	81 910	..	..	767
Norway	11 126	8 216	9 453	1 025	757	871
Sweden ²⁾	8 828	7 294	7 950	783	647	705

1 Average amount of highest and intermediate disability/anticipatory pensions paid out in January 2001.

2 Average pension amount as per December.

3 Expenditure on both basic and employment pensions divided by the number of disability pensioners who receive basic pension has been included. 55-60 per cent of the disability pensioners also receive employment pension.

Figure 7.6 Compensation level for a single 50 year-old disability/ anticipatory pensioner with no working capacity left, 2001



Number of Disability/anticipatory Pension Recipients

There has been a limited decrease in the number of new disability/anticipatory pensioners in Denmark in recent years. The decrease must be seen in connection with changes in the awarding powers, the financing and strengthening of the early, preventive effort to maintain people with reduced working capacities in employment, e.g. on special terms. With effect from 1 July 1998, an application for disability/anticipatory pension may only be submitted when all activation, rehabilitation, care and other measures to improve working capacities have been exhausted. These conditions have, however, mainly resulted in a decline in the number of new awards of the general disability/anticipatory pensions (special old-age pensions). The decline in the number of new awards of the highest and the intermediate disability/anticipatory pensions has, with the exception of 1999, been small, and has been increasing during recent years.

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.

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Table 7.13 Recipients of disability/anticipatory pension and new accession of disability/anticipatory pensioners, by sex, 1990-2001

	Denmark ¹⁾		Finland		Iceland ²⁾		Norway ³⁾		Sweden	
	M	W	M	W	M	W	M	W	M	W
<i>1990</i>										
Recipients	76 113	78 481	159 509	141 423	3 097	4 350	104 704	129 657	166 716	188 600
New accession	6 638	5 597	..	..	..	..	14 444	15 140	23 643	26 850
New accession as percentage of population of qualifying age	0.4	0.3	..	..	..	..	1.1	1.2	0.9	1.0
<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	11 016	12 223	18 639	20 565
New accession as percentage of population of qualifying age	0.3	0.3	..	..	0.6	0.9	0.8	1.0	0.7	0.8
<i>2000</i>										
Recipients	81 426	83 367	147 022	129 247	4 172	6 108	119 160	160 413	189 727	248 216
New accession	4 332	4 237	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	0.7	0.4	0.9	1.0	1.3	0.8	1.1
<i>2001</i>										
Recipients	81 954	84 897	143 033	124 873	6 474	4 377	121 309	164 055	195 454	261 368
New accession	5 413	5 469	13 396	12 282	675	389	11 607	13 689	24 508	32 573
New accession as percentage of population of qualifying age	0.3	0.3	0.8	0.7	0.7	0.4	0.9	1.1	0.9	1.3

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

2 Pensionable age 16-66 years.

3 Pensionable age 16-66 years (as from 1991, the age group 16-67 years).

Both in Norway and Sweden, the rules governing award of disability/anticipatory pension have been tightened, but until now with little effect. In Norway, this was already done in 1991 when the medical grounds for award were tightened. After a decrease in the number of accessions at the beginning of the 1990s, the number had again increased, but from 2000 to 2001, there was a drop in the number of disability/anticipatory pensioners, the main reason being that less people applied for disability/anticipatory pension, at the same time as an increased number had their applications turned down. This was mainly a result of demography and amendments of the rules governing other benefit areas.

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Table 7.14 Pensioners receiving disability/anticipatory pension by way of basic pension/guaranteed minimum pension and/or employment pension, total 1990-2001

	1990	1995	2000	2001
<i>Denmark</i>				
18-19 years	407	485	570	659
20-29 -	6 959	8 317	7 598	7 671
30-39 -	15 943	18 305	18 364	18 977
40-49 -	31 198	34 919	33 757	35 500
50-59 -	52 990	57 198	60 933	64 057
60-64 -	35 688	34 504	33 366	33 691
Total 18-64 -	143 185	153 728	154 588	160 555
65-66 -	12 953	12 918	12 263	12 256
<i>Finland¹⁾</i>				
16-19 years	1 980	1 978	1 569	1 279
20-29 -	10 477	9 031	8 240	8 388
30-39 -	23 286	20 379	18 451	18 111
40-49 -	43 970	49 498	43 096	42 051
50-59 -	119 384	113 830	108 344	106 982
60-64 -	101 835	114 787	96 569	91 095
Total 16-64 -	300 932	309 503	276 269	267 906
65-66 -	.	.	.	.
<i>Iceland</i>				
16-19 years	221	322	193	214
20-29 -	837	1 048	971	1 038
30-39 -	1 137	1 825	1 719	1 749
40-49 -	1 275	1 973	2 362	2 563
50-59 -	1 801	2 234	2 600	2 838
60-64 -	1 481	1 712	1 533	1 561
Total 16-64 -	6 752	9 114	9 378	9 963
65-66 -	695	905	902	849
<i>Norway</i>				
16-19 years	668	778	544	513
20-29 -	6 336	6 625	7 687	7 445
30-39 -	18 314	19 106	24 011	24 007
40-49 -	38 442	44 153	51 285	51 607
50-59 -	69 141	73 415	99 405	103 377
60-64 -	65 803	59 700	67 054	68 522
Total 16-64 -	198 704	203 777	249 986	255 471
65-66 - ²⁾	35 657	32 524	28 526	28 767
<i>Sweden</i>				
16-19 years	3 232	3 138	3 910	4 253
20-29 -	10 486	12 181	13 924	14 649
30-39 -	25 629	31 645	34 463	36 613
40-49 -	59 984	78 902	78 134	81 738
50-59 -	120 184	156 598	174 686	183 469
60-64 -	141 839	137 394	132 826	136 100
Total 16-64 -	361 354	419 858	437 943	456 822
65-66 -	.	.	.	.

1 Including individual disability pensions.

2 To this should be added 1 061 67 year-olds in 2000, as the old-age pension is payable as from the month following the month in which an applicant turns 67 years.

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Table 7.15 Pensioners receiving disability/anticipatory pension by way of basic pension/guaranteed minimum pension and/or employment pension as percentages of the respective age groups, 1990-2001

	1990	1995	2000	2001
<i>Denmark</i>				
18-19 years	0.1	0.2	0.2	0.2
20-29 -	0.9	1.1	1.1	1.1
30-39 -	2.1	2.3	2.2	2.3
40-49 -	4.0	4.5	4.5	4.7
50-59 -	9.7	8.8	8.1	8.5
60-64 -	14.6	14.4	12.5	12.3
Total 18-64 -	4.1	4.3	4.3	4.5
65-66 -	13.3	14.3	13.2	12.9
<i>Finland¹⁾</i>				
16-19 years	0.8	0.8	0.6	0.5
20-29 -	1.5	1.4	1.3	1.3
30-39 -	3.0	2.7	2.5	2.5
40-49 -	5.7	5.9	5.5	5.4
50-59 -	22.6	19.4	14.7	14.3
60-64 -	39.4	47.6	36.9	32.7
Total 16-64 -	9.1	9.2	8.1	7.8
65-66 -	.	.	.	.
<i>Iceland²⁾</i>				
16-19 years	1.3	1.9	1.1	1.3
20-29 -	2.0	2.6	2.3	2.4
30-39 -	2.8	4.3	4.1	4.2
40-49 -	4.3	5.6	5.9	6.3
50-59 -	8.7	9.7	8.9	9.3
60-64 -	14.4	17.0	15.8	15.8
Total 16-64 -	4.2	5.4	5.2	5.4
65-66 -	13.0	21.8	23.7	23.6
<i>Norway</i>				
16-19 years	0.3	0.4	1.0	0.5
20-29 -	1.0	1.0	1.0	1.3
30-39 -	2.9	2.9	4.0	3.5
40-49 -	6.7	7.1	8.0	8.2
50-59 -	18.0	16.3	18.0	18.1
60-64 -	33.6	33.9	36.0	35.7
Total 16-64 -	7.4	7.4	9.0	9.2
65-66 -	43.8	42.8	43.0	43.4
<i>Sweden</i>				
16-19 years	0.7	0.8	1.0	1.0
20-29 -	0.9	1.0	1.3	1.3
30-39 -	2.2	2.6	2.7	2.9
40-49 -	4.8	6.4	6.7	7.0
50-59 -	13.7	14.7	14.2	14.7
60-64 -	33.5	34.2	30.0	29.9
Total 16-64 -	6.7	7.6	7.8	8.1
65-66 -	.	.	.	.

1 Including individual disability pensions.

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 accident 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 basic amount of 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.

In Norway, subsidies are payable according to the same rules as apply to disability pensioners, with the exception that no special supplement is awarded. The rehabilitation proper may be carried through in a co-operation between i.a. the health, labour-market, and social-security authorities to the effect that these sectors must provide an overall offer to each person concerned.

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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 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 7.16 People receiving rehabilitation benefit during the year and as at December 2001

	Denmark ¹⁾	Finland ²⁾	Iceland	Norway ³⁾	Sweden ⁴⁾
<i>People receiving rehabilitation benefit during the year</i>					
Men	11 938	20 337	397	57 471	15 958
Women	21 917	34 192	636	71 955	31 612
Total	33 989	54 529	1 033	129 426	47 570
<i>People receiving rehabilitation benefit as at December 2001</i>					
Men	7 080	4 915	180	36 407	4 157
Women	14 074	6 381	317	47 194	8 935
Total	21 165	11 296	497	83 601	13 092

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 134 not stated, and total per December includes 11 not stated in respect of sex.

2 Includes only rehabilitation benefit payable by the Social Insurance Institution (80 per cent of all payments).

3 People receiving rehabilitation benefits calculated as at December.

4 Includes only people receiving rehabilitation benefit. The number of people receiving special benefits cannot be calculated.

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/anticipatory 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 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.

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/anticipatory 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/anticipatory 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).

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. In Norway, local authorities receive an ear-marked subsidy in order to induce that disabled people under 67 years be moved from old people's homes or nursing homes to housing facilities outside of the institutions.

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Table 7.17 People under 65 years living in institutions or in service housing, December 2001

	Denmark ¹⁾	Finland	Iceland	Norway ²⁾	Sweden ³⁾
Under 65 years, total	17 435	19 176	877	15 698	25 045
Under 65 years as percentage of the age group	0.4	0.4	0.4	0.4	0.3

1 Under 67 years; including special housing for the elderly.

2 The information applies to residents in special-care housing units as well as to people admitted to institutions (age group 0-66 years).

3 Average of the calculation as at 1 January and 1 October 2001. Includes people who are staying on a permanent or a short-term basis.

Home Help

In all five 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 7.18 People under 65 years receiving home help, 2001

	Denmark ¹⁾	Finland ²⁾	Iceland	Norway ³⁾	Sweden ⁴⁾
Recipients of home help under 65 years, total	29 898	34 319	4 900	25 969	14 104
Recipients of home help as percentage of the age groups under 65 years	0.6	0.8	1.7	0.7	0.2

1 Persons under 67 years.

2 Households. Out of the 34 319, 6 314 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 2001.

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 2001, 1 538 persons 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 2001, 12 637 people were covered by the accompaniment and contact-person schemes.

In Finland, local authorities may improve a severely disabled persons 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 2001, 3 146 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

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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 2001, local authorities received subsidies for 796 persons. 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. Since 1997, a pilot project with function assistants has been running. 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 2001, about 14 000 people received personal assistance.

Rehabilitation

In all five 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 2001, these measures covered 22 542 people. People with permanent limited working capacities may furthermore find employment with private or public employers in flex-jobs or wage-subsidized sheltered jobs. Flex-jobs are given to persons

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who are not receiving any social pension whereas sheltered jobs are given to disability/anticipatory pensioners. At the end of 2001, there were 15 150 people in flex-jobs and 5 750 in sheltered 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 own 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. People who undergo rehabilitation or occupational rehabilitation are awarded benefits in the same way as applies to disability/anticipatory pension, with the exception that no special supplements are payable. Besides, supplements are payable towards special costs in connection with rehabilitation, such as travel expenses.

In Sweden, people with reduced working capacities may participate in various labour-market measures via the employment service. In 2001, about 56 800

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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 clearing. There are also schemes for washing and mending clothes. There are no centrally agreed policies regarding payment, but usually a fee is charged for the provision of meals, pedicure and gardening. In all the countries there are so-called daytime measures aimed at various target groups, such as people with mental disabilities, to provide help by way of rehabilitation, employment and 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

- of Still Decreasing Importance

Changes during the past decades regarding family patterns, increasing participation by women in the labour market and changes in the distribution of income between spouses have caused legislative changes within this field.

In Denmark, pension to widows and widowers has been abolished. Widows and widowers may in Denmark apply for ordinary disability/anticipatory pension, which in this report is termed special old-age pension. Pensioners, who were married to a pensioner, have so far in case of death been granted a short-term survivor's pension that was paid and registered together with their pension. This survivor's pension has now been abolished, and a survivor's allowance was introduced. The allowance is payable to persons whose spouse or partner dies, and it is payable to both pensioners and non-pensioners. The survivor's allowance is income- and property-adjusted and will be granted as a non-recurrent payment. In 2001, 5 250 people were granted survivor's allowance, of whom 1 450 people were under the age of 67.

In Finland, 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. 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 Sweden, entitlement to survivor's pension is subject to a survivor's ability to provide for him/herself. In Sweden, the current widow's pension shall lapse on a long-term basis for most survivors.

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/anticipatory pension. Pension is payable to a survivor by way of an employment pension or a supplementary pension.

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In Norway, there are favourable rules governing the employment pension in the Social Security Scheme's old-age and disability/anticipatory pension system for survivors. They can choose either 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 7.19 Pensioners aged 18-64/66 years receiving statutory survivor's pension, 1990-2001

	Denmark ¹⁾		Finland ²⁾		Iceland ³⁾		Norway ⁴⁾		Sweden ⁵⁾	
	M	W	M	W	M	W	M	W	M	W
1990	.	.	1 633	60 527	157	1 211	1 484	34 234	1 372	68 020
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	.	.	8 309	45 135	1 707	2 209	2 059	24 452	1 581	51 173

1 The widow's pension scheme has been abolished. Pension may be granted to widows by way of the disability/anticipatory pension scheme.

2 Widows/widowers over 64 years may be granted survivor's pension by way of employment pension. In 2001, the number of pensioners over 64 years receiving survivor's pension was 182 240 women and 19 603 men.

3 From 1999, only pensioners aged 16-65 years receiving employment pension.

4 Not including widows and widowers receiving disability/anticipatory pension. Widows/widowers under 67 years. In 2001 including 150 people over 67 years.

5 Includes widow's pension to people under 65 years as well as transition pension and special pension to survivors. On 1 January 1997, the transition pension period was reduced from 12 to six months. As at 1 April 1997, the widow's pension from the statutory retirement pension scheme became income-adjusted. Prior to 1990, the data excluded persons who only received transition pension from the Employment Pension Fund or only widow's pension from the statutory retirement pension scheme.

Table 7.20 Average monthly amount of statutory survivor's pension, 2001

	KR/EUR			PPP-Euro		
	Men	Women	All	Men	Women	All
Denmark	.	.	.	.	.	.
Finland ¹⁾	172	445	415	147	381	356
Iceland	..	..	..	..	..	..
Norway	4 106	6 095	5 940	378	562	547
Sweden ²⁾	4 836	3 488	3 528	429	309	313

1 Amount paid on average as at December.

2 Average amount as at December 2001 to pension recipients under 65 years by way of widow's pension, transition pension and special pension to survivors from both the basic pension and the labour market employment pension schemes.

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, a special child allowance is granted to orphans and to children who have lost one of their parents.

In Finland, Norway and Sweden, child pension may be payable until a child turns 20 years if the child/youth is receiving education. In Norway, this applies only if both parents are deceased. The same limit applies in Iceland to orphans receiving education and to child pension by way of basic pension. 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, 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 7.21 Children receiving child pension by way of basic pension and/or employment pension. Total and as percentages of children of the qualifying age groups, 1990-2001¹⁾

	Denmark	Finland	Iceland ²⁾	Norway	Sweden
<i>Number of children receiving child pension</i>					
1990	19 753	28 429	1 545	14 751	30 629
1995	17 590	29 338	1 325	13 658	31 208
2000	17 278	28 476	1 300	14 074	29 570
2001	17 528	28 072	1 288	14 316	29 329
<i>As percentage of children of the qualifying age groups</i>					
2001	1.5	2.1	1.6	1.3	1.4 ³⁾

1 Entitled were, in 2001, 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, 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 0-19 years.

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Table 7.22 The average monthly statutory amount of child pension, 2001

	Denmark	Finland	Iceland ¹⁾	Norway ¹⁾	Sweden
KR/EUR	816	268	13 859	1 615	2 609
PPP-Euro	87	230	130	149	231

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 Iceland is the country spending the least.

Regarding expenditure on old-age pensions, calculated in PPP per pensioner, Denmark spends the most 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 spends the most and Iceland the least on the elderly, calculated as PPP per capita.

In respect of the disabled, Norway spends the most and Iceland the least on cash benefits per capita. In return, Denmark spends the most on disability/anticipatory pension per disability/anticipatory pensioner, while Finland spends the least. The expenditure on services to the disabled is highest in Denmark and Sweden and lowest in Finland. In total, Norway spends the most and Iceland 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 2000 to 2001

In Denmark, the expenditure on the Labour Market Supplementary Pension Scheme and employment pensions continues to increase, and from 2000 to 2001, there was also an increase in the expenditure on old-age pension as a result of an increase in the number of old-age pensioners. The expenditure on the voluntary early retirement scheme increased as a result of a demographically conditioned increase in the number of recipients of 4 300 from 2000 to 2001. 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 4 700 from 2000 to 2001. To this should be added a decrease in the expenditure on the ordinary disability/anticipatory pensions under special old-age pensions as a result of a decline in the number of disability/anticipatory pensioners of 8 400 from 2000 to 2001. In return, the expenditure on the highest and the intermediate disability/anticipatory pension increased from 2000 to 2001 as a result of an increase in the number of pensioners of almost 6 000. The expenditure on rehabilitation and on flex-jobs to people with reduced working capacities continued to increase from 2000 to 2001. Besides, there was an increase in the expenditure on care and nursing, etc., for the elderly and the disabled and on the expenditure on institutions, etc., for the disabled.

In Finland, the expenditure on old-age pension increased by 5 per cent as a result of an increase in the number of recipients by 5 900 people. These pensions were adjusted by 2.9 per cent as at 1 January. Furthermore, new pension recipients had a longer accumulation time and are consequently entitled to larger pension amounts. The social services to the elderly increased by 7.5 per cent.

The expenditure on disability pension decreased by 12 per cent, and the number of recipients of disability pension decreased by 8 360 people. This was mainly due to the qualifying age for the individual disability pension being raised. The expenditure on services to the disabled increased by about 6 per cent as a result of enhanced efforts towards the disabled, especially within the outpatient treatment.

The number of people who received survivor's pension increased by 2 500 people and made the expenditure increase by 2 per cent in terms of 2001 prices.

In Iceland, the expenditure on the elderly increased by 3.7 per cent in terms of 2001 prices, of which cash benefits and services increased equally much. The expenditure on employment pension increased by 6.5 per cent

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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. In comparison, the expenditure on the basic pension increased by only 1 per cent. In the Icelandic system, the basic pension decreases when the employment pension increases. The increase in the expenditure on services was due to wage/salary increases as well as to an extension of the home help scheme. The expenditure on the disabled increased by 4.9 per cent in terms of 2001 prices, of which services increased by 14.3 per cent, whereas cash benefits increased by 0.2 per cent. The employment pension increased by 11.9 per cent, while the expenditure on the basic pension decreased by 3.8 per cent. The decrease in the expenditure on the basic pension was a result of the fact that pensions were adjusted in 2000 with effect from 1997 by a total amount of ISK 1.3 billion. If adjustments are made for this payment, the expenditure on the basic pension in terms of 2001 prices increased by about 13 per cent. The increase in the expenditure on services was a result of an increased service level both in and out of the institutions.

The expenditure on survivors increased by 19.1 per cent, mainly due to an increase in the employment pension.

In Norway, the expenditure on cash benefits to old-age pensioners increased from 2000 to 2001, although the number of old-age pensioners decreased during the year. The increase in the expenditure was due to the social security scheme still being in the process of establishment, and the number of pensioners entitled to employment pension increasing. The expenditure on special old-age pensions increased by about 14 per cent from 2000 to 2001. This is a result of there being more AFP pensioners in the private sector of the age group 64 to 67 years that are subsidized by Central Government. The number of disability/anticipatory pensioners continued to increase in 2000, but the accession of new disability/anticipatory pensioners was somewhat lower than in recent years. The expenditure on disability/anticipatory pension increased by 4 per cent from 2000 to 2001. There were only slight changes in relation to benefits to survivors.

In Sweden, the expenditure on the elderly, the disabled and survivors amounted to 15.8 per cent of the GDP, or 51.2 per cent of the total social expenditure. In comparison with 2000, the expenditure on the elderly, the disabled and survivors only decreased marginally, measured as a percentage of the total social expenditure. In 2000, the expenditure made up 15.6 per cent of the GDP. As a percentage of the total social expenditure, the expenditure on the elderly has remained relatively stable during the past five years. The Swedish Government's prioritizing of the care measures for the elderly to-

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gether with an improved financial situation in the municipalities has resulted in the public expenditure on care for the elderly (services) having increased.

The expenditure on the disabled increased by 3.9 per cent from 2000 to 2001. In 2001, the expenditure amounts to 12.2 per cent of the total social expenditure. This was, among other things, a result of an increased number of disability/anticipatory pensioners and that the government expenditure on personal assistance increased. Measured in relation to the GDP, the expenditure on the disabled was by and large unaltered from 2000 to 2001, where the expenditure made up 3.8 per cent of the GDP in 2001.

The expenditure on survivors has for the past five years amounted to 0.7 per cent of the GDP. The expenditure on survivors remained at a constant 2.2 per cent of the total social expenditure in 2001.

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Table 7.23 Expenditure on and financing of pensions, other cash benefits and services to the elderly, 2001

	Denmark	Finland	Iceland	Norway	Sweden
	DKK	EUR	ISK	NOK	SEK
<i>Cash benefits, million KR/EUR</i>					
A. Old-age pensions	89 902	8 916	30 405	77 967	194 679
Of which:					
a. Basic/Minimum pension	58 523	1 807	15 603	33 359	53 169
b. Employment pension	3 817	6 820	14 802	35 338	99 311
c. Additional pension	27 476	289	-	9 269	42 199
B. Special old-age pensions	30 410	658	-	516	-
C. Partial retirement pension	193	168	-	-	244
D. Other	30	124	-	-	2
Cash benefits, total	120 535	9 866	30 405	78 483	194 925
<i>Services, million</i>					
A. Institutions, etc.	2 031	529	9 222	17 113	41 137
B. Assistance to carry out daily tasks	20 222	351	687	10 535	16 068
C. Other	1 103	276	490	6 138	3 348
Services, total	23 357	1 156	10 399	33 787	60 553
Total expenditure, million	143 891	11 022	40 804	112 269	255 478
Expenditure as percentage of GDP	10.9	8.1	5.5	7.4	11.3
<i>Financed by (per cent)</i>					
- Public authorities	52.1	21.9	26.2	53.4	32.7
- Employers	21.0	63.5	57.7	27.7	44.0
- The insured (contributions and special taxes)	26.9	14.6	16.2	18.9	23.3
<i>Changes 2000-2001 in terms of 2001 prices</i>					
- Million KR/EUR	2 467	567	1 441	4 682	2 471
- Per cent	1.7	5.4	3.7	4.4	1.0

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Table 7.24 Expenditure on and financing of pensions, other cash benefits and services to disabled people, 2001

	Denmark	Finland	Iceland	Norway	Sweden
	DKK	EUR	ISK	NOK	SEK
<i>Cash benefits, million</i>					
A. Disability/Anticipatory pensions	21 401	2 747	12 659	35 882	46 521
Of which:					
a. Basic/Minimum pension	21 401	643	9 009	14 093	14 847
b. Employment pension	-	2 089	3 650	18 509	26 107
c. Additional pension	-	15	-	3 281	5 567
B. Early retirement benefit due to reduced working capacity	2 567	336	-	-	
C. Care allowance	-	81	-	2 697	2 931
D. Subsidies to financial integration of the disabled	5 565	59	-	9 805	1 661
E. Other	2 924	296	177	1 108	-
Cash benefits, total	32 457	3 519	12 836	49 493	51 113
<i>Services, million</i>					
A. Institutions, etc.	6 653	141	2 453	591	12 645
B. Assistance to carry out daily tasks	3 803	244	109	3 964	13 485
C. Rehabilitation	2 468	423	4 126	8 273	2 244
D. Other	1 971	295	546	946	6 493
Services, total	14 895	1 103	7 233	13 774	34 867
Total expenditure, million	47 352	4 622	20 069	63 267	85 980
Expenditure as percentage of the GDP	3.6	3.4	2.7	4.2	3.8
<i>Financed by (per cent)</i>					
- Public authorities	67.0	33.8	38.2	48.8	43.9
- Employers	5.0	50.7	43.2	30.2	54.6
- The insured (contributions and special taxes)	28.1	15.5	18.6	21.0	1.5
<i>Changes 2000-2001 in terms of 2001 prices</i>					
- Million	2 839	44	929	3 540	3 208
- Per cent	6.4	1.0	4.9	5.9	3.9

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Table 7.25 Expenditure on and financing of cash benefits and services to survivors, 2001

	Denmark	Finland	Iceland	Norway	Sweden
	DKK	EUR	ISK	NOK	SEK
<i>Cash benefits, million</i>					
A. Survivors' pensions	1	1 296	4 204	4 304	14 868
Of which:					
a. Basic/Minimum pension	-	41	263	1 214	700
b. Employment pension	-	1 203	3 941	987	13 307
c. Additional pension	1	52	-	2 104	861
B. Death grants	-	39	59	-	-
C. Other	-	-	-	16	-
Cash benefits, total	1	1 335	4 263	4 320	14 868
<i>Services, million</i>					
A. Funeral grants	142	5	-	233	-
B. Other	-	-	-	-	-
Services, total	142	5	-	233	-
Total expenditure, million	143	1 340	4 263	4 553	14 868
Expenditure as percentage of the GDP	0.0	1.0	0.6	0.3	0.7
<i>Financed by (per cent)</i>					
- Public authorities	100.0	7.2	1.4	37.9	-
- Employers	0.0	72.2	73.0	38.9	97.3
- The insured (contributions and special taxes)	0.0	20.6	25.7	23.2	2.7
<i>Changes 2000-2001 in terms of 2001 prices</i>					
- Million	-8	31	685	51	-198
- Per cent	-5.5	2.4	19.1	1.1	-1.3

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Table 7.26 Expenditure on cash benefits to the elderly, the disabled and survivors in PPP/capita and per pensioner, 2001

	Denmark	Finland	Iceland	Norway	Sweden
<i>The elderly</i>					
Cash benefits per capita	2 403	1 630	999	1 603	1 944
Old-age pension per pensioner	13 536	9 208	9 817	11 461	10 736
Services per person 65 years and older	3 141	1 266	2 946	4 597	3 508
Total benefits and services to the elderly per capita	2 868	1 820	1 340	2 292	2 548
<i>The disabled</i>					
Cash benefits per capita	647	581	422	1 011	510
Disability/anticipatory pension per pensioner	13 692	8 914	10 963	11 589	9 036
Services per capita	297	182	238	281	348
Total benefits and services to the disabled per capita	944	763	659	1 292	858
<i>Survivors</i>					
Total per capita	3	221	140	93	148

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, 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. The proportion of user charges of the total expenditure cannot be calculated.

In Finland, user charges payable for long-term care of the elderly depend on a patient's income. In 2001, user charges amounted to 20 per cent of the total expenditure. In institutions for mentally impaired people, user charges

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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 8.1 per cent of the municipal expenditure.

In Norway, user charges payable for stays in institutions depend on a patient's income. No user charges are payable for the first month at an institution. If one has been admitted for a short time earlier that same year, there will be no charges before 60 days of stay within one and the same calendar year. User charges for stays in institutions are fixed on the basis of centrally laid down rules that are adjusted in respect of how large a part of a resident's income, a municipality may demand in payment for a stay in an institution. User charges payable for the municipal old-age homes and homes for the long-term ill amount to 75 per cent (less a basic allowance of NOK 6 000) of an income that is lower than NOK 51 360 and to 85 per cent of incomes higher than that. Besides, there are special rules for people whose spouses still live in their homes. User charges payable for state or county homes for the long-term ill amount to 75 per cent of the basic amount (NOK 51 360) plus 90 per cent of the special supplement/employment pension. Special rules apply where a pensioner provides for a spouse and/or children. Consequently, the user charges are lower in the municipal sick/nursing home than in the state and county homes for the long-term ill. The individual local authorities fix user charges payable for home help, but the amount must not exceed the actual costs. User payment may not be charged for that part of the help that is personal care and nursing. If an income is lower than NOK 102 720 in 2001, user charges must not exceed NOK 50 per month.

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. User charges must not exceed the local authorities' own expenses, however. Besides, the individual must be left with an adequate amount after payment of tax, rent and user charges to the local authorities for his maintenance. User charges amounted to approximately 8 per cent of the gross expenditure for the entire care schemes for the elderly and the disabled in 2001. As from 1996, user charges payable for stays in institutions, individual housing and home help in traditional housing cannot be calculated separately.

Chapter 8

Housing Benefits

Table 8.1 Expenditure on housing benefits as percentage of the total social expenditure in the EU, Iceland and Norway, 2000

Denmark	2.4	Austria	0.4	Italy	0.0
Finland	1.5	Belgium	..	Luxembourg	0.3
Iceland	0.7	France	3.1	The Netherlands	1.5
Norway	0.7	Germany	0.7	Portugal	0.0
Sweden	2.1	Greece	3.1	Spain	0.9
		Ireland	3.3	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, housing benefits are granted to both families with and families without children. In Norway, housing benefits are usually only granted to families without children 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 families without children.

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.

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Table 8.2 Average housing benefit per month to families, 2001

	Denmark	Finland	Norway	Sweden ¹⁾
<i>Average housing benefit per month per family, KR/EUR</i>				
Married and cohabiting couples				
- with children	1 278	242	2 122	1 720
- without children	507	149	1 988	760
Single people				
- with children	1 712	247	1 793	1 620
- without children	396	150	1 593	628
<i>Average housing benefit per month per family, PPP-Euro</i>				
Married and cohabiting couples				
- with children	136	207	196	153
- without children	54	128	183	67
Single people				
- with children	183	212	165	144
- without children	42	129	147	56

1 December 2001.

In Finland and Norway, social assistance may also 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. These were mainly single providers due to an increase in the unemployment rate in several of the countries.

In Denmark, recent years have seen a slight increase in the number of households that receive housing benefits, despite the continuing decrease in the unemployment rate and the reform of the rules governing the housing benefits, which will gradually be implemented 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 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, households without children lost their entitlement to housing benefits as from 1996 in case the applicant was over

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Table 8.3 Families receiving housing benefit at the end of the years 1990-2001

	Denmark	Finland	Norway	Sweden
<i>Number of recipients</i>				
<i>1990</i>				
Married and cohabiting couples	28 663	38 770	..	109 000
- with children	17 675	29 880	..	..
- without children	10 988	8 890	..	..
Single people	115 258	49 687	..	135 000
- with children	57 700	36 121	..	..
- without children	57 558	13 566	..	..
<i>1995</i>				
Married and cohabiting couples	33 610	74 402	5 016	198 044
- with children	21 672	49 753	5 016	180 798
- without children	11 938	26 649	..	17 246
Single people	141 265	139 414	13 740	352 416
- with children	66 026	55 838	13 740	228 021
- without children	75 239	75 974	-	124 395
<i>2000</i>				
Married and cohabiting couples	33 619	33 359	5 360	50 016
- with children	21 284	25 559	4 954	47 622
- without children	12 335	7 800	406	2 394
Single people	136 051	136 993	17 982	195 368
- with children	61 700	50 184	15 725	161 548
- without children	74 351	86 809	2 257	33 820
<i>2001</i>				
Married and cohabiting couples	33 194	29 594	5 400	45 065
- with children	20 133	24 040	5 012	43 031
- without children	13 061	5 554	388	2 034
Single people	139 371	128 872	18 587	185 124
- with children	62 273	45 804	15 974	155 255
- without children	77 098	83 068	2 613	29 869

28 years of age, and many other households without children, 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, housing benefits have gradually become extended in that the requirements of the accommodation were reduced.

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Housing Benefits to Pensioners

- Support to Pensioners with Low Incomes

In all the Nordic countries, housing benefits are payable to pensioners. The amount of the housing benefit depends on a pensioner's personal income, the rent costs, etc.

Table 8.4 Pensioners receiving housing benefit at the end of the years 1990-2001

	Denmark	Finland	Norway	Sweden
<i>1990</i>				
Married or cohabiting pensioners	54 617	12 036	..	49 800
Single pensioners	223 239	116 288	..	446 900
Total	277 856	130 150	..	496 700
<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>2001</i>				
Married or cohabiting pensioners	59 584	8 849	4 142	..
Single pensioners	267 574	141 668	80 517	..
Total	327 158	154 620	84 659	455 879

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 both a benefit (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. 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

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mainly be granted to pensioners, who live alone and have a low income. In Norway, housing benefits are payable to recipients of old-age, anticipatory 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 118 000 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 to 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 anticipatory 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, 2001

	Denmark	Finland	Norway	Sweden
<i>Average housing benefit per month to married or cohabiting pensioners</i>				
- KR/EUR	1 459	140	1 651	} 1 849 ¹⁾
- PPP-Euro	156	120	152	
<i>Average housing benefit per month to single pensioners</i>				} 164 ¹⁾
- KR/EUR	1 835	129	1 325	
- PPP-Euro	196	111	122	

1 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. Although the number of recipients has dropped noticeably, Sweden spends almost as much as Denmark, while Iceland spends least, followed by Norway. Both in Denmark and in Sweden, housing benefits play an important part to 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 2000 to 2001

In Denmark, the expenditure on rent subsidies to families increased slightly from 2000 to 2001 as a result of an increase in the number of recipients. The expenditure on housing benefits to pensioners decreased, on the other hand, as a result of a decrease in the number of recipients.

In Finland, the expenditure on housing benefits decreased by 16.5 per cent and the number of recipients decreased by 11 900 persons. Housing benefits to pensioners is in Finland part of the pension system. The expenditure on housing benefits to pensioners amounted in 2001 to EUR 240 million.

In Iceland, the expenditure on housing benefits increased by 11.2 per cent in terms of 2001 prices due to increases in housing costs.

In Norway, the expenditure on housing benefits increased by about 6 per cent from 2000 to 2001. The main reason for the increase was an increase in the housing benefit ceiling in 2001. This means that the ceiling for the housing costs that may be taken into consideration when the housing benefits are calculated, increased.

In Sweden, there has been a decrease in the expenditure on housing benefits from 1994 to 2000. In 2001, the expenditure on housing benefits increased again by SEK 409 million from 2000 to 2001. The expenditure in 2001 amounted to 0.6 per cent of the GDP, which was the same as in 2000. The expenditure on housing benefits measured as a proportion of the total social expenditure was still 2.2 per cent in 2001.

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Table 8.6 Expenditure on and financing of housing benefits, 2001

	Denmark	Finland	Iceland	Norway	Sweden
	DKK	EUR	ISK	NOK	SEK
<i>Services, million</i>					
A. Housing benefit to people in rented housing	8 809	383	1 019	1 159	14 401
a. Of whom pensioners	6 901	-	-	454	7 055
B. Housing benefit to owner-occupiers	-	17	-	631	..
a. Of whom pensioners	-	-	-	232	..
Services, total	8 809	401	1 019	1 790	14 401
Total expenditure, million	8 809	401	1 019	1 790	14 401
Total expenditure per capita, PPP-Euro	176	66	33	37	144
Expenditure as percentage of the GDP	0.7	0.3	0.1	0.1	0.6
<i>Financed by (per cent)</i>					
- Public authorities	100.0	100.0	100.0	100.0	100.0
- Employers	0.0	0.0	0.0	0.0	0.0
- The insured (contributions and special taxes)	0.0	0.0	0.0	0.0	0.0
<i>Changes 2000-2001 in terms of 2001 prices</i>					
- Million	29	-79	103	104	67
- Per cent	0.3	-16.5	11.2	6.1	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, Iceland and Norway, 2000

Denmark	3.7	Austria	1.8	Italy	0.1
Finland	2.0	Belgium	1.4	Luxembourg	0.9
Iceland	2.1	France	1.4	The Netherlands	5.3
Norway	2.6	Germany	1.9	Portugal	1.5
Sweden	2.4	Greece	2.2	Spain	0.7
		Ireland	2.1	United Kingdom	1.0

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 individual and is 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 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 80 per cent of the maximum rate of the unemployment benefit. For non-providers, the assistance equals 60 per cent of the unemployment benefit. Young people under the age of 25, who do not have any children living at home, 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. Local authorities may furthermore grant assistance to non-recurrent expenses, removals, medical treatment, medicine,

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dental treatment and the like, to cash assistance recipients, who are in need thereof, 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 cause, the local authorities may discontinue payment of the assistance. In case a recipient of cash assistance fails to appear without reasonable cause when he has been offered activation, the local authorities may reduce the assistance by up to 30 per cent.

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 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 includes the expenditure on the current, daily costs towards maintenance. The governmental 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.

In Sweden, the purpose of the social 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 serve 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. 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 commodities. Social assistance may also be granted for other purposes, such as dental treatment, medical treatment, glasses, equipment for the home and removal expenses.

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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 9.2 Rules governing award of social assistance, 2001

	Denmark	Finland	Iceland	Norway	Sweden
Social assistance payable as a fixed amount?	Yes	No ²⁾	Yes ³⁾	No	No ²⁾
Social assistance calculated individually by local authorities?	No	Yes	No	Yes	Yes
Social assistance taxable?	Yes	No	Yes	No	No
Social assistance payable as a supplement to other social benefits?	Yes	Yes	Yes	Yes	Yes
Social assistance payable as a supplement to income from work?	No ¹⁾	Yes	Yes	Yes	Yes

1 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.

2 Each year, a "national standard" is calculated, which local authorities apply when calculating the social assistance, cf. the text above.

3 In 2000, the maximum amount for single people over 18 years was ISK 62 421 and for co-habiting couples ISK 112 354 in the municipality of Reykjavik. Income in the month in which an application is submitted as well as in the previous month will be deducted from the amount - with the exception of child allowance and housing benefit.

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Table 9.3 Individuals receiving social assistance during the year, in thousands and as percentages of the population 16/18 years or over, 1990-2001

	Denmark	Finland	Iceland	Norway	Sweden
<i>Thousands</i>					
1990	235.2	225.6	4.6	178.2	321.8
1995	195.1	430.3	6.9	188.0	451.7
2000	172.8	334.7	5.2	150.9	340.3
2001	165.8	323.6	5.5	143.6	306.5
<i>As percentages of the population 16/18 years or over</i>					
1990	5.8	5.9	2.6	5.5	4.8
1995	4.7	10.9	3.5	5.6	6.6
2000	4.1	8.3	2.6	4.4	4.9
2001	4.0	8.0	2.6	4.2	4.4

Note: Calculations based on all people of 18+ years (in Iceland 16 years in 1990 and 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 Sweden, children over 18 years, who live at home, are also calculated as assistance recipients. The figures for Denmark include recipients of cash assistance payable towards maintenance (including refugees), but 16 397 recipients of the introduction benefit to refugees have not been included in 2001. Activated cash assistance recipients are included under labour-market measures. The Swedish figures also include refugees.

Table 9.4 Number of individuals over the age of 18, who receive social assistance, in total and as percentages of the population, per 1 December, 1995-2001

	Denmark	Finland	Iceland ¹⁾	Norway	Sweden ²⁾
<i>Total number</i>					
1995	97 399	170 058	..	76 054	..
2000	82 020	147 824	8 176	63 732	..
2001	81 747	151 917	9 306	62 117	147 019
<i>As percentages of the population</i>					
1995	2.4	4.5	..	2.3	..
2000	2.0	3.7	2.9	1.9	..
2001	2.0	3.7	3.3	1.8	2.1

1 Individuals receiving social assistance during the year.

2 People in socially assisted households, who received assistance in November.

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Table 9.5 Individuals receiving social assistance during the year, by age, in total and as percentages of their age groups, 2001

	Recipients	Recipients in per cent according to age				
	Total	18-24 years	25-39 years	40-54 years	55-64 years	65+ years
<i>Denmark¹⁾</i>						
Recipients, total	163 012	8.6	6.5	3.5	1.0	0.2
New, total	55 526	4.5	2.0	0.9	0.2	0.0
<i>Finland</i>						
Recipients, total	323 579	16.2	10.4	8.2	4.4	2.1
New, total	106 685	7.3	3.3	2.1	1.2	0.9
<i>Iceland</i>						
Recipients, total	5 483	4.4	3.4	2.4	1.4	0.6
New, total	3 127	2.7	1.9	1.3	0.9	0.4
<i>Norway</i>						
Recipients, total	146 320	7.4	6.2	4.2	2.2	1.0
New, total	51 840	3.3	2.2	1.3	0.7	0.3
<i>Sweden²⁾</i>						
Recipients, total	306 543	10.2	6.0	4.4	2.1	1.4
New, total	84 763	3.5	1.6	1.0	0.5	0.4

1 Exclusive of 2 765 recipients, whose family type is not stated.

2 Includes only people who have a complete personal identification number.

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Table 9.6 Families, who have received social assistance during the year as percentages of all families, by type of family, 2001

	Denmark	Finland	Iceland	Norway	Sweden
<i>Families by type (per cent)</i>					
Single men	7.3	15.0	5.7	12.3	9.4
- with children	9.1	19.8	16.7	15.5	7.6
- without children	7.3	14.9	2.4	12.2	9.5
Single women	5.2	11.4	4.0	8.2	11.5
- with children	18.1	28.7	11.7	18.4	25.2
- without children	3.3	9.1	3.9	6.1	7.9
Married/cohabiting couples	5.0	4.9	0.9	2.8	2.5
- with children	8.3	6.7	1.1	2.8	3.5
- without children	2.8	3.7	0.8	2.7	1.4
Total	5.6	9.5	3.3	6.3	6.4
- with children	9.9	10.8	5.0	5.8	7.0
- without children	4.4	9.1	2.6	6.5	6.2

Note: Cf. Table 9.2. Figures for Denmark exclude 2 765 people whose family type has not been specified. Figures for Sweden, only households where the registered person is between 18 and 64 years. The total number of households is an estimate.

Assistance to Refugees in the Nordic Countries

- 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 reunion 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 the refugees that are received into the country have been implemented. The rules do, however, vary considerably from one country to another.

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

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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. Reunions 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 are awarded an introduction benefit, which corresponds to the cash benefits. 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.

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 for 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 country on humanitarian grounds, during the first five years of their stay. Social assistance to refugees is awarded according to the Act on Social Services and Benefits in the same way as to all other recipients of social assistance.

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.

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Table 9.7 Number of refugees received, exclusive of reunion of families, who have been granted residence permit in the Nordic countries, 1990-2001

	Denmark	Finland	Iceland	Norway	Sweden
1990	3 044	639	41	3 867	12 839
1995	20 347	1 129	5	4 602	5 642
2000	5 156	1 028	31	4 781	10 546
2001	6 264	1 537	7	5 866	5 546

Table 9.8 Number of asylum seekers, 1990-2001

	Denmark	Finland	Iceland	Norway	Sweden
1990	5 292	2 743	7	3 692	29 420
1995	5 104	854	4	1 460	9 047
2000	10 347	3 170	25	10 842	16 303
2001	8 385	1 651	53	14 782	23 515

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, hospices, 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 five 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 and lowest in Finland and Iceland, 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 between the countries as to whether abusers are treated in special institutions or in the general somatic and psychiatric treatment system.

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Changes in the Expenditure on Other Social Benefits from 2000 to 2001

In Denmark, there has been a limited increase in the expenditure on other social benefits from 2000 to 2001. There was for example a slight increase in the expenditure on introduction benefits, etc., to refugees in accordance with the Act on Integration that entered into force in 1999.

In Finland, the expenditure on other social benefits consists first and foremost of social assistance. This expenditure increased by 6 per cent while the number of recipients decreased by 11 per cent.

In Iceland, the expenditure on other social benefits decreased by 10.7 per cent in terms of 2001 prices, where services increased by 2.4 per cent and cash benefits by 22.2 per cent. The increase in the expenditure on cash benefits was a result of almost a doubling of the payments to wage guarantees in connection with insolvency.

In Norway, there was an increase in the expenditure on other social services from 2000 to 2001 of about 1.2 per cent. There was a relatively steep increase in the expenditure due to an increase in the social expenditure in connection with the government guarantee concerning wage costs in case of insolvency. In total, the social assistance increased from 2000 to 2001, and the expenditure on social assistance was about 1 per cent higher in 2001 than in 2000.

In Sweden, the expenditure on other social benefits remained unaltered from 2000 to 2001, corresponding to 0.7 per cent of the GDP. The proportion of the expenditure of the total social expenditure also remained unaltered at 2.5 per cent from 2000 to 2001.

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Table 9.9 Expenditure on and financing of other social benefits, 2001

	Denmark	Finland	Iceland	Norway	Sweden
	DKK	EUR	ISK	NOK	SEK
<i>Cash benefits, million</i>					
A. Income-substituting/ supplementing benefits	8 047	459	1 120	4 308	8 704
a. Of which social assistance	-	429	1 077	4 308	8 704
B. Other benefits	2 742	-	371	369	651
Cash benefits, total	10 789	-	1 491	4 678	9 355
<i>Services, million</i>					
A. Institutions, etc.	735	64	-	1 241	49
B. Rehabilitation and treatment of abusers	771	100	793	1 595	3 744
C. Other	1 637	101	971	2 017	2 106
Services, total	3 144	265	1 764	4 853	5 899
Total expenditure, million	13 933	724	3 255	9 531	15 254
Expenditure as percentage of the GDP	1.1	0.5	0.4	0.6	0.7
<i>Financed by (per cent)</i>					
- Public authorities	99.5	97.2	93.8	100.0	100.0
- Employers	0.5	2.8	5.5	0.0	0.0
- The insured (contribu- tions and special taxes)	0.0	0.0	0.8	0.0	0.0
<i>Changes 2000-2001 in terms of 2001 prices</i>					
- Million	93	36	313	110	-784
- Per cent	0.7	5.2	10.7	1.2	-4.9

**Table 9.10 Expenditure on other social benefits and services in
PPP/capita, 2001**

	Denmark	Finland	Iceland	Norway	Sweden
Cash benefits, total	215	76	49	96	93
Services, total	63	44	58	99	59
Other social benefits, total	278	120	107	195	152

*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, Iceland and Norway, 2000

Denmark	28.8	Austria	28.7	Italy	25.2
Finland	25.2	Belgium	26.7	Luxembourg	21.0
Iceland	19.5	France	29.7	The Netherlands	27.4
Norway	25.4	Germany	29.5	Portugal	22.7
Sweden	32.3	Greece	26.4	Spain	20.1
		Ireland	14.1	United Kingdom	26.8

Note: See Table 4.1.

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Table 10.2 Social expenditure per capita in the EU, Iceland and Norway, 2000. PPP/Euro

	Families and children	Unemployment	Illness	Old age, disability and survivors	Housing benefits	Other social benefits	Total
Denmark	987	792	1 518	3 763	178	280	7 518
Finland	669	556	1 271	2 651	81	109	5 338
Iceland	564	65	1 893	2 173	33	103	4 828
Norway	961	200	2 577	3 550	51	195	7 534
Sweden	751	450	1 882	3 553	146	167	6 950
Austria	773	342	1 890	4 111	26	128	7 270
Belgium	568	742	1 562	3 267	0	88	6 227
France	644	461	1 943	3 335	207	95	6 684
Germany	729	583	1 955	3 455	49	128	6 899
Greece	267	222	960	1 971	113	81	3 615
Ireland	421	313	1 333	994	108	70	3 237
Italy	205	91	1 333	3 707	1	8	5 345
Luxembourg	1 573	312	2 389	5 080	28	89	9 466
The Netherlands	299	336	1 924	3 560	98	347	6 564
Portugal	170	117	939	1 797	0	45	3 068
Spain	98	441	1 071	1 956	32	27	3 625
United Kingdom	404	181	1 481	3 270	328	60	5 723

The account of the social expenditure has been divided into four sections. Firstly, an account is given of the social expenditure trends from 1990 to 2001; secondly, the financing of the total social expenditure is shown, followed by a description of the purposes of the social expenditure, and finally, the significance of taxation in relation to the total social expenditure is shown. The Swedish figures for 1990 have been calculated according to the previous NOSOSCO specification, while the other countries have used the specification used in the ESSPROS manual.

Changes in the Social Expenditure, 1990-2001

The development in the social expenditure, in total and per capita, in current and in fixed prices and in relation to the gross domestic product (GDP) and in purchasing power parities (PPP-Euro) since 1990, appears from the tables below. It should be noted that all the countries now use the

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ESA95/SNA-93 classification when calculating the GDP, which has resulted in corrections of the gross domestic products.

Table 10.3 Social expenditure, in total and per capita, 1990-2001

	Social expenditure		Social expenditure per capita		Social expenditure per capita aged 15-64 years	
	In current prices, million KR/EUR	In 2001 prices, million KR/EUR	In current prices KR/EUR	In 2001 prices KR/EUR	In current prices KR/EUR	In 2001 prices KR/EUR
<i>Denmark</i>						
1990	237 207	300 236	46 150	58 413	68 502	86 704
1995	325 634	373 828	62 288	71 507	92 442	106 123
2000	373 495	382 490	69 948	71 633	104 894	107 421
2001	390 295	390 295	72 883	72 883	109 566	109 566
<i>Finland</i>						
1990	22 095	27 419	4 431	5 499	6 584	8 171
1995	30 200	33 462	5 913	6 551	8 857	9 814
2000	33 142	34 001	6 403	6 569	9 567	9 815
2001	34 831	34 831	6 714	6 714	10 033	10 033
<i>Iceland</i>						
1990	62 290	90 877	244 478	356 679	379 572	553 773
1995	85 984	105 416	321 580	394 257	499 834	612 796
2000	131 390	140 195	467 324	498 642	717 535	765 621
2001	149 892	149 892	525 838	525 838	805 772	805 772
<i>Norway</i>						
1990	190 406	247 164	44 892	58 274	69 334	90 002
1995	253 620	292 677	58 181	67 141	90 091	103 965
2000	360 341	371 280	80 237	82 673	123 766	127 523
2001	389 918	389 918	86 385	86 385	132 984	132 984
<i>Sweden</i>						
1990	470 013	605 127	54 916	70 703	85 552	110 146
1995	612 633	642 039	69 405	72 736	108 988	114 219
2000	674 658	691 145	76 041	77 899	118 252	121 142
2001	707 785	707 785	79 563	79 563	123 330	123 330

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Table 10.4 Social expenditure in relation to the GDP, 1990-2001¹⁾

	GDP, million KR/EUR	Social expenditure as percentage of the GDP	Index for social expenditure in relation to the GDP (1990=100)
<i>Denmark</i>			
1990	825 310	28.7	100
1995	1 009 756	32.2	112
2000	1 280 784	29.2	102
2001	1 325 272	29.5	103
<i>Finland</i>			
1990	87 968	25.1	100
1995	95 251	31.7	126
2000	130 234	25.4	101
2001	135 791	25.7	102
<i>Iceland</i>			
1990	370 925	16.8	100
1995	452 139	19.0	113
2000	667 515	19.7	117
2001	740 747	20.2	120
<i>Norway</i>			
1990	722 705	26.3	100
1995	928 745	27.3	104
2000	1 423 864	25.3	96
2001	1 510 866	25.8	98
<i>Sweden</i>			
1990	1 410 607	33.3	100
1995	1 772 021	34.6	104
2000	2 196 764	30.7	92
2001	2 260 419	31.3	94

1 The GDP has been revised in relation to the previous report.

Table 10.5 Social expenditure per capita, 1990-2001 (PPP-Euro in terms of 2001 prices)

	Denmark	Finland	Iceland	Norway	Sweden
1990	6 234	4 712	3 340	5 371	6 273
1995	7 625	5 614	3 692	6 188	6 454
2000	7 647	5 629	4 669	7 620	6 912
2001	7 780	5 753	4 924	7 962	7 060

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, as well as the contributions and special taxes payable by the insured. As mentioned in Chapter 2, the 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 there are large differences as well.

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 the social cash benefits, whereas the local authorities play the most important part in the financing of the social services.

Even in the latter case, Central Government plays a significant part by way of the general government grants that are not earmarked.

In all the Nordic countries, it is also the local authorities that 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.

With Denmark as an interesting exception, the responsibility for the administration of the cash benefits 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.

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In spite of the many common traits, there are also 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. About 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 and Sweden, where about one fourth of the cash benefits are financed by various forms of employee duties. In Norway, the employees' share of the financing is relatively small, while it is somewhat higher in Finland. 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.

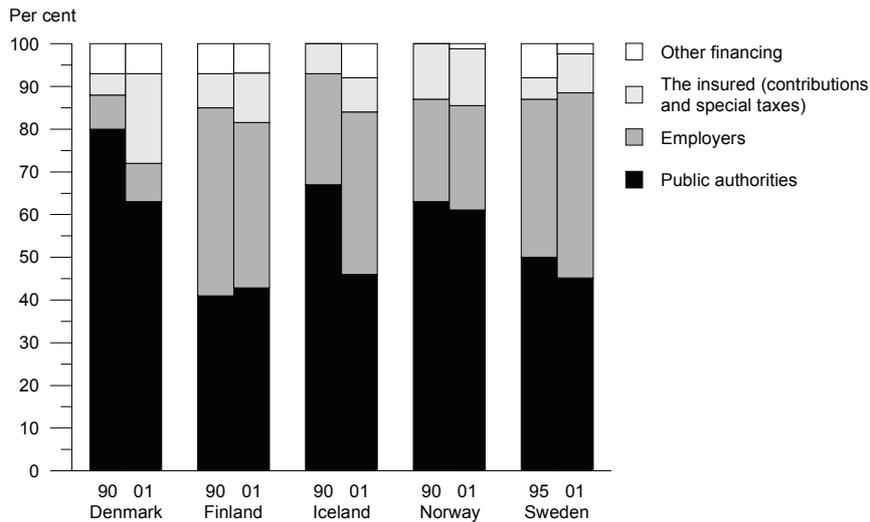
The distribution of current contributions to the financing of the social expenditure during the years 1990-2001 is shown in Table 10.6.

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Table 10.6 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, 1990-2001

	Public authorities, total	Employers	The insured (contributions and special taxes)	Other financing	Total
<i>Denmark</i>					
1990	80	8	5	7	100
1995	71	9	14	6	100
2000	64	9	20	7	100
2001	63	9	21	7	100
<i>Finland</i>					
1990	41	44	8	7	100
1995	46	34	14	7	100
2000	43	38	12	7	100
2001	43	39	12	7	100
<i>Iceland</i>					
1990	67	26	7	-	100
1995	61	31	8	-	100
2000	51	39	9	-	100
2001	46	38	8	8	100
<i>Norway</i>					
1990	63	24	13	-	100
1995	62	22	15	-	100
2000	60	24	14	1	100
2001	61	24	13	1	100
<i>Sweden</i>					
1990	..	..	..	..	100
1995	50	37	5	8	100
2000	47	40	9	4	100
2001	45	43	9	2	100

Figure 10.1 Current contributions to the financing of the social expenditure, 1990 and 2001



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 it is also the local authorities that, in the first instance, 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.

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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 majority of the social services are, in all Nordic countries, administered by the local or county authorities that meet the costs in the first instance and subsequently receive block grants from Central Government.

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 for instance 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 supplementary pensions, is currently financed via the public budget, and the expenditure is consequently excluded from Table 10.7. 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 10.7 Size of funds for pension purposes, December 2001. Billion KR/EUR

	Basic pension	Supplementary pension	Additional pension
<i>Denmark</i> ¹⁾	-	276.1	312.6
<i>Finland</i> ²⁾	0.2	65.6	11.4
<i>Iceland</i>	-	644.5	.
<i>Sweden</i>	..	673.0	..

1 The supplementary pension includes ATP, the temporary pension-saving scheme and the special pension-saving scheme, but not the Employees' Capital Pension Fund.

2 The additional pensions are exclusive of the pension funds and societies that are managed by the life insurance schemes.

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, the 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.

Table 10.8 The social expenditure in per cent, broken down by main groups, 1995-2001

	Denmark	Finland	Iceland	Norway	Sweden
<i>1995¹⁾</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>2001</i>					
Families and children	13.3	12.1	13.0	12.8	10.1
Unemployment	10.0	9.8	1.5	2.6	5.6
Illness	20.3	24.5	38.5	34.6	28.7
Old age	37.9	32.6	27.7	29.4	36.8
Disability	12.5	13.7	13.6	16.5	12.4
Survivors	0.0	4.0	2.9	1.2	2.1
Housing	2.3	1.2	0.7	0.5	2.1
Other social benefits	3.7	2.1	2.2	2.5	2.2
Total	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 10.9 Social expenditure, in per cent, broken down by type and purpose, 2001

	Denmark	Finland	Iceland	Norway	Sweden
<i>Families and children</i>					
Cash benefits	40	57	46	60	58
Services	60	43	54	40	42
Total	100	100	100	100	100
<i>Unemployment</i>					
Cash benefits	96	91	73	70	82
Services	4	9	27	30	18
Total	100	100	100	100	100
<i>Illness</i>					
Cash benefits	17	20	20	33	28
Services	83	80	80	67	72
Total	100	100	100	100	100
<i>Old age</i>					
Cash benefits	84	90	75	70	76
Services	16	10	25	30	24
Total	100	100	100	100	100
<i>Disability</i>					
Cash benefits	69	76	64	78	59
Services	31	24	36	22	41
Total	100	100	100	100	100
<i>Survivors</i>					
Cash benefits	1	100	100	95	100
Services	99	0	0	5	0
Total	100	100	100	100	100
<i>Housing</i>					
Services	100	100	100	100	100
Total	100	100	100	100	100
<i>Other social benefits</i>					
Cash benefits	77	63	46	49	61
Services	23	37	54	51	39
Total	100	100	100	100	100
<i>Cash benefits, total</i>	61	66	48	57	57
<i>Services, total</i>	39	34	52	43	43
<i>Social expenditure, total</i>	100	100	100	100	100

The comparison of the countries shows some differences in the distribution of the social expenditure according to purpose. The main reason for this may be attributed to differences in the individual countries' assessment of the importance of benefits for various purposes.

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 over the last few 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 10.10, 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 person without children 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).

As to maternity benefits, the data apply to a single parent with no other children than the newborn.

The table illustrates the taxation differences between 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 (2001).

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 have already been included, have 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 2001).

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.

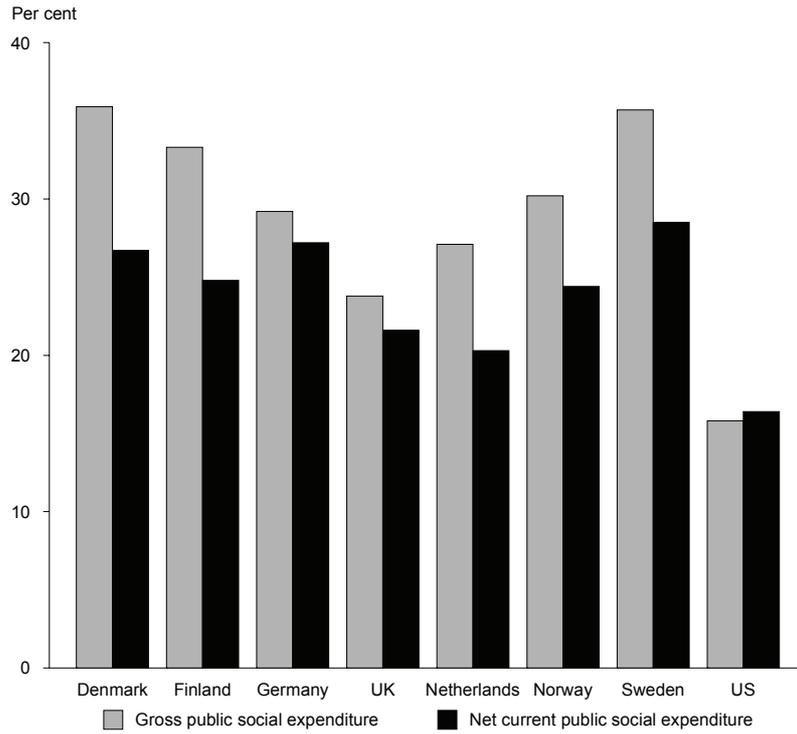
The result of the calculations of selected OECD countries can be seen in Fig. 10.2.

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.

In Denmark, Finland and the Netherlands, the net social expenditure is about 25 per cent smaller than the social expenditure. In Norway and Sweden, the difference is about 20 per cent, while the net social expenditure is only 7-9 per cent smaller than the social expenditure in Germany and England.

Figure 10.2 Gross and net social expenditure, 1997, as percentages of the GDP at factor costs



SOCIAL EXPENDITURE

Table 10.10 Tax percentages and social duties on wages/salaries and social benefits, per month, for a single APW without children, 2001

	Denmark	Finland	Iceland	Norway	Sweden
	DKK	EUR	ISK	NOK	SEK
Wages/Salaries, gross	24 417	2 250	177 392	23 167	19 261
Wages/Salaries, net	16 452	1 645	138 005	18 292	14 514
Tax on: wages/salaries in per cent	33	27	22	21	25
Daily cash benefits in connection with pregnancy and birth, gross	12 727	1 470	141 913	23 167	15 409
Daily cash benefits in connection with pregnancy and birth, net	9 029	1 103	112 153	19 228	11 757
Tax on daily cash benefits in connection with pregnancy and birth	29	25	21	17	24
Unemployment benefits, gross	12 740	1 096	67 867	14 456	12 760
Unemployment benefits, net	9 037	864	67 867	11 971	9 911
Tax on unemployment benefits	29	21	-	17	22
Sickness benefits, gross	12 727	1 470	..	23 167	15 403
Sickness benefits, net	9 029	1 103	..	18 293	11 754
Tax on sickness benefits	29	25	..	21	24
Retirement pension, gross	10 329	1 289	124 859	11 845	11 627
Retirement pension, net	7 352	989	116 221	10 581	8 486
Tax on retirement pension	29	23	7	11	27
Anticipatory pension, gross	15 560	1 214	..	12 588	11 442
Anticipatory pension, net	12 155	958	..	11 056	8 365
Tax on anticipatory pension	22	21	..	12	27
Social benefits, non-insured persons, gross	10 245	495	62 421	-	5 610
Social benefits, non-insured persons, net	7 516	411	62 421	-	4 498
Tax on social benefits, non-insured persons	27	17	-	-	20

SOCIAL EXPENDITURE

Table 10.11 Cash benefits exempt from tax/subject to tax, total and as percentages of the GDP, 1995-2001

	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>2001</i>						
Denmark	25 852	2	11	207 290	16	89
Finland	2 661	2	12	19 512	14	88
Iceland	7 066	1	10	64 850	9	90
Norway	26 417	2	12	190 941	13	88
Sweden	34 053	2	9	364 286	16	91

SOCIAL EXPENDITURE

Table 10.12 Taxation on cash benefits, 2001

	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	50 240	19 951	67	33
II. Unemployment	37 951	36 542	-	100
III. Illness	76 843	12 867	4	96
IV. Old age	143 892	120 535	2	98
V. Disability	47 352	32 457	24	76
VI. Survivors	143	1	100	-
VII. Housing	8 809	-	-	-
VIII. Other social benefits	13 933	10 789	19	81
IX. Administration	11 132	-	-	-
Total I.-IX.	390 295	233 142	11	89
<i>Finland</i>				
I. Families and children	4 088	2 349	63	37
II. Unemployment	3 314	3 019	1	99
III. Illness	8 263	1 624	-	100
IV. Old age	11 023	9 867	4	96
V. Disability	4 621	3 520	7	93
VI. Survivors	1 340	1 335	3	97
VII. Housing	401	-	-	-
VIII. Other social benefits	724	459	96	4
IX. Administration	1 057	-	-	-
Total I.-IX.	34 831	22 173	12	88
<i>Iceland</i>				
I. Families and children	19 144	8 872	60	40
II. Unemployment	2 186	1 592	9	91
III. Illness	56 767	11 439	-	100
IV. Old age	40 804	30 405	-	100
V. Disability	20 069	12 836	8	92
VI. Survivors	4 263	4 263	5	95
VII. Housing	1 019	1 019	30	70
VIII. Other social benefits	3 255	1 491	-	100
IX. Administration	2 385	-	-	-
Total I.-IX.	149 892	71 912	10	90

/ ... to be continued

SOCIAL EXPENDITURE

Table 10.12 ... 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 chil- dren	48 935	29 564	66	34
II. Unemployment	9 849	6 877	-	100
III. Illness	132 122	43 943	-	100
IV. Old age	112 269	78 483	-	100
V. Disability	63 267	49 493	6	95
VI. Survivors	4 553	4 320	-	100
VII. Housing	2 522	-	-	-
VIII. Other social benefits	9 462	4 678	92	8
IX. Administration	7 603	-	-	-
Total I.-IX.	390 582	217 358	12	88
<i>Sweden</i>				
I. Families and children	70 061	40 336	59	41
II. Unemployment	38 806	31 900	-	100
III. Illness	199 030	55 842	-	100
IV. Old age	255 478	194 925	-	100
V. Disability	85 980	51 113	2	98
VI. Survivors	14 868	14 868	-	100
VII. Housing	14 401	-	-	-
VIII. Other social benefits	16 073	9 355	100	-
IX. Administration	13 907	-	-	-
Total I.-IX.	707 785	398 339	9	92

Appendix 1

Information on the NOSOSCO home page

The NOSOSCO home page 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 that were used as basis for the figures in this publication
- Description of the calculation basis for the tables on income distribution.

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. The annual adjustment by means of the rate-adjustment percentage thus 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 different 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

THE BASIS FOR THE ADJUSTMENT OF THE SOCIAL BENEFITS

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.

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 is not 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 is, however, increased annually on the basis of the APL-index by 50 per cent on the basis of the wage/salary development in the previous year and 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: The basic/minimum pension and the anticipatory/invalidity pensions are adjusted annually both in relation to the income ceiling proper as per 1 September and to the benefit proper as per 1 January. This is done by way of legislation on the basis of the wage/salary and price development in the government budget.

The unemployment benefits, the public sickness benefits and the maternity benefits payable to those who are not in gainful employment are also adjusted every year on the basis of the wage/salary and price development of the government budget.

THE BASIS FOR THE ADJUSTMENT OF THE SOCIAL BENEFITS

NORWAY: The old-age pension and the 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) once or several times a year 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.

Payment of sickness benefits is 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 period of sickness benefit.

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.

There are no rules governing an annual adjustment of the social assistance, but the Ministry of Social Affairs fixes recommended standards, nor are there rules governing an annual adjustment of the child supplement. 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 needs tested are often adjusted in a different way.

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 BASIS FOR THE ADJUSTMENT OF THE SOCIAL BENEFITS

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 allowances.

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

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, such as pensions, sickness benefits, rehabilitation benefits, housing benefits, benefits to refugees and social assistance, and they meet the costs of those benefits in the first instance. The costs are subsequently reimbursed, fully or partly, by 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 children 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.

ORGANIZATION OF THE NORDIC SOCIAL POLICY

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.

FINLAND: Also in Finland the Government has the overall responsibility for the legislation. The taxation system is only 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 an old-age pension. The employment pension is an earnings-related and insurance-based pension while the old-age 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 both health and social services that are provided to all residents in the municipalities. Public health care services are supplemented by private health care services, for which the expenses are partly reimbursed by the public Sickness Insurance Scheme.

Unemployment benefits consist of both an allowance that is based on an accumulation period and a basic amount. Most employees are covered by the unemployment fund and are entitled to the accumulation-based 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.

ORGANIZATION OF THE NORDIC SOCIAL POLICY

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 in which regional zone 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 National Social Security Office.

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.

FURTHER INFORMATION

Appendix 4

Further information

Further statistical information on the social security systems in the Nordic countries is obtainable from the individual statistical offices in the respective countries. Further information is obtainable from the following:

DENMARK

Statistics Denmark
Sejrøgade 11
DK-2100 Copenhagen Ø
Phone +45 39 17 39 17
Fax +45 39 17 39 99
Web: www.dst.dk

Danish Labour Market
Supplementary Pension
Kongens Vænge 8
DK-3400 Hillerød
Phone +45 48 20 48 20
Fax +45 48 20 48 00
Web: www.atp.dk

National Board of Health
Islands Brygge 67
DK-2300 Copenhagen K
Phone +45 72 22 74 00
Fax +45 72 22 74 11

Directorate General for Employment,
Placement and Vocational
Training
Holmens Kanal 20
P.O. Box 2150
DK-1061 Copenhagen K
Phone +45 35 28 81 00
Fax +45 35 36 24 11
Web: www.ams.dk

Directorate of
Unemployment Insurance
P.O. Box 1103
Stormgade 10
DK-1009 Copenhagen K
Phone +45 38 10 60 11
Fax +45 38 19 38 90
Web: www.adir.dk

Danish Immigration Service
Ryesgade 53
DK-2100 Copenhagen Ø
Phone +45 35 36 66 00
Fax +45 35 36 19 16

FURTHER INFORMATION

Web: www.sst.dk
Ministry of Social Affairs
Holmens Kanal 22
DK-1060 Copenhagen K
Phone +45 33 92 93 00
Fax +45 33 93 25 18
Web: www.sm.dk

Social Appeals Board
Amaliegade 25
P.O. Boks 3042
DK-1021 Copenhagen K
Phone +45 33 41 12 00
Fax + 45 33 41 14 00
Web: www.dsa.dk

FINLAND

Social Insurance Institution
P.O. Box 450
FIN-00101 Helsinki
Phone +358 20 43411
Fax +358 20 4341 530
Web: www.kela.fi

National Research and Development
Centre for Welfare and Health
(STAKES)
P.O. Box 220
FIN-00531 Helsinki
Tel +358 9 39671
Fax +358 9 3967 2324
Web: www.stakes.fi

Statistics Finland
FIN-00022 Statistikcentralen
Phone +358 9 17341
Fax +358 9 1734 3522
Web: www.stat.fi

Web: www.udlst.dk
Danish National Institute of
Social Research
Herluf Trolles Gade 11
DK-1052 Copenhagen K
Phone +45 33 48 08 00
Fax +45 33 48 08 33
Web: www.sfi.dk

Ministry of Employment
Ved Stranden 8
DK-1061 Copenhagen K
Phone +45 33 92 59 00
Fax + 45 33 12 13 78
Web: www.bm.dk

Ministry of Social Affairs
and Health
P.O. Box 33
FIN-00023 Government
Phone +358 9 160 01
Fax +358 9 1607 38 24
Web: www.vi.fi/stm/english/index.htm

Central Pension Security Institute
FIN-00065 Central Pension Security
Institute
Phone +358 10 75 11
Fax +358 9 1481 172
Web: www.etk.fi

FURTHER INFORMATION

ICELAND

Statistics Iceland
Borgartun 21a
IS-150 Reykjavík
Phone +354 528 1060
Fax +354 528 1199
Web: www.statice.is

Directorate of Labor
Hafnarhúsinu Tryggvagötu
IS-150 Reykjavík
Phone +354 511 2500
Fax +354 511 2520
Web: www.vinnumalastofnun.is

National Association of
Pension Funds
Suðurlandsbraut 30
IS-108 Reykjavík
Phone +354 581 4977
Fax +354 581 4332
Web: www.ll.is

Ministry of Health and Social Security
Laugavegi 116
IS-108 Reykjavík
Phone +354 545 8700
Fax +354 551 9165
Web: www.stjr.is/htr

State Social Security Institute
Laugavegi 114
IS-150 Reykjavík
Phone +354 560 4400
Fax +354 562 4535
Web: www.tr.is

NORWAY

Statistics Norway
Kongens gate 6
P.O. Box 8131 Dep.
N-0033 Oslo
Phone +47 21 09 00 00
Fax +47 21 09 49 88
Web: www.ssb.no

Ministry of Social Affairs
P.O. Box 8011 Dep.
N-0030 Oslo
Phone +47 22 24 90 90
Fax +47 22 24 95 75
Web: www.dep.no/shd

National Insurance Administration
P.O. Box 5200 Nydalen
N-0426 Oslo
Phone +47 22 92 70 00
Fax +47 22 92 70 70
Web: www.trygdeetaten.no

Norwegian Board of Health
Calmeyers gate 1
P.O. Box 8128 Dep.
N-0032 Oslo
Phone +47 22 34 90 90
Fax +47 22 34 95 90
Web: www.helsetilsynet.no

FURTHER INFORMATION

Directorate of Labour
C.J. Hambros plass 2d
P.O. Box 8127 Dep.
N-0032 Oslo
Phone +47 23 35 24 00
Fax +47 23 35 27 50
Web: www.aetat.no

SWEDEN

Ministry of Health and
Social Affairs
103 33 Stockholm
Phone + 46 8 405 10 00
Fax + 46 8 723 11 91
Web: www.regeringen.se

National Board of Occupational Sa-
fety and Health
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